1989
Statistics of Income

Corporation Income Tax Returns



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Department of the Treasury

Internal Revenue Service

Shirley D. Peterson

Commissioner

Michael P. Dolan

Deputy Commissioner

Judy K. Van Alfen

Assistant Commissioner (Returns Processing)

Fritz Scheuren

Director
Statistics of Income Division

Karen Cys

Chief Corporation Statistics Branch This report contains data by industry on assets, liabilities, receipts, deductions, net income, income subject to tax, tax, and credits. Data are also classified by size of total assets, by size of business receipts, and by size of income tax after credits. Other classifications include returns with net income, return types, and other selected subjects.

More detailed statistics for the industries shown in table 1 of this report are available in Publication 1053, **Source Book of Statistics of Income –1989**. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on corporation income tax returns for 1989 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.

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Director, Statistics of Income Division(R:S) Internal Revenue Service P.O. Box 2608 Washington, DC 20013-2608

Business Source Books

Corporation Source Book, 1989

Publication 1053-Price \$175.00

This 481-page document presents detailed income statement, balance sheet, tax and selected items, by major and minor industries and by size of total assets. The report, which underlies the *Statistics of Income-Corporation Income Tax Returns* publications, is a part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1989 can be purchased for \$1500.

Partnership Source Book, 1957-1983 Publication 1289-Price \$30.00

This 291-page document shows key partnership data, for 1957 through 1983, by major and minor industries. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

- number of partnerships;
- number of partners;
- business receipts;
- depreciation;
- taxes paid deductions;
- interest paid deductions;
- payroll deductions;
- payments to partners; and
- net income less deficit.

A magnetic tape containing the tabular statistics for the partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161. More recent partnership data are published annually in the SOI Bulletin.

Sole Proprietorship Source Book, 1957-1984 Publication 1323 - Price \$95.00

This Source Book is a companion to that for partnerships, described above. It is a 251-page document showing key proprietorship data for 1957 through 1984; data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

- number of businesses; interest paid deductions;
- business receipts; payroll deductions; and
- depreciation;
 net income less deficit.
- taxes paid deductions;

A magnetic tape containing the tabular statistics can be purchased for \$245. As with partnerships, more recent (nonfarm) sole proprietorship data are published annually in the *SOI Bulletin*.

Compendiums

Studies of Tax-Exempt Organizations, 1974-1987

Publication 1416 - Price \$26.00

This publication presents 22 articles from Statistics of Income studies on tax-exempt organizations. The Compendium emphasizes important issues within the non-profit sector, and includes previously published SOI Bulletin articles, as well as papers published in proceedings of the American Statistical Association and the Independent Sector Research Forum. Topics featured are:

- nonprofit charitable organizations (primarily charitable, educational and health organizations);
- private foundations and charitable; and
- unrelated business income of exempt organizations.

Studies of International Income and Taxes, 1984-1988

Publication 1267-Price \$26.00

This report presents information from 13 Statistics of Income studies in the international area (many of them previously published in the SOI Bulletin), including:

- foreign activity of U.S. Corporations;
- activity of foreign corporations in the United States;
- foreign controlled U.S. corporations;
- statistics related to individuals, trusts and estates; and
- data represented by geographical area or industrial activity, as well as other classifiers.

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Public Use Magnetic Tape Microdata Files

Included are individual income tax returns for 1978-1989. (Individual income tax returns for 1966-1977 are available from the Center for Electronic Records (NNX) of the National Archives and Records Administration, Washington, DC 20408). Files containing more limited data for each State are also available for 1985. All of these files have been edited to protect the confidentiality of individual taxpayers. Files for private foundations for 1982-1983 and 1985-1988 are also available from the Statistics of Income Division. The individual, private foundation and charitable organization files are the only microdata files that can be released to the public.

Migration Data

Compilations are available showing migration patterns, from where to where, by State and county, based on year-to-year changes in the tax return address. Data are also available for selected time periods (according to the years in which returns were filed) between 1978 and 1990 and include counts of the number of individual income tax returns and personal exemptions. addition, county income totals are available for Income Years 1982 and 1984 through 1989.

Other Unpublished Tabulations

Unpublished tabulations are also available, including detailed tables underlying those published in the SOI Bulletin. Special tabulations may also be produced, depending on the availability of SOI computer programming resources.

Other Publications

The following Statistics of Income publications are available from the Superintendent of Documents, U.S. Government Printing Office. For copies, please use the order form following this section or write:

Superintendent of Documents P.O. Box 371954 Pittsburgh, PA 15250-7954

Statistics of Income (SOI) Bulletin

Quarterly, Publication 1136, Stock No. 748-005-00000-5 Subscription price, \$23.00; Single copy price, \$6.50

Provides the earliest published financial statistics from individual and corporation income tax returns. The Bulletin also includes annual data on nonfarm sole proprietorships and on partnerships, as well as from periodic or special studies of particular interest to tax analysts and administrators and to economists. Historical tables include data from SOI, as well as on tax collections and refunds by type of tax.

Statistics of Income - 1988, **Corporation Income Tax Returns**

Publication 16, Stock No. 048-004-02308-3 Price \$11.00

This report presents more comprehensive and complete data on corporation income tax returns with accounting periods ended July 1988 through June 1989, than those published earlier in the SOI Bulletin.

Presents information on:

- Data are classified by:
- receipts;
- deductions;
- net income;
- taxable income;
- income tax;
- tax credits;
- assets; and
- liabilities.

- industry:
- accounting period;
- size of total assets; and
- size of business receipts.

Publications & Tapes

Statistics of Income - 1989, Individual Income Tax Returns Publication 1304, Stock No. 048-004-02315-6 Price \$8.50

This report presents more comprehensive and complete data on individual income tax returns for 1988 than those published earlier in the SOI Bulletin.

Presents information on:

Data are presented by:

■ Sources of Income;

■ size of adjusted gross

■ Exemptions;

income; and

■ Itemized deductions;

■ Tax computations;

■ marital status.

Note: If you determine from the Government Printing Office that any of the Statistics of Income publications listed above are out-of-print, please telephone the Statistical Information Services office, on (202) 874-0410 for assistance.

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CONTENTS

Page

GUIDE TO TABLES ii
Section 1
INTRODUCTION
Section 2
CHANGES IN LAW AND REGULATIONS 7 Business Energy Credits 7 Form 1120-A 7 Franchises, Trademarks, and Trade Names 7 Listed Property 7 Low-Income Housing Credit 8 Research Credit 8 Targeted Jobs Credit 8
Section 3
DESCRIPTION OF THE SAMPLE AND LIMITATIONS OF THE DATA 9 Background 9 Population 9 Sample Design 10 Sample Selection 11 Data Capture 11 Data Cleaning 12 Data Completion 12 Estimation 14 Data Limitations and Measures of Variability 14 Table Notation 16 Industrial Classification 17
Section 4
BASIC TABLES 19
Section 5
EXPLANATION OF TERMS 71 Index 71 Terms and Explanations 73
Section 6
FORMS AND INSTRUCTIONS121

GUIDE TO TABLES

This report contains 16 basic tables. The major classification is industrial activity. This guide provides a reference for the major selected items and subjects available in the report. See page 19 to determine the appropriate page number(s) for specific tables.

INCOME AND DEDUCTION ITEMS

Total receipts (figures A,C, tables 1,2,3,4,5,6,7,8,9,10,11,12) Business receipts (tables 1,2,3,4,5,6,7,9,10,11,12,15) Interest (tables 2,3,4,5,9,10,11,12) Interest on Government obligations (tables 2,3,4,5,9,10,11,12) Rents (tables 2,3,4,5,9,10,11,12) Royalties received (tables 2,3,4,5,9,10,11,12) Net short-term (tables 2,3,4,5,9,10,11,12) Net long-term capital gain (tables 2,3,4,5,9,10,11,12) Net gain, (loss) noncapital assets (tables 2,3,4,5,9,10,11,12) Dividends received (tables 2,3,4,5,9,10,11,12,13) Total deductions (tables 2,3,4,5,9,10,11,12) Cost of sales and operations (tables 1,2,3,4,5,6,7,9,10,11,12) Compensation of officers (tables 2,3,4,5,9,10,11,12) Repairs (tables 2,3,4,5,9,10,11,12) Bad debt expense (tables 2,3,4, 5,9,10,11,12) Rent paid on business property (tables 2,3,4,5,9,10,11,12) Taxes (tables 2,3,4,5,9,10,11,12) Interest paid (tables 2,3,4,5,9,10,11,12) Advertising (tables 2,3,4,5,9,10,11,12) Contributions or gifts (tables 2,3,4,5,9,10,11,12) Amortization, and Depletion deduction (tables 2,3,4,5,9,10,11,12,15) Depreciation deduction (tables 1,2,3,4,5,6,7,9,10,11,12,15) Pension, and Employee benefit plans (tables 2,3,4,5,6,7,9,11,12)

Constructive taxable income from related foreign corporations (tables 2,3,4,5,11,13) Net income (less deficit), total (figures A,B,C, tables 2,4,6,7,8,9,10,11,12,13) Net income (tables 1,3,5,8,9,10, 11,12,13,14,15,16) Statutory special deductions, total (tables 8,13)

BALANCE SHEET ITEMS

Total assets (figures A,C, tables 1,2,3,4,5,6,7,9,10,11,15) Cash (tables 2,3,4,5,6,7,9,10,11) Notes and accounts receivable (tables 2,3,4,5,6,7,9,10,11) Allowance for bad debts (tables 2,3,4,5,9,10,11) Inventories (tables 2,3,4,5,6,7,9,10,11) Investments in Government obligations (tables 2,3,4,5,6,7,9,10,11) Tax-exempt securities (tables 2,3,4,5,6,7,9,10,11) Loans to stockholders (tables 2,3,4,5,6,7,9,10,11) Mortgage and real estate loans (tables 2,3,4,5,6,7,9,10,11) Other investments (tables 2,3,4,5,6,7,9,11) Depreciable assets (tables 1,2,3,4,5,6,7,9,10,11) Accumulated depreciation (tables 2,3,4,5,6,7,9,10,11) Depletable assets (tables 2,3,4,5,6,7,9,11) Accumulated depletion (tables 2,3,4,5,6,7,9,11) Land (tables 2,3,4,5,6,7,9,10,11) Intangible assets (amortizable) (tables 2,3,4,5,6,7,9,11) Accumulated amortization (tables 2,3,4,5,6,7,9,11)

Corporation Returns/1989 - Guide To Tables

Total liabilities (tables 2,3,4,5,9,10,11)
Accounts payable (tables 2,3,4,5,6,7,9,10,11)
Loans from stockholders (tables 2,3,4,5,9,10,11)
Mortgages, notes, and bonds payable (tables 2,3,4,5,6,7,9,11)
Capital stock (tables 2,3,4,5,6,7,9,10,11)
Paid-in or capital surplus (tables 2,3,4,5,6,7,9,10,11)
Retained earnings (tables 2,3,4,5,6,7,11)
Shareholders undistributed taxable income/loss (table 9)
Cost of treasury stock (tables 2,3,4,5,6,7,10,11)

TAX COMPUTATION ITEMS

Income subject to tax, (figures A,C, tables 1,2,3,4,5,6,7,8,11,12,13,14,16)
Income tax (figures A,C, tables 1,2,3,4,5,6,7,8,10,11,12,13,14,15,16)
Alternative minimum tax (tables 2,3,4,5,6,7,8,11,12,13,15)
Environmental tax (tables 2,3,4,5,6,7,8,11,12,13,1)

Tax payments (tables 8,13)
Foreign tax credit (tables 1,2,3,4,5,6,7,8,11,12,13,14,16)
U.S. possessions tax credit (tables 1,2,3,4,5,6,7,8,11,12,13,14,16)
Nonconventional source fuel credit (tables 2,3,4,5,6,7,8,11,12,13,14,16)
General business credit (tables 1,2,3,4,5,6,7,8,11,12,13,14,16)
Orphan drug credit (tables 2,3,4,5,6,7,8,11,12,13,14)
Prior year minimum tax (tables 1,2,3,4,5,6,7,8,11,12,13,14,16)
Income tax after credits (figures A,C,tables 1,2,3,4,5,6,7,8,14,15,16)

SELECTED SUBJECTS

Accounting periods (figures B,C, table 8)
Alternative minimum tax (table 15)
Consolidated returns (table 11)
Form 1120-A corporations (table 10)
Form 1120F corporations (table 12)
Form 1120S corporations (table 9)
General business credit (table 14)
Sampling selections (figures D,E)

This report presents statistical estimates derived from a stratified sample of approximately 77,600 returns selected from the approximately 3.6 million active corporate returns filed for the 1989 Income Year.

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Year 1989. Section 2 discusses changes in law and regulations between this report and that for Income Year 1988. Section 3 describes in detail the sample of income tax returns upon which the statistics were based, as well as the method of estimation used, the sampling variability of the data, and other limitations.

Section 4 presents the basic tables that contain detailed statistics on 1989 income tax liability, tax credits, net income, and other financial data. Section 5 contains detailed explanations of the terms used in the report. In most instances, the explanations include definitions of terms used as well as adjustments made in preparing the statistics and any limitations inherent in the data. Section 6 consists of the return forms and instructions.

The statistics in this report provide additional detail on the data contained in Corporation Income Tax Returns, 1989 in the Statistics of Income Bulletin, Volume 12, Number 2, Fall 1992. [1]

OVERALL CORPORATE SUMMARY

Figure A presents corporation summary statistics for

Income Years 1988 and 1989. The total number of returns increased by 1.8 percent from 1988 to 1989,a reversal from the decrease of 1.4 percent from 1987 to 1988. Total assets and total receipts increased for 1989 but net income (less deficit), income subject to tax, income tax before credits, and income tax after credits decreased for the period. Total assets and total receipts each increased by 6.5 percent with total assets of \$17.6 trillion and total receipts of \$10.9 trillion for 1989. Both of these increases were smaller than the increases from 1987 to 1988 of 8.2 percent and 7.1 percent respectively. Net income (less deficit) decreased by 5.8 percent, a reversal of the upward trend since the decrease between 1981 and 1982 of 27.7 percent. Income subject to tax decreased by 3.2 percent. Total income tax before credits decreased by 2.8 percent. Total credits decreased by 10.9 percent from 1988 to 1989 due to decreases in foreign tax (27.1 billion to 24.0 billion) and general business credits (5.6 billion to 3.9 billion). Total income tax after credits barely increased from \$95.9 billion in 1988 to \$96.1 billion in 1989, an increase of 0.3 percent.

Returns with total assets of \$250 million or more represented less than one percent of the total returns; nonetheless, for 1989, these 5,450 returns accounted for 53.3 percent of the total receipts and 71.8 percent of the total income tax after credits. In contrast for 1988 there were 5,094 such returns and they accounted for 52.4 percent of total receipts and 71.1 percent of total income tax after credits.

ACTIVITIES COVERED

The estimates in this report encompass corporate business activities in the United States as well as

^{*}Victor Rehula and Janice Washington were responsible for the overall production and the text for sections 1, 2, and 5 of this report and the tables for section 4. The report was prepared under the direction of Ken Szeflinski, Chief, Corporation Returns Analysis Section.

Figure A.—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, and Total Income Tax After Credits by Size of Total Assets, Income Years 1988 and 1989

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit) ¹	Income subject to tax ²	Total income tax ³	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	. (7)
1988							
Total	3,562,789	16,568,467,823	10,264,867,461	412,982,753	383,201,978	131,367,397	95,895,762
ro assets	210,248	_	187.881.514	4,540,004	6,390,145	2,175,328	1,783,917
under \$100,000	1,795,643	59,419,658	317,869,252	47,632	2,888,369	481,969	448,650
00,000 under \$250,000	612,426	98,815,330	309,919,984	2,591,177	4,272,419	728,115	691,13
50,000 under \$500,000	361,296	127,924,546	314,925,483	3,033,800	4,766,924	907,248	861,54
00,000 under \$1,000,000	242,809	171,357,088	375,360,375	4,749,263	5,745,648	1,292,950	1,235,35
000,000 under \$5,000,000	251,870	523,523,599	1,123,631,339	15,451,599	15,472,379	4,762,067	4,549,23
000,000 under \$10,000,000	36,387	251,522,895	480,307,941	8,856,456	7,452,154	2,554,654	2,425,48
0,000,000 under \$25,000,000	24,157	375,970,770	533,605,908	11,530,001	10,619,867	3,708,516	3,410,44
5,000,000 under \$50,000,000	10,511	384,179,230	368,702,491	9,361,444	9,979,228	3,515,872	3,140,69
0,000,000 under \$100,000,000	7,022	496,617,609	348,750,703	11,258,349	11,117,180	3,903,953	3,331,65
0,000,000 under \$250,000,000	5,326	848,780,276	528,828,571	20,863,431	19,571,657	6,900,954	5,858,52
50,000,000 or more	5,094	13,230,356,822	5,375,083,901	320,699,597	284,926,007	100,435,772	68,159,10
1989							
otal	3,627,863	17,647,120,286	10,934,973,405	389,010,675	371,054,512	.127,754,021	96,147,20
o assets	209,208		217,765,745	3,309,326	9,002,168	3,127,585	2,145,43
under \$100,000	1,833,773	58,373,473	314,115,671	1,470,913	2,450,519	403,434	385,78
00,000 under \$250,000	617,139	99,794,218	306,033,231	1,704,326	4,024,342	685,181	660,42
0,000 under \$500,000	364,017	128,716,039	318,666,631	1,834,208	4,476,413	867,233	832,02
0,000 under \$1,000,000	249,674	176,219,089	390,035,804	3,741,666	5,569,072	1,291,371	1,240,60
000,000 under \$5,000,000	261,895	548,078,126	1,169,509,547	12,877,814	14,494,429	4,433,038	4,247,66
000,000 under \$10,000,000	38,236	265,542,278	505,641,183	7,229,251	7,099,013	2,452,937	2,313,92
,000,000 under \$25,000,000	24,810	386,563,232	558,213,868	9,910,703	9,718,570	3,402,799	3,130,17
,000,000 under \$50,000,000	10,781	379,638,611	385,450,722	8,717,560	9,212,350	3,243,646	2,880,19
,000,000 under \$100,000,000	7,276	515,157,094	368,918,334	11,318,118	11,333,669	4,002,108	3,429,55
00,000,000 under \$250,000,000	5,604	883,741,291	567,476,613	19,269,427	19,045,354	6,725,906	5,801,87
50,000,000 or more	5,450	14,205,296,834	5,833,146,057	307,627,364	27,4,628,612	97,118,783	69,079,5

Includes taxable income before net operating loss deduction and special deductions.
 Includes taxable income less net operating loss deduction and special deductions.

certain foreign activities as reported on returns of domestic corporations, and foreign corporations with U.S. business activities. The term domestic corporations refers to companies incorporated in the United States, but does not necessarily imply that all their activities are domestic. For instance, data for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a certain extent, their undistributed earnings. The effect of foreign activity on the statistics varies by type of industry and by size of assets. Income from foreign activity is reflected to a greater extent in manufacturing industries than other industries. Also, foreign activity is almost totally concentrated among returns with assets of \$250 million or more. For foreign corporations (defined as those incorporated abroad) engaged in trade or business in the United States, only income that was considered effectively connected with the conduct of a trade or business in the United States was included in the statistics and any investment income from U.S. sources was excluded from the data. Most foreign corporations are concentrated in the finance, insurance and real estate industries. Other foreign corporations, incorporated abroad and not engaged in trade or business in the United States, were liable for tax only on investment income from U.S. sources and these returns were excluded from this report. [2]

Section 6012 of the Internal Revenue Code required that all corporations in existence at any time during the income year file returns, regardless of whether they

Includes regular tax, personal holding company tax, recapture of investment credit, alternative minimum tax, environmental tax, excess net passive income tax (Form 1120F), tax from Part III (Form 1120-REIT), ta

tax from Part III (Form 1120-REIT), tax from Part IV (Form 1120-REIT), tax from Line 4, Part II (Form 1120-RIC), and adjustments to income tax and to total tax 4 Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business and prior year minimum tax credits.

Figure B Corporation Income Tax Returns and Net Income (less Deficit, by Accounting Periods, Income Year 1989

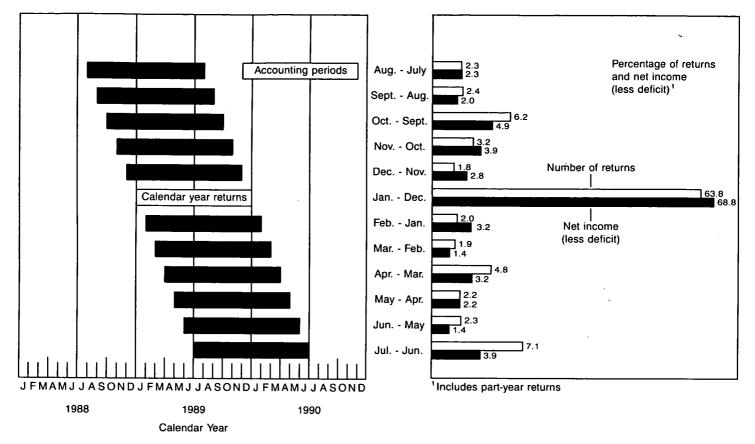


Figure C.—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, and Total Income Tax After Credits, by Accounting Periods for Income Year 1989

Accounting period ended ¹	Number of returns	Total assets	Total receipts	Net income (less deficit) ²	Income subject to tax 3	Total income tax ⁴	Total income tax after credits 5
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	3,627,863	17,647,120,286	10,934,973,405	389,010,675	371,054,512	127,754,021	96,147,206
December 1989	2,314,607	13,972,969,194	7,096,772,410	267,688,520	269,499,566	94,077,929	67,533,512
Noncalendar year, total	1,313,255	3,674,151,091	3,838,200,995	121,322,155	101,554,946	33,676,092	28,613,694
July 1989 August 1989	85,176 86,681	203,740,211 184,817,375	216,884,623 192,019,567	8,758,089 7,839,863	5,348,072 5,143,132	1,772,370	1,353,394 1,485,152
September 1989	226,014	749,396,458	634,407,955	19,048,712	16,862,478	1,663,578 5,612,336	4,928,631
October 1989	116,971	329,663,500	307,338,252	15,207,896	9.716.657	3,238,455	2.839.655
November 1989	65,418	234,655,082	158,274,645	11,070,801	6.674.416	2,226,912	1,382,933
January 1990	73,739	284,665,040	434,501,841	12,487,090	12,684,840	4,311,483	4,088,042
February 1990	64,926	156,726,956	187,900,229	5,450,491	3,947,204	1,327,895	1,253,677
March 1990	173,612	516,560,910	592,571,345	12,401,117	10,594,786	3,481,776	3,153,527
April 1990	79,324	193,070,998	^{205,051,112}	8,536,945	7,313,648	2,413,487	1,631,319
May 1990	84,117	172,820,491	240,663,273	5,476,653	5,500,826	1,805,672	1,645,273
June 1990	257,277	648,034,071	668,588,151	15,044,498	17,768,888	5,822,127	4,852,092

¹ Includes part-year returns.
2 Includes taxable income before net operating loss deduction and special deductions.
3 Includes taxable income less net operating loss deduction and special deductions.
4 Includes regular tax, personal holding company tax, recapture of investment credit, alternative minimum tax, environmental tax, excessive net passive income tax (Form 1120S), branch tax (Form 1120F), tax from Part III (Form 1120-REIT), tax from Part III (Form 1120-REIT), tax from Part III (Form 1120-RIC), and adjustments to income tax and to total tax.
5 Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business, and prior year minimum tax credits.
6 NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

had income or not. This applied to active and inactive domestic corporations unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U. S. tax liability on income earned in the United States. (It should be noted however that inactive corporations have been excluded from the statistics. See Section 3.)

In addition to legally defined corporations, the Internal Revenue Code recognized many types of businesses as corporations including: joint stock companies, unincorporated associations, such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks. These organizations possess characteristics typical of the corporate form, such as continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership.

Included in the statistics are financial data estimated from the following number of active corporation tax returns:

Form 1120 (U.S. Corporations) 1,917,144
Form 1120-A (U.S. Short-Form Corporations)
Form 1120S (U.S. S Corporations) 1,422,967
Form 1120L (U.S. Life Insurance Companies)
Form 1120-PC (U.S. Property and Casualty Insurance Companies) 2,195
Form 1120-REIT (U.S. Real Estate Investment Trust)
Form 1120-RIC (U.S. Regulated Investment Companies) 5,250
Form 1120F (U.S. Returns of Foreign Corporations)
Total*
An and the second due to rounding

^{*}Detail may not add to total due to rounding.

In addition, the following types of returns are specifically excluded from the statistics: inactive

corporations; foreign corporations with no income effectively connected with a U.S. trade or business; information returns of certain joint undertakings; foreign sales corporations (section 922); interest charge domestic international sales corporations (section 992); returns filed by political organizations under Code section 527; returns filed by General Stock Ownership Corporations (corporations established by a state for the benefit of the residents of a state); information returns reporting no tax because of a tax treaty or convention under Code section 894; nonprofit corporations (educational, charitable, and cimilar organizations) exempt from income tax under Code section 501; and insurance companies except life (including interinsurers and reciprocal underwriters), if the net written premiums for the taxable year do not exceed \$350,000, which were exempt from income tax under Code section 501.

TIME PERIOD EMPLOYED

The estimates in this report are based on data from returns with accounting periods that coincided with the calendar year and returns with accounting periods that were for noncalendar years ended during the span of months July 1989 through June 1990. This span, in effect, defines the income year in such a way that the noncalendar year accounting periods are centered at the calendar year ended December.

The 12 accounting periods covered by the report are presented in figure B. Code section 441 specified that, in general, a taxpayer's accounting period end on the last day of the month. Thus, figure B shows a span of 23 months between the first-included accounting period, which began on August 1, 1988, and closed on July 31, 1989, and the start of the last-included accounting period, which began on July 1, 1989, and closed on June 30, 1990. This report, therefore, shows income received or expenses incurred during any or all of the months in the 23-month span. For balance sheet items, the report shows a corporation's position only at the end of its accounting period. Corporations were required by Code section 441 to file returns for the accounting period customarily used in keeping their books. Figure B also presents the percentage of the total that each accounting period represents for the number of returns and the net income (less deficit).

Figure C shows that 63.8 percent of the 1989 returns were filed for the calendar year; and, since they included most of the larger corporations, these returns had approximately 79.2 percent of total assets,

64.9 percent of total receipts, 68.8 percent of net income (less deficit), 72.6 percent of income subject to tax, 73.6 percent of total income tax, and 70.2 percent of total income tax after credits. Corporation returns were usually required to be filed within two-and-one-half months after the close of the corporate accounting period. However, in accordance with Code section 6081, most corporations could receive filing extensions of 6 months. In addition to returns with accounting periods that spanned 12 months, the total number of active corporations includes returns with accounting periods of shorter duration. Such returns are referred to as part-year returns and were filed, for the most part, by continuing corporations in changing their accounting periods, new corporations in

existence less than 12 months, merging corporations, and liquidating corporations.

NOTES AND REFERENCES

- [1] Frequencies and amounts will not differ between this report and the Statistics of Income Bulletin because no additional returns and corrections are included in this report.
- [2] See Hobbs, James R., "Foreign Corporations with Income Effectively Connected with a U.S. Business, 1988," <u>Statistics of Income Bulletin</u>, Spring, 1992, pp. 39-49.

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

The information that follows highlights the major changes (listed alphabetically) that affected substantially the comparability of the statistics in this report with those for prior years. These changes resulted from the Technical and Miscellaneous Revenue Act of 1988 and the Revenue Reconciliation Act of 1989. More detail on changes in law and regulations are contained in the Explanation of Terms section of this report. The facsimiles of the tax forms and instructions, included as Section 6, may also prove helpful.

Business Energy Credits

Business energy credits for solar, geothermal, and ocean thermal property set to expire after 1989 were extended through September 30, 1990. This relates to property placed in service with the percentages being 10 percent for solar energy and geothermal property and 15 percent for ocean thermal property.

Form 1120-A

The criteria to file on Form 1120-A was revised for 1989 to allow more corporations to qualify to file on Form 1120-A. The ceilings on gross receipts, total income, and total assets were increased from under \$250,000 to under \$500,000. Other revisions made to the original requirements of Tax Year 1984 are the following: (1) The only dividend income was for

domestic corporations (none of which represented debt-financed securities), and those dividends qualified for the 70% deduction (70% starting with Tax Year 1988, 80% for Tax Years after 1986, 85% for Tax Years 1984 through 1986); (2) It had no non-refundable tax credits other than the general business credit and the prior-year minimum tax credit (prior-year minimum tax credit was added Tax Year 1988); (3) It was not subject to environmental tax under section 59A (added Tax Year 1987); and (4) It has no liability for interest under section 453(I)(3) or 453A(c) (relating to certain installment sales) or installment payments of tax under section 453C or 1363(d) (added Tax Year 1988).

Franchises, Trademarks, and Trade Names

New rules were placed in effect for amounts corporations paid or incurred to buy either a franchise, trademark, or trade name. The amounts that are allowable are contingent on the productivity, use, or disposition of the franchise, trademark, or trade name. They are only deductible as business expenses if the payments are part of a series of payments that are: (1) payable at least annually for the entire term of the transfer agreement, and (2) substantially equal in amount (or payable under a fixed formula). This includes all renewal options as well as any other renewal period for which the parties reasonably expect agreement.

Listed Property

Listed property was expanded to include any cellular telephone or similar telecommunications equipment placed in service in tax years beginning after December 31, 1989. However, if listed property was not used more than 50 percent for qualified business use during

Corporation Returns/1989 - Changes in Law and Regulations

any tax period, then the Section 179 deduction was not allowable and the property had to be depreciated using the alternate MACRS method over the class life of the property.

Low-Income Housing Credit

The low-income housing credit was extended through December 31, 1990. Numerous modifications were made, including requirement of a 30-year extended low-income use agreement for credit eligibility.

Research Credit

The research credit set to expire after 1989 was modified and extended through 1990 (being subject to a limitation for tax years beginning before October 1, 1990 and ending after September 30, 1990). In addition, the university basic research credit was extended through 1990.

For tax years beginning after 1988, if a corporation took the credit, it had to reduce any deduction for research costs by 50 percent of the amount of the credit. If a corporation capitalized, rather than expensed, qualified research expenses, a similar rule applied. To avoid this reduction, a corporation could choose not to take the credit.

Targeted Jobs Credit

The targeted jobs tax credit set to expire at the end of 1989 was extended to apply to qualified employees hired before October 1, 1990. This relates to the hiring of disadvantaged individuals in certain targeted groups.

The credit percentage has been reduced from 85 percent to 40 percent for qualified summer youth employees who began work after December 31, 1988. This is the same percentage as for all other qualified employees.

Section 3

DESCRIPTION OF THE SAMPLE AND LIMITATIONS OF THE DATA*

This section describes the 1989 Corporate Sample design, including the methods used in the selection returns, data capture, data cleaning, and data completion. Also discussed are the techniques used to produce estimates and an assessment of the data limitations, including measures of sampling variability.

BACKGROUND

The 1916 Revenue Act requires the annual publication of "facts deemed pertinent and valuable" with respect to the operation of the income tax law. The Internal Revenue Service (IRS) has been publishing statistics on corporate income tax returns since 1918 beginning with data from 1916. Prior to 1918, limited information on corporate taxes appeared in the Commissioner's Annual Report [1,2,3].

From 1916 through 1950, data were extracted for the Statistics of Income (SOI) program from each corporate return filed. Stratified probability sampling was introduced in 1951. Since then, the size of the samples has generally decreased while the population has increased. For example, for Tax Year 1951 the sample comprised 41.5 percent of the entire population, or 285,000 of the 687,000 total returns filed. For 1989, the sample proportion had decreased to about 2 percent, or 80,497 returns selected from a population of over 3.9 million. The sample proportion of active returns was slightly higher at 2.15% or 77,555 active returns from an estimated actual population of just over 3.6 million.

In 1951, stratification was by size of total assets and industry. From 1952 through 1967, the stratification was by size only, where the size was measured either by volume of business (1953-1958) or total assets (1952, and 1959-1967). Since 1968, returns have been stratified by both total assets and a measure of income, the definition of which depends on the return's form type [4].

POPULATION

This annual SOI corporation study includes corporations of all types that are organized for profit. For a list of the federal income tax returns and the estimated numbers that were subjected to sampling for 1989, see Section 1. The following chart gives the estimated number of active corporations by form type that filed during Tax Years 1985 through 1989.

Estimated Number of Active Corporations by Form Type, 1985-1989

			YEAR**		
FORM TYPE	1985	1986	1987	1988	1989
1120	2,294,081	2 331 809	2,224,778	2,057,036	1,917,144
1120-A	239,255	251,012	238,730	228,861	268,149
1120S	724,749	826,216	1,127,905	1,257,191	1,422,967
1120L	2,269	2,335	2,273	2,295	2,309
1120M	1,464	1,466	***	2,200	2,000
1120PC	•		2,046	2,204	2,195
1120RIC	•		1,980	5.070	5,250
1120REIT	•	•	145	211	528
1120F	11,678	11,336	10,478	9.921	9,321
1120-IC-DIS	C 1,383	1,443	1,185	***	***
1120-FSC	2,341	2,900	2,613		• • •
TOTAL	3,277,220	3.428,517	3,612,133	3,562,789	3,627,863
TOTAL(MINU	JS				
IC-DISC,FSC		3,424,174	3,608,335	3,562,789	3,627,863

^{*}Form not in existence at that time.

^{*}Homer Jones and Richard Collins designed the sample for this report. Jeri Mulrow and Bertrand Uberall prepared the text and Richard Collins prepared the tables in this section under the direction of Yahia Ahmed, Chief, Mathematical Statistics Section, Coordination and Publications Staff.

^{**}Figures exclude out-of-scope returns (inactives, duplicates, etc.)

^{***}Form removed from corporate program. Data will be available for 1120-IC-DISC and 1120-FSC for 1991.

SAMPLE DESIGN

The current sample design is a stratified probability sample, where stratification is done by form type, and either size of total assets alone, or both size of total assets and a measure of income. Forms 1120, 1120-A, 1120RIC, and 1120REIT are stratified by size of total assets and size of proceeds. In this case, size of proceeds is used as the measure of income, and it is defined to be the larger of the absolute value of net income (or deficit) or the absolute value of "Cash Flow" (depreciation + depletion + net income). 1120F, 1120L, and 1120PC are stratified by size of total assets only. Form 1120S is stratified by size of total assets and, as the measure of income, size of taxable income.

The design differs from a typical stratified sample in that sample rates, not sample sizes, are set initially. This approach is taken since stratum population totals are known only after all tax returns have been filed for

The design process begins with a particular year. projected population totals derived from those used to estimate administrative workloads [5]. Using projected population totals by sampling strata, a constrained optimization is carried out to assign sample sizes such that the overall projected sample size is 85,000 [6]. Figure D gives stratum boundary limits, population and sample sizes, and sample rates for all form types. The final sample size for Tax Year 1989 was 80,497 returns for all form types.

Since 1981, the population, including active and inactive returns, has increased in size from 3 million to over 3.9 million in 1989. The sample size, on the other hand, has remained fixed at around 85,000, with the sample of active returns being slightly less. As a consequence, sampling rates have gone down considerably in recent years. The overall sampling percentage for all returns was 3.04% in 1981 and decreased to 2.06% in 1989. Issues raised by keeping the sample size relatively fixed over the years include the effects

Figure D.—Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income Year 1989

ample lass	Selection	of Sample n Classes Notes)	Number o	f Returns	Samplin (Perd	
umber	Size of Total Assets	Size of Proceeds**	Estimated Population	Sample Size	Prescribed	Achieved
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All Returns, Total		3,627,864	77,557	2.14%	2.14%
	Forms 1120, 1120A, and 1120S with Form 5735 attached, To	stol	516	508	.	
	Under \$100,000,000	Nat		443	100.00	98.23
1	Under \$100,000,000			65	100.00	100.00
2 .	\$100,000,000 or more		, 95			
	Forms 1120, 1120A, 1120RIC, -REIT, and 1120S (no Form 5	735 attached), Total	3,613,522	73,584		
3	Hader \$50,000	Under \$25,000	1,323,054	3,347	0.25	0.25
4	\$50,000 under \$100,000	\$25.000 under \$50,000	549,254	1,990	0.35	0.36
5	\$100,000 under \$250,000	\$50,000 under \$100,000	668,319	3,808	0.55	0.57
6	\$250,000 under \$500,000	\$100,000 under \$250,000	423,903	4,709	1.10	1.11
7	\$500,000 under \$1,000,000	\$250,000 under \$500,000	273,143	5,763	2.10	2.11
8	\$1,000,000 under \$2,500,000	\$500,000 under \$1,000,000	200,271	10,141	5.10	5.06
9	\$2,500,000 under \$5,000,000	\$1,000,000 under \$1,500,000	77,601	5,403	7.00	6.96
10	\$5,000,000 under \$10,000,000	\$1,500,000 under \$2,500,000	40.688	5,264	13.00	12.94
11	\$10,000,000 under \$25,000,000	\$2,500,000 under \$5,000,000	26,668	8,587	33.00	32.20
12	\$25,000,000 under \$50,000,000	\$5,000,000 under \$10,000,000	11,714	5,733	50.00	48.94
	\$50,000,000 under \$50,000,000	\$10,000,000 triader \$15,000,000		6.813	100.00	99.31
13	\$100,000,000 under \$100,000,000	#15 000 000 or more		4,266	100.00	99.51
14	\$250,000,000 under \$250,000,000 \$250,000,000 or more	\$15,000,000 or more		7.760	100.00	100.00
15	\$250,000,000 or more		,,,,,,,	7,700	1,5,5,5	
	Forms 1120L, Total		2,310	1,243	·	
16	Under \$50,000,000		1,970	906	45.00	45.99
17	\$50,000,000 under \$250,000,000		153	150	100.00	98.68
18	\$250,000,000 or more		187	187	100.00 ·	100.00
	Forms 1120F (with effectively connected income in U.S.), To	stol	9.321	1,546	.	
40	Under \$50,000,000			1,202	14.00	13.39
19	\$50,000,000 under \$100,000,000			75	100.00	100.00
20	\$100,000,000 under \$100,000,000			269	100.00	100.00
21	\$100,000,000 or more			200		
	Forms 1120PC, Total		2,195	676		•
22	Under \$100,000		1 371	- 117	10.00	11.71
23	\$100,000 under \$5,000,000) '		1	
24	\$5,000,000 under \$50,000,000		550	285	50.00	51.82
25	\$50,000,000 under \$250,000,000		181	181	100.00	100.00
26	\$250,000,000 or more		93	93	100.00	100.00

The Proceeds is defined as the larger of absolute value of net income(deficit) or absolute of cash flow (depreciation + depletion + net in Returns were classified according to either size of total assets or size of proceeds, whichever sample class is higher. EXAMPLE A Form 1120S return with total assets of \$750,000 and having a cash flow of \$750,000 is in sample class 7 (based on total class).

on cross-sectional estimates, the effects on short year-to-year changes and longitudinal sample composition. Research is currently being conducted on these issues, and the findings are being slowly incorporated into future sample designs [7].

SAMPLE SELECTION

Corporation income tax returns are filed at the ten IRS Service Centers located throughout the country. All corporate returns are processed initially to determine tax liability and are then available to other parts of IRS, including the SOI Division. All tax data are transmitted and updated on a weekly basis to the IRS's Business Master File (BMF) System located in Martinsburg, West Virginia. This system serves as the point of selection for the sample for the corporation study.

Sample selections for the 1989 corporation study took place weekly during the period from July 1989 through June 1991. A twenty-four month sampling period is needed for two reasons. First, over 36% of all corporations have non-calendar year accounting periods (See figure B.) To allow for this, the 1989 SOI file represents all corporations filing returns with accounting periods ending during the period from July 1989 to June 1990. Also, many corporations, including some of the largest, request six-month filing extensions. The combination of non-calendar year filing and filing extensions means that returns that might first be due to be received by IRS in September of 1990 (1989 accounting period ending June 1990), could be timely filed as late as March 1991. Normal administrative processing time lags require that the sampling process remain open for the 1989 study until June 30, 1991. However, a few very large returns for Tax Year 1989 were added to the sample as late as February 1992.

Each corporation is assigned a permanent and unique Employer Identification Number (EIN) similar to a Social Security Number for an individual. The EIN is used as the basis for random selection. A pseudo-random number (PRN) is generated using the EIN as the seed. This PRN is often referred to as the Transformed Taxpayer Identification Number (TTIN). The last four digits of the TTIN are compared to the sampling rates; a corporation for which the value of the last four digits of its TTIN is below 10,000 times the sampling rate is selected to be in the sample, and all other corporations are not selected. Since a corporation generally uses the same EIN from year-to-year, use of this identifier to

select the sample over several years facilitates the selection of many of the same corporations over time. This results in a reduction of the sample variance for estimates of year-to-year change. EIN's were used as the basis for random selection from 1968-1978. TTIN's have been in use as the basis for random selection from 1979 through the present [8,9].

DATA CAPTURE

Data processing for SOI begins with information already abstracted for administrative purposes; approximately 80 items are available from the BMF system. An additional 600 to 700 items are abstracted from the tax return. At this time, the administrative data are checked and corrected as necessary. The SOI data capture process can take as little time as one-han hour for a small single entity corporation filing on Form 1120-A or as long as a week for a large consolidated corporation filing several hundred attachments and schedules with the return. The process is further complicated by several factors:

- For any given tax return, as many as 800 separate data items may be verified or abstracted from the return. These items often require totals to be constructed from various other parts of the forms and schedules.
- Each different 1120 form type has a different layout with different types of schedules and attachments, making data abstraction less than uniform over the various form types.
- There is no legal requirement whatsoever for a corporation to meet its tax return filing requirements by filling in, line for line, the U.S. tax return form. Therefore, many corporate taxpayers report much of their financial details in their own format.
- Within the guidelines of generally accepted accounting principles, corporations report data items in a variety of ways. For example, different companies may report the same data item on different lines of the tax form. Indeed, the item "notes payable" could be reported as either "mortgages less", "other current liabilities", "mortgages more", or even "other liabilities". SOI attempts to standardize these differences during data abstraction and editing.

In order to help overcome these complexities and to standardize reporting, SOI prepares extremely detailed instructions for each tax year. For Tax Year 1989, these instructions consisted of over 500 pages covering normal and straightforward procedures and instructions for exceptions and non-standard situations that might be encountered [10].

DATA CLEANING

After the data are entered into a computer system at the service centers, they are sent to the Detroit Computing Center (DCC) for further processing. At this stage, the data are subjected to nearly 1100 consistency tests. These tests look for:

- Impossible conditions, such as incorrect tax data for a particular form type;
- Internal inconsistencies, such as items not adding to shown totals;
- Questionable values, such as a bank with an extremely large amount of cost of goods sold;
 and
- Improper sample class codes, such as in the case where a return has \$10,000 reported total assets but was selected as if it had \$1 million total assets.

In certain cases, test resolution is performed automatically by computer. In other cases, it is done manually. The data are subjected to several cycles of testing until the questionable items are corrected or verified as correct. After completion of data testing and correction, the data are written to a computer file which is the basis of the annual Corporate Statistics of Income report [11].

DATA COMPLETION

Several more steps are needed to complete the information in the file. Missing data must be addressed and returns that are to be excluded from the tabulations must be identified. The data completion process focuses on these issues.

Missing data are handled in several different ways depending upon the cause. For example, certain data

items may not be available from the tax return and are thus missing in the file. If the missing data items are from Schedule L, the Balance Sheet, then imputation procedures are used. Imputation is a process of developing estimates for missing data.

In other instances, data for a whole return are missing because the return is unavailable to SOI during the data capture process. These types of returns will be referred to as 'unavailable returns.' Again, in certain cases, imputation procedures are used.

Sometimes the data are available on the tax return but SOI chooses not to capture it. This type of data is missing by design. Since 1981, SOI has opted to leave some of the attached schedules out of the data capture process, whether data are available on these schedules or not. This procedure has been used as a cost saving measure since reviewing supplementary schedules adds significantly to the cost of preparing the file. Once again, imputation is employed to handle the missing data.

A ratio-based imputation procedure is used to fill in missing balance sheet items from all 1120 form types. Missing balance sheet items are imputed for returns with 12 month accounting periods. Imputation is not used on returns with less than 12 month accounting periods. The ratios are determined by major industry group from the previous year's data. The imputed amounts are calculated from these ratios and the business or total receipts available from the return [12]. For Tax Year 1989, a total of 354 returns had balance sheet items imputed

Number of Returns with Balance Sheet Items Imputed

Year	1986	1987	1988	1989
Total	484	361	371	354

Data for unavailable critical corporations, corporations whose total assets are greater than or equal to two percent of their minor industry's total assets or whose total assets are over a specified limit (dependent on form type), are imputed in two ways. For those corporations selected in the sample but unavailable to SOI during the time needed, the ratio-based imputation procedure, as described above, is applied to the balance sheet data. Three corporations fell into this

category in 1988, but only one in 1989. For those corporations not selected in the sample, data from the previous year's return were used with adjustments for tax law changes. There were six of these cases in 1988, and four in 1989.

The third imputation method is used to fill in data for one or more of the following schedules: Other Income Schedule, Other Deductions Schedule, and Other Costs of Goods Sold Schedule filed with Forms 1120 and 1120-A. Only corporations with both total assets and proceeds under \$50 million are candidates for this imputation procedure. During sample selection, a random process is used to determine which returns will not have one or more of these schedules included in the data capture process. The imputation procedure uses schedules with data as "donors" to impute data for the designed missing schedules. For Tax Year 1989, 22,666 returns were subjected to this type of imputation. Of these imputed returns, 14,678 had "other income" schedules imputed, 18,988 had "other deduction" schedules imputed, and 12,059 had "other cost of goods sold" schedules imputed [13, 14].

Number of Returns with Other Schedule Items Imputed

	1987	1988	1989
Total returns	24,173	22,146	22,666
Other income schedule	15,081	15,332	14,678
Other deduction schedule	17,684	21,216	18,988
Other cost of goods sold	10,476	14,571	12,059

Another part of the data cleaning process includes identifying sampled returns that will not be used in the tabulations. The BMF system, used for sample selection, can include duplicate tax returns and other out-of-scope returns, such as returns for non-profit oriented corporations and prior-year tax returns. These types of returns are identified and marked and during the estimation process they are considered to have zero money amounts. The following list identifies such returns:

- Inactive returns having neither income nor deductions;
- Duplicate returns;
- Amended returns not associated with the original returns and which were not earlier removed by the selection process;

- Tentative returns not associated with the revised returns and which were not earlier removed by the selection process;
- Returns exempt under Section 931 of the Internal Revenue Code (IRC);
- Returns exempt under Section 1247 of the IRC;
- Returns exempt under Section 883 of the IRC;
- Cost corporation returns exempt under Revenue Ruling 52-542;
- Returns exempt under Section 501(c)(15) of the IRC;
- Returns of non-resident foreign corporations having no income effectively connected with a trade or business within the U.S.;
- U.S. Virgin Island returns exempt under Section 934 of the IRC;
- Returns of political organizations filing under IRC Section 527;
- Returns filed by general stock ownership corporations exempt from tax;
- Returns filed by homeowners associations under IRC Section 528;
- Information returns reporting no tax due to tax treaty or convention according to IRC Section 894; and, finally;
- Prior year returns, returns with total assets under \$250,000,000 which used basic tax forms prior to 1988 and having ending accounting periods before July 1989.

Estimated Number of Returns Excluded from Tabulations

Type of			Year		
Return	1985	1986	1987	1988	1989
Inactive	152,945	186,524	237,631	223.743	206,617
Duplicate	64,110	72,090	68,045	66,985	63,777
Prior Year	67,848	90,637	59,248	87,605	70,330
Other	2,587	767	1,940	1,809	3,193
Total	287,490	350,018	366,864	310,142	3/3,917

ESTIMATION

The estimates produced in this report of the total number of corporations and associated money amounts are based on weighted sample results. A one-step process was used to determine the weights for Forms 1120F, 1120L, 1120PC, and Form 1120 with Form 5735 attached. A two-step process was used to determine the weights for Forms 1120, 1120-A, 1120RIC, 1120REIT and 1120S.

The one-step process determines weights as the reciprocal of the achieved sample rate. These weights are used to produce the aggregated total frequencies and money amounts published in this report for Forms 1120F, 1120L, 1120PC, and Form 1120 with Form 5735 attached.

The two-step process is needed because industry estimates are desired. The first stage is identical to the one-step process as described above and provides an initial weight for the record. The second stage involves post-stratification by industry. During post-stratification certain cells have small sample sizes. To handle this problem, a raking ratio estimation approach is applied during post-stratification in order to determine the final weights [15, 16]. Restrictions are placed on the raking process to produce final weights that fall within the range SQRT(2/3) x original weight to SQRT(3/2) x original weight. These final weights are used to produce the aggregated frequencies and money amounts published in this report for Forms 1120, 1120-A, 1120RIC, 1120REIT and 1120S.

DATA LIMITATIONS AND MEASURES OF VARIABILITY

Before any estimates were produced for this report, several extensive quality review processes were implemented. The review processes began at the sample selection stage with weekly monitoring of the sample to insure that the proper number of returns were being selected. They continued through the data collection, data cleaning, and data completion procedures with consistency testing. Part of the review process included extensive comparisons of the 1989 data with the 1988 data. A great amount of effort was made at every stage to insure data integrity.

Since the SOI Corporation estimates were based on a sample, they may differ from figures that would have been obtained if a complete census of all income tax returns had been taken using the same procedures employed in the sample. The particular sample used to produce the results in this report is one of a large number of possible samples that could have been selected under the same sample design. Estimates derived from one of the possible samples could differ from any other and from the population aggregates. The deviation of a sample estimate from the average of all possible similarly selected samples is called the sampling error. The standard error (SE) is a measure of the average magnitude of the sampling errors over all possible samples.

The standard error is the most commonly used measure of the sampling error and can be estimated from the sample. Sometimes, for convenience, the standard error is expressed as a percent of the value being estimated. This is called the coefficient of variation (CV) of the estimate. The coefficient of variation can be used in assessing the reliability of an estimate.

The estimated coefficient of variation of an estimate is calculated by dividing the estimated standard error by the estimate. Estimated coefficients of variations for selected money amount estimates are shown in Table 1. Estimated coefficients of variation for the estimated number of returns are given in Figure E. Estimated coefficients of variation for post-stratified variables are computed from conditional variances [16,17].

Readers may use the coefficient of variation, CV(X), of the estimate X to recalculate the standard error needed for the construction of confidence intervals. We illustrate this calculation and its meaning with an example.

Assume that a 95 percent confidence interval for the number of returns having total assets between \$2.5 million and \$5 million is desired. The estimated population from Figure D is:

X = 77,601 returns.

A coefficient of variation (CV) of 1.56 percent for this frequency is obtained by using column 5 of Figure E. As indicated in the footnote to Figure E, we obtain the CV as follows.

$$\frac{\text{CV} - 1.58}{1.37 - 1.58} = \frac{77,601 - 75,000}{100,000 - 75,000}$$

$$\text{CV} = 1.58 + \frac{2,601}{25,000} * (-0.21)$$

The final CV is obtained by dividing this interpolated CV by 100.

The standard error of the estimate, which is needed in order to construct the interval, is equal to the product of the estimate and its coefficient of variation:

$$SE(X) = X * CV(X)$$

= 77,601 * (.0156)
= 1,211 returns

= 1.56

The 95 percent confidence interval is constructed as follows.

Thus, the interval estimate is the interval from 75,179 returns to 80,023 returns. This means that if all possible samples were selected under essentially the same general conditions and using the same sample design, and if an estimate and its standard error were calculated from each sample, then approximately 95 percent of the intervals from two standard errors below the estimate to two standard errors above the estimate would include the average estimate derived from all possible samples. Thus, for a particular sample, one can say with 95 percent confidence, that the average of all possible samples is included in the constructed interval. This average of the estimates derived from all possible samples would be equal to or near the value obtained from a census.

Figure E-Coefficient of Variation of Estimated Number of Returns, Income Year 1988

			Tables s	howing the classific	ation by size of tot	al assets			Tables no showing
Estimated number of returns	Under \$100,000 ¹	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000 ²	classes by size of total assets
****	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		L	L		(Percent) 23				
00	140.37	93.41	66.73	48.14	30.62	18.34	10.26 ′	7.22	140.37
	114.61	76.27	54.48	39.31	25.00	14.98	8.38	5.90	114.61
00	99.26	66.05	47.18	34.04	21.65	12.97	7.26	5,11	99.26
00		59.08	42.20	30.45	19.37	11.60	6.49	4.57	88.78
00	88.78		38.52	27.79	17.68	10.59	5.92	4.17	81.04
00	81.04	53.93	38.52	27.79	17.00	10.55	0.52		
00	75.03	49.93	35.67	25.73	16.37	9.81	5.49	3.86	75.03
00	70.19	46.71	33.36	24.07	15.31	9.17	5.13	3.61	70.19
00	66.17	44.04	31.45	22.69	14.43	8.65	4.84	3.40	66.17
000	62.78	41.78	29.84	21.53	13.69	8.20	4.59	3.23	62.78
200	57,31	38.14	27.24	19.65	12.50	7.49	4.19	2.95	57.31
		25.04	25.22	18.19	11.57	6.93	3.88	2.73	53.06
400	53.06	35.31	23.59	17.02	10.83	6.49	3.63	2.55	49.63
600	49.63	33.03			10.03	6.11	3.42	2.41	46.79
800	46.79	31.14	22.24	16.05	9.68	5.80	3.24	2.28	44.39
000	44.39	29.54	21.10	15.22		5.19	2.90	2.04	39.70
500	39.70	26.42	18.87	13.62	8.66	5.19	2.50	2.04	00.70
000	36.24	24.12	17.23	12.43	7.91	4.74	2.65	1.86	36.24
000	31.39	20.89	14.92	10.76	6.85	4.10	2.29	1.61	31.39
000	28.07	18.68	13.35	9.63	6.12	3.67	2.05	1.44	28.07
000	23.73	15.79	11,28	8.14	5.18	3.10	1.73	1.22	23.73
000,000	19.85	13.21	9.44	6.81	4.33	2.59	1.45	1.02	19.85
					3.54	2.12	1.18	0.83	16.2
5,000	16.21	10.79	7.70	5.56		1.64	.92	(4)	12.50
5,000	12.56	8.36	5.97	4.31	2.74	1.39	.78	(4)	10.6
5,000	10.61	7.06	5.04	3.64	2.31				8.8
	8.88	5.91	4.22	3.04	1.94	1.16	(4)	(4)	7.2
5,000	7.25	4.82	3.45	2.49	1.58	(4)	(4)	(4)	1.2.
00,000	6.28	4.18	2.98	2.15	1.37	(4)	(4)	(4)	6.2
50,000	5.13	3.41	2.44	1.76	1.12	· (4)	(4)	(4)	5.13
50,000	3.97	2.64	1.89	1.36	0.87	(4)	(4)	(4)	3.9
50,000	2.81	1.87	1.33	0.96	0.61	(4)	(4)	(4)	2.8
00,000				(4)	(4)	(4)	(4)	(4)	2.3
00,000	2.37	1.58	(4)	(4)	(")	(7)	\"	, , ,	
.000,000	1.99	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.99
.500,000	1.62	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.62
.000.000	1.40	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.40

Includes zero assets and assets not reported

Coefficient of variation is zero for returns with total assets of \$100,000,000 or more

This percentage should normally not be used for estimated designated by a single asterisk (*) because the approximation shown here is inapplicable when the sample is too small to yield reliable confidence interval estimates. Not applicable because the estimated number of returns is greater than the population count.

Coefficient of variation is less than 1.00 but greater than zero.

NOTE: To determine the coefficient of variation (CV) for an estimated number (or frequency) of returns not listed, begin by dividing this estimated number by 100. Then, find the two values of estimated returns that are listed in the table and that are located directly above and directly below our scaled frequency. For these two values, took up the corresponding CVs and perform a linear interpolation in order to find the CV corresponding to the scaled frequency. The final CV is obtained by dividing this interpolated CV by 10. For example, to find the CV for 63,000 returns having assets of \$300,000, first divide 63,000 by 100 to get 630. We look up the CVs for 600 and 700 in column (3) and obtain, respectively, 38.52% and 35.67%. A linear interpolation between these two CVs yields a CV of 37.67% for 630 returns. The CV for 63,000 returns will then be this value divided by 10, i.e. 3,77%.

In addition to sampling error, another type of error called nonsampling error can affect the estimates. Nonsampling errors can be classified into two groups: random errors whose effects may cancel out and systematic errors whose effects tend to remain somewhat fixed and result in bias.

Nonsampling errors can be categorized into coverage errors; nonresponse errors; processing errors; and response errors. These errors can be the result of the inability to obtain information about all returns in the sample, differing interpretations of tax terms and tax instructions, inability of a corporation to provide accurate information (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating values for missing data, and failure to represent all population units.

Coverage errors in the SOI corporation study can result from the difference between the time frame for sampling and the actual time needed for filing and processing of returns. Many of the largest returns receive extensions to their filing periods and as a result end up filing after sample selection has ended for that tax year. The effect on the estimates due to this type of coverage error is minimized by the use of imputation procedures.

Coverage problems within industrial divisions in the SOI corporation study result from the way consolidated returns may be filed. The Internal Revenue Code permits a parent corporation to file a single return which includes the combined financial data of the parent and all its subsidiaries. These data are not separated into the different industries but are entered into only one industry. Thus, there is an undercoverage of financial data within certain industries and overcoverage in others [18]. Coverage problems within industrial divisions present a limitation on any analyses done with the sample results.

Unit nonresponse for SOI occurs when a sampled return is unavailable for SOI processing. For example, other areas of the IRS such as Audit, or Collection, or a District Office may have the return during the time SOI needs it. These returns are termed unavailable returns. In 1989, there were 89 unavailable returns in the corporation study, which constituted about two-tenths of one percent of the sample.

Number of Unavailable Returns, 1985-1989

Year	1985	1986	1987	1988	1989	
Total	1,488	354	213	162	89	

Errors in recording, coding or processing the data can cause a return to be sampled in the wrong sampling class. This type of error is called a mis-stratification error. One example of how a return might be mis-stratified is the following: A corporation files a return with total assets of \$10,000.00 and net income of \$5,000.00; a processing error causes the return to be classified according to \$1,000,000 total assets and \$5,000 net income. The return would be mis-stratified according to the incorrect value of total assets.

Number of Mis-stratified Returns, 1985-1989

Year	1985	1986	1987	1988	1989
Total	3,849	2,264	3,213	1,802	1,271

Mis-stratified returns in the sample were reclassified into their proper sampling classes after complete data capture. The population of returns that needed to be reclassified was estimated from the sample and the stratum population sizes were adjusted accordingly [19]. Population and sample totals were minimally affected by the reclassification and an analysis of the sample results tended to confirm that mis-stratified returns were randomly distributed.

Response errors are due to data being captured before auditing. Some purely, arithmetical errors made by the taxpayer are corrected during the data capture and cleaning processes. Adjustments to a return during auditing are not incorporated into the SOI file, because of time constraints.

TABLE NOTATION

All money amounts and frequencies in the following tables are subject to rounding error. As a result, a row or column of frequencies or amounts may fail to add exactly to the corresponding total amount. Money amounts are rounded to the nearest \$1,000 at the table level. Amounts of \$500 or more were rounded up to the next thousand. Total amounts under \$500

are entered as zero and footnoted to indicate that an amount was present and greater than zero but less than \$500.

Whenever a cell frequency was less than three, the estimate was combined or deleted in order to avoid disclosure of information about specific corporations. Combinations or deletions are indicated by a double asterisk (**) or a triple asterisk (***) respectively. In all other cases, an estimate based on fewer than ten returns, not all selected at 100 percent is indicated by an asterisk (*) and should be considered statistically unreliable. These estimates should typically be used in combination with other tabulated values due to the small sample size.

The statistical reliability of each cell in the tables is determined separately from all other cells. Thus, it is possible to see a total figure with an asterisk (*) indicating statistical unreliability and see a subset of that total not so identified. For example, an industrial division amount could be based on seven returns, three not sampled at 100 percent. This amount would received an asterisk. However, a major group within the division may have all of the four returns sampled at 100 percent and not receive an asterisk.

A dash (-) in place of a frequency or an amount can indicate one of two things. If returns were sampled at 100 percent, then no returns had that particular characteristic. If returns were sampled at less than 100 percent, then either no returns in the population had that characteristic or the characteristic was so rare that it did not appear in any of the sampled returns. In either case, no definite conclusion can be feached concerning this particular characteristic.

INDUSTRIAL CLASSIFICATION

The industry classification used in this report generally conforms to the Enterprise Standard Industrial Classification (ESIC) authorized by The Office of Information and Regulatory Affairs in The Office of Management and Budget (OMB). This classification was designed to classify companies which are often engaged in more than one industry activity into only one industry category. It follows closely the detailed Standard Industrial Classification (SIC) Manual which is authorized by OMB. Some departures from the ESIC system were made by SOI for financial industries in order to reflect particular provisions of the Internal Revenue Code. For a comparison of the ESIC and SIC

industries with the SOI industries used in this report, see the complete report, <u>Statistics of Income-1977</u>, <u>Corporation Income Tax Returns</u> [18,20].

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INCOME AND FINANCIAL DATA BY INDUSTRY AND SIZE

- 1 Returns of active corporations: Number of returns, selected receipts, cost of sales and operations, net income, deficit, total income tax, selected credits, total assets, depreciable assets, depreciation deduction, and coefficients of variation, by minor industry, page 20.
- 2 Returns of active corporations: Balance sheets, income statements, tax and selected other items, by major industry, page 32.
- 3 Returns with net income: Balance sheets, income statements, tax, and selected other items, by major industry, page 40.
- 4 Returns of active corporations: Balance sheets, income statements, and selected other items, by size of total assets, page 48.
- 5 Returns with net income: Balance sheets, income statements, and selected other items, by size of total assets, page 50.
- 6 Returns of active corporations: Selected balance sheet, income statement, and tax items, by industrial division, by size of total assets, page 52.
- 7 Returns of active corporations: Selected balance sheet, income statement, and tax items, by industrial division, by size of business receipts, page 57.

SELECTED SUBJECTS

8 Returns of active corporations: Total receipts, net income, statutory special deductions, income tax, selected credits, and tax-payment items, by accounting period ended, page 62.

- 9 Returns of active S Corporations, Form 1120S: Balance sheets and income statements, by industrial division, page 63.
- 10 Returns of active corporations, Form 1120-A: Balance sheets and selected income statement items, by industrial division, page 64.
- 11 Returns of active corporations, consolidated returns: Balance sheet, income statements, tax, and selected other items, by selected industrial divisions, page 65.
- 12 Returns of active foreign corporations with U.S. business operations, Form 1120F: Income statements and selected tax items by selected industrial divisions, page 66.
- 13 Returns of active corporations: Tax items: Number of returns by selected types of tax, dividend items, net income or deficit, statutory special deductions, income subject to tax, income tax, credits, payments, by selected industrial divisions, page 67.
- 14 Returns of active corporations, other than Forms 1120-REIT, 1120-RIC, and 1120S: Number of returns, selected income, tax, credits, and general business credit items, by selected industrial divisions, page 68.
- 15 Returns of active corporations, other than Forms 1120-REIT, 1120-RIC, and 1120S: Alternative minimum tax: number of returns, tax preference adjustments, and related items, by selected industrial divisions, page 69.
- 16 Returns of active corporations, other than Forms 1120-REIT, 1120-RIC, and 1120S: Number of returns and selected tax items, by size of total income tax after credits, page 70.

RETURNS OF ACTIVE CORPORATIONS

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

	Number	of returns	Total a	eceipts	T	<u> </u>		T	i
Minor industry	Total	With net income	All returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	. (9)
Total returns of active corporations	3,627,863	1,921,805	10,934,973,405	8,483,467,360	9,427,277,533	6,317,467,181	556,332,401	167,321,725	371,054,512
Agriculture, forestry, and fishing	123,195	70,919	86,627,044	63,810,694	81,159,501	57,275,674	4,347,165	2,796,586	2,149,977
Agricultural production	75,581	43,343	56,617,526	42,125,044	52,186,999	37,348,449	3,223,390	1,926,141	1,644,810
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	47,614	27,576	30,009,518	21 606 650	20.072.501	10.007.005			
Mining	41,631	18,756	102,378,796	21,685,650 76,971,985	28,972,501 87,977,574	19,927,225	1,123,775	870,444	505,167
Metal mining	1,141	232	8,263,718	6,270,623	7,065,899	56,658,030 4,279,576	8,217,568 829,942	5,072,882	4,469,841
Iron ores	*25	***	1,425,802	• • • • • • • • • • • • • • • • • • • •	1,243,703	1,032,628		454,624	573,924 *189,717
Copper, lead and zinc, gold and silver ores	566		6,075,201	***	5,099,646	2,894,029			342,219
Other metal mining	551 3,968	110	762,715	724,127	722,550	352,918	56,253	*37,181	41,988
Oil and gas extraction	31,899	1,478 14,433	22,914,652 58,977,129	13,211,699 47,475,125	21,268,982 48,177,610	15,963,123 29,398,689	939,466 5,496,901	603,961	523,270
Crude petroleum, natural gas, and natural	1	1		47,475,125	40,177,010	29,390,003	3,490,901	3,766,442	2,787,022
gas liquids Oil and gas field services	18,401	8.068	40,399,813	35,376,460	32,200,466	20,412,064	3,823,173	1,369,939	2,430,156
Nonmetallic minerals, except fuels	13,498 4,622	6,366	18,577,316	12,098,665	15,977,144	-8,986,626	1,673,728	2,396,503	356,865
Dimension, crushed, and broken stone, sand	4,022	2,612	12,223,297	10,014,538	11,465,083	7,016,642	951,259	247,856	585,625
and gravel	3,937	2,054	9,332,960	7,904,772	8,726,337	5,436,310	792,740	151,600	515,359
Other nonmetalic minerals, except fuels Construction	685 393,103	558	2,890,337	2,109,765	2,738,745	1,580,332	158,519	96,256	70,266
General building contractors and operative	353,103	222,815	517,477,336	378,158,708	504,906,544	392,668,469	16,312,212	7,575,282	7,754,260
builders	159,466	81,951	229,873,434	165,234,911	223,007,101	185,885,868	6,581,039	3,530,956	2 828 083
General building contractors	155,756	79,412	219,111,337	158,384,785	213,149,044	179,722,900	5,931,243	3,347,855	,2,828,983 2,592,964
Operative builders	3,710	2,539	10,762,097	6,850,126	9,858,057	6,162,968	649,796	183,101	236,019
Heavy construction contractors	21,342 212,295	12,325 128,540	80,797,320 206,806,583	59,114,431 153,809,366	77,745,832 204,153,611	62,005,603	2,787,401	950,784	1,738,328
Plumbing, heating, and air conditioning	39,176	21,299	43,678,463	33,242,098	43,205,702	144,776,998 31,695,221	6,943,772 1,283,395	3,093,542 551,183	3,186,949 597,257
Electrical work	29,666	16,681	34,391,028	24,899,099	33,939,799	25,013,650	1,041,816	427,766	509,771
Other special trade contractors and contractors not allocable	143,453	90,559	128,737,092	95,668,169	127 000 110	00 000 100	4.040.004	0.444.500	
Manufacturing		173,128	3,531,219,028	2,965,274,412	127,008,110 3,276,012,925	88,068,128 2,257,683,863	4,618,561	2,114,592	2,079,921
Food and kindred products	16,788	8,658	375,064,302	311.778.198	356,509,511	253,467,258	. 216,357,256 19,552,429	2,296,862	183,394,792
Meat products	2,292	1,150	64,714,110	47,735,313	63,938,845	56,935,345	976,880	472,709	16,967,159 756,460
Preserved fruits and vegetables	1,428	788	29,936,435	21,638,785	29,465,258	22,527,758	599,448	210,950	438,758
Grain mill products	638 1,771	391 1,192	25,526,474 75,951,998	24,223,221 74,125,044	24,531,344 72,053,018	16,384,873 50,383,414	1,888,291	68,328	1,641,606
Bakery products	3,888	1,456	16,796,175	13,805,932	16,540,976	9,565,920	3,633,502 604,537	74,583 146,025	3,393,484 368,775
Sugar and confectionery products	884	. 569	17,608,367	15,634,013	16,951,423	10,703,651	1,671,149	147,394	1,462,260
Malt liquors and malt	109	*15	16,180,852	*14,966,895	15,576,285	8,701,589	*941,294	59,939	898,439
malt	576	303	11,601,211	9,856,915	10.362.425	6,560,339	1,090,095	110,778	702.076
Bottled soft drinks, and flavorings	803	709	49,404,269	37,874,319	43,152,634	24,361,953	5,319,821	447,369	783,976 5,006,351
Other food and kindred products	4,399	2,086	67,344,411	51,917,762	63,937,302	47,342,416	2,827,413	558,788	2,217,049
Tobacco manufactures Textile mill products	65 3,882	62	75,294,662	59,924,374	65,704,782	33,188,637	7,967,131	1,440,710	7,777,887
Weaving mills and textile finishing	421	2,280 349	52,734,317 16,401,052	40,000,912 12,183,772	51,423,795 15,834,464	39,365,686 12,012,144	2,090,450 756,775	867,035	1,332,949
Knitting mills	606	436	6,362,205	4,534,719	6,289,413	4,782,245	306,706	260,054 138,425	611,894 153,844
Other textile mill products	2,854	1,495	29,971,060	23,282,421	29,299,918	22,571,297	1,026,970	468,556	567,210
Apparel and other textile products	18,428 1,395	8,509	69,022,702	52,818,252	67,099,427	48,095,055	3,239,467	1,277,148	2,010,126
Women's and children's clothing	6,081	1,106 2,680	18,266,170 29,074,083	15,444,123 22,813,484	17,561,562 28,117,160	12,552,541 20,369,501	1,085,791 1,447,676	146,728 479,493	848,563 809,085
Other apparel and accessories	4,040	1,811	9,603,670	6,314,342	9,482,411	6,494,329	345,060	298,856	177,713
Miscellaneous fabricated textile products; textile products, not elsewhere classified	6,911	2012	10.070.770			i			
Lumber and wood products	18,114	2,912 9,749	12,078,779 83,144,785	8,246,303 68.934.200	11,938,293	8,678,684	360,939	352,071	174,764
Logging, sawmills, and planing mills	6,608	3,701	30,418,196	25,881,222	79,921,690 28,781,128	59,209,443 21,007,359	4,247,065 1,858,623	730,814 194,398	3,033,698 1,276,028
Millwork, plywood, and related products	5,493	3,184	35,165,599	31,072,510	34,403,792	25,759,679	1,808,342	203,640	1,481,728
Other wood products, including wood buildings and mobile homes	6,013	2,863	17 560 000	11 000 407	16 700 77-	Ī			
Furniture and fixtures	10,179	2,863 5,125	17,560,990 41,310,012	11,980,467 30,384,122	16,736,770 40,107,718	12,442,405	580,100	332,776	275,943
Paper and allied products	3,285	2,387	124,136,645	107,111,826	119,491,512	28,288,849 79,497,873	1,793,960 8,962,137	663,341 855,568	1,237,324 7,928,496
Pulp, paper, and board mills	. 307	189	69,798,207	65,139,810	67,238,999	43,681,306	5,391,433	287,606	4,985,696
Other paper products Printing and publishing	2,979	2,199	54,338,439	41,972,016	52,252,513	35,816,567	3,570,704	567,962	2,942,800
Newspapers	49,141 6,430	27,726 3,846	164,657,602 49,222,954	125,011,482 43,948,001	154,368,430 45,130,887	76,467,595 16,783,265	11,125,352 4,904,948	2,923,836	9,049,840
Periodicals	3,988	1,037	20,800,231	8,969,581	19,383,424	9,538,273	702,297	616,183 754,948	4,514,930 465,434
Books, greeting cards, and miscellaneous publishing	2004				.	ľ			
Commercial and other printing and printing	8,924	4,280	32,322,277	24,653,474	29,111,545	11,319,047	2,659,311	621,235	2,304,291
trade services	29,799	18,564	62,312,141	47,440,426	60,742,574	38,827,010	2,858,797	931,469	1,765,184
Chemicals and allied products	10,060	5,534	363,181,114	326,279,312	338,449,336	205,363,523	34,263,304	3,108,143	31,875,826
Industrial chemicals, plastics materials and synthetics	4.076						i	-,,,,,,,,	
Drugs	4,275 1,069	1,930 417	178,002,720 79,907,422	159,262,173 71,849,329	165,208,567 73,217,530	107,761,735 32,831,230	14,579,152 13,065,976	805,566	13,155,935
Soap, cleaners, and toilet goods	1,899	1,746	68,939,928	63,308,140	65,327,460	42,667,943	4,473,884	689,226 1,239,308	12,668,480 4,247,998
Paints and allied products	1,080	492	10,357,103	8,742,973	10,188,030	6,240,473	558,347	73,622	494,068
Petroleum (including integrated) and coal	1,737	949	25,973,941	23,116,696	24,507,749	15,862,141	1,585,945	300,421	1,309,345
products	1,716	1,342	455,945,326	420,398,575	422,541,575	320.440.237	30,141,980	724,069	27.597.213
Petroleum refining (including integrated)	, 648	450	451,105,492	416,780,312	417,820,471	316,704,933	29,990,984	676,300	27,554,657
Petroleum and coal products, not elsewhere	1.007						ĺ	1	27,004,007
classified	1,067	892	4,839,834	3,618,263	4,721,104	3,735,304	150,996	47,769	42,556
Rubber products: plastics footwear, hose and	13,882	8,348	76,472,073	56,149,766	73,740,377	51,677,284	3,528,889	906,053	2,385,349
belting	2,296	1,288	32,759,243	22,629,934	31,103,224	21,360,097	1,402,862	384,569	1,133,282
Miscellaneous plastics products	11,586	7,060	43,712,830	33,519,832	42,637,153	30,317,187	2,126,027	521,484	1,252,067
Leather and leather products	2,105	1,077	17,942,442	15,848,646	17,227,723	12,111,995	718,391	174,088	365,432
Leather and leather products, not elsewhere	885	165	13,389,022	12,169,855	12,732,915	8,713,135	. 557,189	116,082	249,408
classified	1,220	913	4.553.420	3,678,790	4,494,808	3,398,860	161,202	58,006	116,024
Footcotos at and of table. See text for "Explanation of To					, 1,000	-,000,000		50,000	110,024

RETURNS OF ACTIVE CORPORATIONS

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

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

Minor industry	Number	of returns	Total	receipts]	C			1 .
······································	Totai	With net income	All returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Incom subject to ta:
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
lanufacturing—Continued						,			
Stone, clay, and glass products	8,104	4,863	70,096,600	45,600,148	65,452,335	44,250,364	3,454,462	1,346,838	2,712,
Glass products	1,091	694	25,711,009	16,960,333	23,133,460	14,715,650	1,572,625	383,512	1,323
Cement, hydraulic	199	57	5,826,723	4,234,338	5,255,131	3,641,819	348,107	242,368	318,
Concrete, gypsum, and plaster products Other nonmetallic mineral products	4,347	2,608	23,905,167	12,387,782	22,945,498	16,412,198	763,564	543,550	471,
	2,468	1,504	14,653,701	12,017,695	14,118,246	9,480,697	770,166	177,407	598.
Primary metal industries	5,996	3,503	152,540,396	132,797,525	145,677,249	113,363,425	8,363,188	1,336,685	4,903,
Ferrous metal industries, miscellaneous primary mineral products	2,796	1 040	74 440 700	04.054.057	74.047.400	F			
Nonferrous metal industries	3,200	1,942 1,561	74,140,738	61,851,357	71,347,139 74,330,110	54,178,493 59,184,932	3,350,179	1,057,078	1,751,
Eabricated motal aredusts	1	1	78,399,658	70,946,168			5,013,010	279,606	3,151,
Fabricated metal products	49,665 99	33,870 88	178,279,953	140,423,649	172,368,062	122,516,704	8,800,626	2,165,244	5,866,
Cutlery, hand tools, and hardware; screw machine products, bolts and similar		00	9,313,723	8,407,125	8,545,839	6,883,177	416,205	*28,624	376,
products	4,028	2,049	17,331,904	13,556,102	16,331,216	10,459,092	1,266,085	194,941	998.
Plumbing and heating, except electric and]		1		ŀ		ŀ	1	
warm air	1,163	811	12,777,006	10,744,058	12,339,754	8,428,086	765,816	106,103	688,
Fabricated structural metal products	7,352	5,624	38,649,739	30,035,856	37,746,038	27,989,971	1,525,528	406,305	999,
Metal forgings and stampings	3,559	2,548	21,489,331	16,448,102	20,842,189	15,477,141	877,947	213,444	474.
Coating, engraving, and allied services	2,684	2,180	5,082,073	4,175,645	5,008,085	3,145,735	309,742	46,479	169
Ordnance and accessories, except vehicles							1		1
and guided missiles	200	*134	1,715,105	*670,604	1,662,067	1,168,842	*69,605	60,087	•59.
Miscellaneous fabricated metal products	30,579	20,436	71,921,071	56,386,157	69,892,873	48,964,661	3,569,696	1,109,261	2,099
Machinery, except electrical	25,755	16,802	296,285,695	233,874,261	256,686,764	169,299,474	20,495,407	4,051,259	17,918.
Farm machinery	1,868	1,612	16,259,179	13,326,151	14,692,668	10,173,504	811,366	116,986	588.
Construction and related machinery	1,558	1,187	31,083,701	26,232,549	29,581,778	21,473,681	1,542,008	228,581	1,222,
Metalworking machinery	5,959	4,055	20,796,906	14,032,140	19,787,883	12,745,548	955,163	390,402	588,
Special industry machinery	4,833	3,131	24,080,418	19,439,059	23,308,641	16,298,678	1,186,303	341,717	782.
General industry machinery	3,797	2,156	36,633,796	32,584,195	35,099,980	24,062,119	1,903,640	226,577	1,517,
Office, computing, and accounting				i		İ		1	1
machines	1,308	1,109	130,033,920	99,054,843	98,488,983	58,766,915	12,624,777	2,370,903	12,116,
Other machinery, except electrical	6,432	3,551	37,397,775	29,205,324	35,726,831	25,779,028	1,472,151	376,092	1,104,
Electrical and electronic equipment	24,297	13,503	309,357,559	246,644,943	286,314,637	186,117,469	18,251,923	5,365,635	15,582,
Household appliances	174	110	17,027,471	14,340,976	16,413,181	12,006,632	679,255	172,313	602,
Radio, television, and communication							,	,	552,
equipment	1,997	1,403	44,808,811	29,167,917	42,759,709	29,182,973	2,017,613	958,630	1,728,
Electronic components and accessories	13,745	7,654	114,123,688	86,340,881	108,674,888	72,247,672	6,511,264	2,875,956	5,213,
Other electrical equipment	8,381	4,336	133,397,590	116,795,168	118,466,860	72,680,192	9,043,790	1,358,736	8,037,
Motor vehicles and equipment	3,309	1,031	308,797,788	281,156,451	265,771,141	209,449,096	11,905,481	1,579,305	10,807,
Transportation equipment, except motor	· ·		1	,		200,110,000	11,000,101	1,070,000	10,007,
vehicles	3,996	1,909	155,624,146	139,510,165	145,160,086	110,296,999	7,871,133	1,103,632	6,870,
Aircraft, guided missiles and parts	1,054	266	134,250,867	123,980,013	124,628,193	94,126,100	7,017,708	612,254	6,326,
Ship and boat building and repairing	1,669	1,168	9,139,877	6,093,621	8,839,130	6,935,195	385,569	264,215	240,
Other transportation equipment, except			i .	1	l	, i		<u>'</u>	i .
motor vehicles	1,272	475	12,233,402	9,436,531	11,692,764	9,235,704	467,856	227,162	303,
Instruments and related products	9,071	5,255	88,025,243	74,642,111	82,004,464	48,569,407	5,387,190	1,369,970	4,290,
Scientific instruments and measuring]	,,	,,,,,	10,000,101	0,007,100	1,000,070	7,200,
devices; watches and clocks	3,716	2,569	35,380,229	30,962,893	32,936,842	20,032,792	2,421,231	426,402	1,854,0
Optical, medical, and ophthalmic goods	4,998	2,385	31,890,401	23,660,328	29,483,770	15,811,204	2,726,495	819,109	2,324
Photographic equipment and supplies	357	302	20,754,612	20,018,891	19,583,853	12,725,410	239,463	124,459	112
Miscellaneous manufacturing and			ŀ		1			1	
manufacturing not allocable	23,510	11,594	73,305,666	55,985,494	69,992,310	46,647,491	4,197,292	1,594,997	2,881,8
ensportation and public utilities	156,037	79,346	906,501,335	718,765,154	844,076,080	401,515,846	56,518,343	17,444,390	48.352.6
ransportation	125,754	64,478	342,982,363	242,800,047	319,539,289	144,835,541	12.505.412	6,419,769	8,661,
Railroad transportation	657	466	50,867,000	40,937,136	44,421,810	19,127,593	2,420,063	1,681,328	2.182.9
Local and interurban passenger transit	12,005	7,700	8,293,661	4,449,439	8,093,961	2,967,032	271,566	116,293	162
Trucking and warehousing	59,138	31,741	113,368,136	80,048,353	110,102,749	42,364,933	3,200,738	1,680,285	1,998
Water transportation	6,439	2,075	20,183,926	12,916,957	18,336,323	10,687,104	1,054,519	382,637	704,7
Transportation by air	9,507	3,131	89,994,972	61,317,712	82,055,148	33,176,723	3,198,001	1,644,474	2,301,3
Pipelines, except natural gas	63	58	2,160,569	2,094,739	2,097,730	854,782	683,766	1,890	665,4
Transportation services, not elsewhere				2,00 1,7 00	2,007,700	001,702	000,100	1,050	000,
classified	37,945	19,307	58,114,099	41,035,711	54,431,567	35,657,374	1,676,760	912,862	
							.,0.0,.00		I 645.
	17 937	8 170	252 031 020	224 140 054		102 072 261	20 026 201	1	1
Communication	17,937	8,179	252,031,020	224,140,954	232,256,902	102,973,261	20,836,301	6,004,887	645,3 19,453,2
Communication	17,937 10,183	8,179 4,987			232,256,902			6,004,887	19,453,
Communication	10,183	4,987	213,812,783	202,240,226	232,256,902 199,417,078	91,722,966	17,092,231	6,004,887 2,456,259	19,453,2 16,260,4
Communication Telephone, telegraph, and other communication services Radio and television broadcasting	10,183 7,754	4,987 3,192	213,812,783 38,218,236	202,240,226 21,900,727	232,256,902 199,417,078 32,839,824	91,722,966 11,250,295	17,092,231 3,744,069	6,004,887 2,456,259 3,548,628	19,453,2 16,260,4 3,192,8
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting Electric, gas, and sanitary services.	10,183 7,754 12,346	4,987 3,192 6,689	213,812,783 38,218,236 311,487,953	202,240,226 21,900,727 251,824,154	232,256,902 199,417,078 32,839,824 292,279,888	91,722,966 11,250,295 153,707,044	17,092,231 3,744,069 23,176,630	6,004,887 2,456,259 3,548,628 5,019,734	19,453,3 16,260,4 3,192,8 20,238,0
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Electric, gas, and sanitary services Electric services	10,183 7,754 12,346 342	4,987 3,192 6,689 77	213,812,783 38,218,236 311,487,953 119,417,702	202,240,226 21,900,727 251,824,154 96,954,540	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283	91,722,966 11,250,295 153,707,044 47,218,930	17,092,231 3,744,069 23,176,630 11,131,839	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386	19,453,2 16,260,4 3,192,8 20,238,0 10,411,2
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting Electric, gas, and sanitary services. Electric services. Gas production and distribution.	10,183 7,754 12,346 342 1,424	4,987 3,192 6,689 77 838	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931	19,453,5 16,260,4 3,192,5 20,238,0 10,411,5 2,675,7
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Electric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services	10,183 7,754 12,346 342 1,424 150	4,987 3,192 6,689 77 838 108	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701	19,453,3 16,260,4 3,192,8 20,238,0 10,411,2 2,675,5,632,5
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Electric, gas, and sanitary services Electric services Gas production and distribution Combination utility services. Water supply and other sanitary services.	10,183 7,754 12,346 342 1,424 150 10,429	4,987 3,192 6,689 77 838 108 5,665	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715	19,453,3 16,260,4 3,192,8 20,238,0 10,411,2 2,675,5 5,632,5 1,518,9
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting Electric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. tolesale and retail trade.	10,183 7,754 12,346 342 1,424 150 10,429	4,987 3,192 6,689 77 838 108 5,665	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062	19,453,2 16,260,4 3,192,6 20,238,0 10,411,2 2,675,1 5,632,5 1,518,9
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting Electric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services Water supply and other sanitary services molesale and retail trade. Wholesale trade.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062	19,453,2 16,260,4 3,192,6 20,238,0 10,411,2 2,675,1 5,632,5 1,518,9 42,065,9 18,137,6
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting flectric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services. Water supply and other sanitary services wholesale and retail trade. Wholesale trade Groceries and related products.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376	202,240,226 21,900,727 251,824,154 96,954,540 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270	17.092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,50 30,320,255 2,709,851	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953	19,453, 16,260, 3,192,6 20,238,6 10,411,2 2,675, 5,632,5 1,518,5 42,065,5 18,137,6
communication Telephone, telegraph, and other communication services. Radio and television broadcasting lectric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. olesale and retail trade. //holesale trade. Groceries and related products. Machinery, equipment, and supplies.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062	19,453, 16,260, 3,192,6 20,238,6 10,411,2 2,675, 5,632,5 1,518,5 42,065,5 18,137,6
communication Telephone, telegraph, and other communication services Radio and television broadcasting lectric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services olesale and retail trade Wholesale trade Groceries and related products Machinery, equipment, and supplies Miscellaneous wholesale trade	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340	202,240,226 21,900,727 251,824,154 96,954,540 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270	17.092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,50 30,320,255 2,709,851	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953	19,453, 16,260, 3,192, 20,238, 10,411, 2,675, 5,632, 1,518, 42,065, 18,137, 1,845, 2,332,
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting flectric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services. Water supply and other sanitary services. where supply and other sanitary services. Wolesale and retail trade. Wholesale trade Groceries and related products. Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977	232,256,902 199,417,078 32,839,824 292,279,888 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933	17.092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171	19,453, 16,260, 3,192, 20,238, 10,411, 2,675, 5,632, 1,518, 42,065, 18,137, 1,845, 2,332, 13,960,
communication Telephone, telegraph, and other communication services. Radio and television broadcasting lectric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services Water supply and other sanitary services olesale and retail trade //holesale trade Groceries and related products. Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home turnishings.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 1,207,105,491 137,640,749 1,139,615,304	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381	19,453, 16,260, 3,192, 20,238, 10,411, 2,675, 5,632, 1,518, 42,065, 8,137, 1,845, 2,332, 1,960, 1,979,
communication Telephone, telegraph, and other communication services Radio and television broadcasting lectric, gas, and sanitary services Electric services Gas production and distribution Combination utility services. Water supply and other sanitary services. Water supply and other sanitary services. Olesale and retail trade /// /// /// /// /// /// /// /// ///	10,183 7,754 12,346 142,42 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511	213,812,783 38,218,236 311,447,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567	19,453, 16,260, 3,192,8 20,238,0 10,411, 2,675, 5,632,5 1,518,9 42,065,6 18,137,6 2,332,1 13,960,4 1,979,7 144,2
communication Telephone, telegraph, and other communication services. Radio and television broadcasting Ideotric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services Water supply and other sanitary services water supply and other sanitary services Olesale and retail trade. Viholesale trade Groceries and related products. Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home turnishings. Lumber and construction materials Sporting, recreational, pholographic, and	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650 14,191,454	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814	19,453, 16,260, 3,192,8 20,238,0 10,411, 2,675, 5,632,5 1,518,9 42,065,6 18,137,6 2,332,1 13,960,4 1,979,7 144,2
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Ilectric, gas, and sanitary services. Electric services Gas production and distribution Combination utility services. Water supply and other sanitary services. Molesale and retail trade Wholesale trade Groceries and related products Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home furnishings Lumber and construction materials Sporting, recreational, photographic, and hobby goods, toys, and supplies	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650 14,191,454	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814	19,453,2 16,260,3,192,8 20,238,0 10,411,2 2,675,5,632,5 1,518,5 42,065,5 18,137,6 2,332,1 13,960,4 1,979,7 144,2 461,5
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Communication Telephone, telegraph, and other communication services Radio and television broadcasting flectric, gas, and sanitary services Electric services Gas production and distribution Combination utility services Water supply and other sanitary services. Water supply and other sanitary services. Wolesale and retail trade Wholesale trade Groceries and related products Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home turnishings Lumber and construction materials Sporting, recreational, photographic, and hobby goods, toys, and supplies Metals and minerals, except petroleum and scrap Electrical goods Hardware, plumbing, and heating equipment and supplies Other durable goods.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439	213,812,783 38,218,236 311,447,953 119,417,702 87,669,293 80,771,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 137,640,749 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456	17, 092, 231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,200,561 3,310,899	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816	19,453, 16,260, 3,192, 20,238, 10,411, 2,675, 5,632, 1,518, 42,065, 18,137, 1,945, 2,332, 13,960, 19,979, 144, 461, 622, 663, 1,615,
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Communication Telephone, telegraph, and other communication services Radio and television broadcasting Ilectric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. Water supply and other sanitary services. Water supply and other sanitary services. Wholesale trade. Wholesale trade. Wholesale trade. Wholesale trade grooducts. Machinery, equipment, and supplies. Miscellaneous wholesale trade. Motor vehicles and automotive equipment. Furniture and home turnishings. Lumber and construction materials. Sporting, recreational, photographic, and hobby goods, toys, and supplies. Metals and minerals, except petroleum and scrap. Electrical goods. Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875 35,542,535 42,893,273	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,865 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 28,496,775 36,525,564	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,200,561 3,310,899 583,498 710,603	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 195,438	19,453,1 16,260,3,192,2 20,238,1 10,411,1 2,675,5 632,2 1,518,3 42,065,6 18,137,1 1,845,2 2,332,1 13,960,1 1,979,1 444,4 615,6 633,1 1,615,6 608,1 1,633,3 27,6
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Ilectric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. Water supply and other sanitary services. Wolesale and retail trade. Wholesale trade. Groceries and related products. Machinery, equipment, and supplies Miscellaneous wholesale trade. Motor vehicles and automotive equipment. Furniture and home turnishings. Lumber and construction materials. Sporting, recreational, photographic, and hobby goods, toys, and supplies. Metals and minerals, except petroleum and scrap. Electrical goods. Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330 17,661	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603 8,079	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875 35,542,535 42,893,273 56,743,943	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784 46,950,074	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 22,7105,491 137,640,749 1,139,615,304 126,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603 55,679,560	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 28,496,775 36,525,564 43,572,082	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,200,561 3,310,899 583,498 710,603 2,076,395	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 195,438 296,165 672,083	19,453,4 16,260,3,192,4 20,238,192,4 10,411,2,675,5,632,2 1,518,4 42,065,6 1,845,2 1,3960,4 1,979,1 1,615,4 663,5 1,615,4 608,4 1,693,5 327,6
Communication Telephone, telegraph, and other communication services. Radio and television broadcasting Electric, gas, and sanitary services. Electric services. Gas production and distribution Combination utility services Water supply and other sanitary services. Molesale and retail trade. Wholesale trade. Groceries and related products. Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home furnishings. Lumber and construction materials Sporting, recreational, photographic, and hotbby goods, toys, and supplies. Metals and minerals, except petroleum and scrap. Electrical goods Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries. Apparel, piece goods, and notions Farm-product raw materials	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330 17,661 6,784	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603 8,079 3,640	213,812,783 38,218,236 311,447,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875 35,542,535 42,893,273 56,743,943 111,320,302	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784 46,950,074 74,473,391	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 137,640,749 137,640,749 1426,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603 55,679,560 108,728,370	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 28,496,775 36,525,564 43,572,082 100,072,325	17, 092, 231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,200,561 3,310,899 583,498 710,603 2,076,395 1,177,250	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 195,438 296,165 672,063 404,329	19,453,2 16,260,4 3,192,8 20,238,2 10,411,2 2,675,1 5,632,2 1,518,3 42,065,6 18,137,2 1,3960,4 1,979,7 144,2 461,5 663,5 1,615,4 663,5 1,615,4 1,693,5 327,6
Communication. Telephone, telegraph, and other communication services. Radio and television broadcasting. Electric, as, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. Nolesale and retail trade. Wholesale trade. Groceries and related products. Machinery, equipment, and supplies. Miscellaneous wholesale trade. Motor vehicles and automotive equipment. Furniture and home turnishings. Lumber and construction materials. Sporting, recreational, photographic, and hobby goods, toys, and supplies. Metals and minerals, except petroleum and scrap. Electrical goods. Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries. Apparel, piece goods, and notions. Farm-product raw materials. Chemicals and allied products.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330 17,661 6,784 5,900	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603 8,079 3,640 3,368	213,812,783 38,218,236 311,447,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875 35,542,535 42,693,273 56,743,943 111,320,302 31,741,685	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,299 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784 46,950,074 74,473,391 24,926,767	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603 55,679,560 108,728,370 31,171,235	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 96,707,456 28,496,775 36,525,564 43,572,082 100,072,325 25,777,968	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,177,250 651,097	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 2,38,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 1,95,438 296,165 672,063 404,329 163,745	19,453,4 16,260,4 3,192,4 10,411,2 2,675,5 5,632,2 1,518,4 42,065,6 1,979,7 1,845,2 4,61,5 602,4 603,5 1,615,4 1,693,5 3,27,6 522,2 1,183,6 825,5 423,3
Communication Telephone, telegraph, and other communication services Radio and television broadcasting Electric, gas, and sanitary services. Electric services Gas production and distribution Combination utility services Water supply and other sanitary services molesale and retail trade Wholesale trade Wholesale trade Machinery, equipment, and supplies Miscellaneous wholesale trade upoucts. Machinery, equipment, and supplies Miscellaneous wholesale trade Motor vehicles and automotive equipment Furniture and home furnishings Lumber and construction materials Sporting, recreational, photographic, and hobby goods, toys, and supplies Metals and minerals, except petroleum and scrap Electrical goods Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries Apparel, piece goods, and notions Farm-product raw materials Chemicals and allied products. Petroleum and petroleum products	10,183 7,754 12,346 1342 1,424 1,50 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330 17,661 6,784 5,900 12,503	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603 8,079 3,640 3,368 7,216	213,812,783 38,218,236 311,447,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,063 124,563,875 35,542,535 42,893,273 56,743,943 111,320,302 31,741,685 132,052,610	202,240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,298 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784 46,950,074 74,473,391 24,926,767 99,417,294	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 1,26,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603 55,679,560 108,728,370 31,171,235 310,205,940	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 28,496,775 36,525,564 43,572,082 100,072,325 25,777,968	17, 092, 231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,984,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,200,561 3,310,899 583,498 710,603 2,076,395 1,177,250 651,097 1,810,410	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 238,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 195,438 296,165 672,063 404,329 163,745 760,923	19,453. 16,260. 3,192. 20,238. 10,411. 2,675. 5,632. 1,518. 42,065.6 18,137. 18,45. 2,332. 13,960. 1,979. 144. 662. 663. 1,615. 608. 1,633. 327.6 825. 422. 1,183. 825. 422.
Communication. Telephone, telegraph, and other communication services. Radio and television broadcasting. Electric, gas, and sanitary services. Electric services. Gas production and distribution. Combination utility services. Water supply and other sanitary services. Molesale and retail trade. Wholesale trade. Groceries and related products. Machinery, equipment, and supplies. Miscellaneous wholesale trade. Motor verhicles and automotive equipment. Furniture and home turnishings. Lumber and construction materials. Sporting, recreational, photographic, and hobby goods, toys, and supplies. Metals and minerals, except petroleum and scrap. Electrical goods. Hardware, plumbing, and heating equipment and supplies. Other durable goods. Paper and paper products. Drugs, drug proprietaries, and druggists' sundries. Apparel, piece goods, and notions. Farm-product raw materials. Chemicals and allied products.	10,183 7,754 12,346 342 1,424 150 10,429 1,012,980 320,971 25,892 52,050 243,030 21,871 8,783 11,733 8,137 7,997 21,196 13,003 52,722 6,893 4,330 17,661 6,784 5,900	4,987 3,192 6,689 77 838 108 5,665 544,244 184,871 16,550 30,734 137,588 14,511 4,686 7,599 3,271 5,454 12,956 9,624 28,439 4,679 1,603 8,079 3,640 3,368	213,812,783 38,218,236 311,487,953 119,417,702 87,669,293 80,701,043 23,699,915 3,184,946,370 1,543,788,616 230,755,376 142,599,899 1,170,433,340 130,329,007 14,450,441 51,762,700 24,649,464 124,995,237 103,265,156 45,526,083 124,563,875 35,542,535 42,693,273 56,743,943 111,320,302 31,741,685	202.240,226 21,900,727 251,824,154 96,954,540 63,297,214 71,548,362 20,024,038 2,311,399,631 1,180,736,407 188,021,132 111,593,977 881,121,299 90,063,817 10,784,417 39,814,325 19,409,680 88,053,284 76,421,831 35,114,305 97,318,115 30,019,460 36,020,784 46,950,074 74,473,391 24,926,767	232,256,902 199,417,078 32,839,824 292,279,888 111,333,283 80,703,805 78,007,951 22,234,849 3,094,814,670 1,504,361,545 227,105,491 137,640,749 1,139,615,304 126,252,650 14,191,454 50,865,280 24,321,352 115,461,879 100,507,318 44,764,410 122,112,132 35,074,183 42,225,603 55,679,560 108,728,370 31,171,235	91,722,966 11,250,295 153,707,044 47,218,930 58,940,660 36,767,569 10,779,884 2,388,963,994 1,254,181,063 197,187,270 103,824,933 953,168,860 103,825,112 10,065,824 42,061,394 18,182,377 107,342,900 77,508,889 34,134,566 96,707,456 96,707,456 28,496,775 36,525,564 43,572,082 100,072,325 25,777,968	17,092,231 3,744,069 23,176,630 11,131,839 4,005,308 6,055,212 1,994,271 65,409,500 30,320,255 2,709,851 4,084,304 23,526,100 2,700,358 328,176 1,017,622 831,468 1,240,910 2,463,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,205,695 1,177,250 651,097	6,004,887 2,456,259 3,548,628 5,019,734 2,066,386 537,931 2,107,701 307,715 29,254,062 11,555,504 734,953 1,640,171 9,180,381 1,186,567 2,38,814 350,682 339,218 545,441 1,192,928 271,563 1,255,816 1,95,438 296,165 672,063 404,329 163,745	19,453, 16,260, 3,192, 20,238, 10,411, 2,675, 5,632, 1,518, 42,065, 18,137, 1,845, 2,332, 13,960, 1,979, 144, 461, 1,615, 663, 1,615, 608, 1,693, 327,6

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

RETURNS OF ACTIVE CORPORATIONS

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

	Number o	of returns	Total re	eceipts	D!	· Cost of	1		tncom
Minor industry	Total	With net income	Atl returns	Returns with net income	Business receipts	sales and operations	Net income	Deficit	subjec to tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
/holesale and retail trade—Continued					1,586,906,335	1,132,152,386	35,011,223	17,652,265	23,892,
Retail tradeBuilding materials, garden supplies, and	689,305	358,264	1,637,529,357	1,127,947,017					
mobile home dealers	43,564	25,891	86,170,032	60,865,857	83,771,339 60,774,400	60,190,033 44,195,669	2,266,697 1,769,705	1,035,961 615,783	1,241 930
Building materials dealers Hardware stores	22,028 11,497	14,106 6,361	62,632,156 12,602,310	45,183,625 8,835,929	12,400,939	8,328,756	258,809	175,103	155
Garden supplies and mobile home				j		7.005.007	238,182	245,074	155
dealers	10,03 9 10,849	5,425 6,134	10,935,566 261,481,184	6,846,303 227,022,200	10,596,000 244,829,218	7,665,607 157,866,268	8,297,857	1,850,871	7,705
General merchandise stores	62,755	31,655	331,518,876	229,278,813	325,494,359	250,332,676	4,407,262	1,963,899	3,241
Grocery stores	33,868	18,681	306,565,083	212,746,822	300,984,080	233,283,062	3,976,641	1,521,695 442,204	3,069 171
Other food stores	28,887	12,974	24,953,793	16,531,990 242,557,286	24,510,278 414,722,317	17,049,614 354,142,726	430,621 3,537,539	3,328,275	1,571
Automotive dealers and service stations	97,356 44,133	52,880 20,320	423,132,614 336,582,702	177,550,811	329,523,266	288,568,649	2,147,723	2,658,278	880
Gasoline service stations	22,765	15,327	46,350,577	35,473,706	45,761,357	37,118,181	583,845	171,450	275 415
Other automotive dealers	30,458	17,234	40,199,335	29,532,768	39,437,694 79,709,521	28,455,896 47,774,835	805,971 3,233,536	498,547 1,342,373	2,592
Apparel and accessory stores Furniture and home furnishings stores	47,311 36,457	25,757 21,427	81,977,138 57,355,337	64,155,586 41,448,101	55,414,585	35,335,634	1,822,386	828,237	1,160
Eating and drinking places	160,212	74,602	140,566,434	86,998,090	133,502,419	59,286,673	4,231,393	3,356,958	2,298 4,081
Miscellaneous retail stores	230,802	119,916	255,327,742	175,621,084 33,805,417	249,462,576 49,626,063	167,223,541 35,283,623	7,214,552 1,166,205	3,945,690 424,193	804
Drug stores and proprietary stores Liquor stores	26,148 15,242	16,539 8,260	50,623,120 12,472,279	8,018,775	12,229,866	9,542,949	222,663	262,678	130
Other retail stores	189,411	95,118	192,232,344	133,796,892	187,606,647	122,396,969	5,825,685	3,258,819	3,146
Wholesale and retail trade not allocable	2,704	1,108	3,628,397	2,716,208	3,546,790	2,630,545	78,022	46,293	35
nance, insurance, and real estate	592,832	283,023	1,868,003,359	1,480,953,600	855,752,870	487,672,748	155,238,423 27,485,079	46,331,072 9,758,037	64,854 24,624
Banking	12,073	8,621 247	525,404,377	424,858,195 7,683,754	48,476,622 560,893	619,714 85,442	27,485,079 855,995	9,758,037	24,624 757
Mutual savings banks	279 5,248	4,131	10,251,816 399,238,454	345,754,843	41,506,982	485,776	20,795,774	6,172,082	18,623
Banks, except mutual savings banks and bank		ľ				49.400	5 922 211	3,373,849	5,243
holding companies	6,546	4,243	115,914,108	71,419,598 171,520,747	6,408,746 69,147,881	48,496 39,131,805	5,833,311 10,778,811	13,749,421	8,324
Credit agencies other than banks	25,772 2,759	14,507 1,875	238,471,002 136,487,578	78,717,946	11,691,460	2,534,084	5,549,664	12,910,011	4,23
Personal credit institutions	3,417	1,916	14,197,119	13,764,813	6,628,371	1,219,454	609,477	66,017 131,731	470
Business credit institutions	1,960	1,272	6,595,311 81,190,994	3,582,440 75,455,548	830,310 49,997,739	*108,625 35,269,643	290,085 4,329,585	641,662	3,42
Other credit agencies; finance not allocable	17,636 17,167	9,444	75,246,760	56,287,484	41,226,430	5,730,846	3,145,457	2,301,580	1,66
Security, commodity brokers and services	17,167	10,005	75,240,700	1					
companies	9,313	5,770	62,655,804	45,757,858	30,921,393	1,603,358	2,275,784	1,900,775	1,17
allied services	7,853	4,234	12,590,956	10,529,626	10,305,036	4,127,487	869,673	400,805 3,129,499	19.84
Insurance	8,192	6,044	713,513,147 397,412,110	605,057,224 366,961,653	521,035,662 257,423,933	364,810,106 179,414,052	26,809,608 13,637,458	844,440	10,92
Life insurance	2,334	1,806	397,412,110	300,301,030				i i	
certain fire or flood insurance companies	1,113	834	105,608,215		89,243,496	68,213,692 117,182,363	3,418,267 9,753,883	1,003,943 1,281,116	2,49 6,43
Other insurance companies	4,745	3,404	210,492,822	1	174,368,232 31,623,433	4,308,666	2,671,894	722,058	1,38
Insurance agents, brokers, and service	67,354	46,136 170,292	34,116,300 129,223,333		96,942,278	43,076,488	10,683,589	12,759,241	4,48
Real estate	409,221 158,491	58,239	32,860,462		20,275,311	6,281,741	3,272,824	3,546,689	2,14
buildings Lessors of mining, oil, and similar property Lessors of railroad property, and of real	450	245	353,488	266,000	*58,712 228,332	*30,954 *154,534	145,646 63,857	*23,651 50,911	13
property, not elsewhere classified Condominium management and cooperative	4,215	1,505	428,376		5,285,870	1,570.967	199,294	740,278	14
housing associations	33,897 59,726	18,079 23,463	8,421,499 41,559,609		33,950,622	23,896,764	3,650,113	4,663,425	78
Other real estate	152,442	68,760	45,599,901	28,113,891	37,143,431	11,141,525	3,351,855	3,734,287	1,22
Holding and other investment companies, except bank holding companies	53,053	27,419	152,028,440		47,300,566	29,995,123	73,663,984	3,911,236	4,52
Regulated investment companies	5,282	4,697	85,235,912		-	-	65,823,537 1,263,626	49,030 218,890	
Real estate investment trusts	533 9,216	190 2,402	4,641,474 549,813	344,161	263,181	*208	136,630	118,736	3
except bank holding companies	38,022	20,130	61,601,242		47,037,385	29,994,915	6,440,191	3,524,581	4,48 17,94
ervices	989,850	525,229	735,497,193		680,350,095 36,362,536	273,531,298 15,949,871	33,839,910 1,533,018	22,819,716 2,437,399	17,94
Hotels and other lodging places Personal services	26,987 75,976	10,142 40,986	40,199,563 33,399,421			12,108,285	1,829,067	614,445	99
Business services	345,919	187,456	287,623,441	195,169,677	266,468,899	125,392,339	12,357,627	8,755,882	6,33
Advertising	29,360	18,154	40,303,085	26,176,164		20,776,310	1,186,200	1,169,421 7,586,461	55 5,77
Business services, except advertising	316,559	169,301	247,320,356			104,616,029 31,255,872	11,171,428 2,176,956	1,324,714	1,04
Auto repair; miscellaneous repair services	114,270 72,775	66,261 40,091	70,071,883 51,188,813			21,165,593	1,430,687	1,037,366	69
Miscellaneous repair services	41,495	26,170	18,883,070	13,957,220	18,622,896	10,090,279	746,269	287,348	35
Amusement and recreation services	84,066	38,707	84,674,890	57,191,607	71,390,605	27,672,499	6,639,025	3,448,933	4,86
Motion picture production, distribution, and services	15,024 1,617	7,374 643	37,652,236 4,589,065			15,239,355 1,088,469	3,406,642 129,575	1,045,622 277,748	3,13 8
Amusement and recreation services, except	67,425	30,691	42,433,589	27,601,271	38,369,979	11,344,675	3,102,808	2,125,563	1,64
motion pictures	342,633	181,677	219,527,995	141,303,225	209,073,964	61,152,432	9,304,217	6,238,343	3,76
physicians	48,259	25,100	29,901,673 6,440,076			6,154,022 1,074,308	835,938 227,159	548,878 96,703	1 12
Offices of dentists	17,610 15,325	9,520 11,030	4,210,207		4,128,727	912,914	295,299	115,612] 4
Nursing and personal care facilities	13,585	6,597	22,747,493	11,870,887	21,993,691	4,648,350	588,321	645,597 379,023	1,08
Hospitals	491 5,858	92 3,824	26,658,853 7,070,256			3,648,297 2,579,986	1,214,557 248,426	621,222	14
Medical laboratories Other medical services	33,671	17,063	29,851,010			9,444,591	1,371,205	936,863	62
Legal services	25,125	12,643	10,863,565	4,917,696	10,227,526		598,596	266,745	1 1.5
Educational services	19,882	11,465	11,361,502			3,229,803 238,884	513,346 91,827	402,060 65,013	17
Social services		3,610 8,844	2,137,309 6,621,770				170,309	136,733	9
Membership organizations Architectural and engineering services		24,510	31,241,859				1,438,086	636,158	74
Accounting, auditing, and bookkeeping services	22,626	14,156	5,398,460	3,687,934	5,303,487	804,754	350,587	153,578	,
Miscellaneous services (including veterinarians), not elsewhere classified	71,350	33,223	25,023,963	16,788,042	23,871,320	10,746,045	1,360,562	1,234,159	3
	16,889	4,345	2,322,943	1,351,425	2,227,275	1,497,257	- 92,025	146,504	6

RETURNS OF ACTIVE CORPORATIONS

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

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

Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits 1	Total assets	Net worth	Depreciable assets	Depreciation deduction
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total returns of active corporations	127,754,021	23,996,821	2,793,603	3,882,728	836,681	96,147,206	17,647,120,286	337,302,354	4,602,704,974	4,069,775,039
Agriculture, forestry, and fishing	605,850	*14,048	2,743	27,613	3,863	557,583	63,413,253	3,613,282	21,097,130	44,390,053
Agricultural production	467,413	*14,045	2,443	20,742	*3,539	426,644	48,647,504	2,549,593	17,054,400	33,399,436
forestry, fishing, hunting, and trapping	138,437	•3	300	6,871	*324	130,939	14,765,749	1,063,689	4,042,730	10,990,617
Mining	1,771,670	573,027	_	58,341	31,834	1,080,476	236,339,172	5,588,990	126,413,627	101,810,298
Metal mining	281,722	*110,422	_	5,145	4,121	161,980	22,802,508	645,853	7,189,518	12,680,748
Iron ores	*68,088 195,247	*42,464 54,236	_	4,585 560	4,121	136,276	*1,722,552 20,156,443	*26,298 575,528	*960,625 6,369,777	1,684,856
Other metal mining	*18,387	13,722		_	_	*4,664	923,513	44,026	- 140,884	747,806
Coal mining Oil and gas extraction Crude petroleum, natural gas, and natural	242,875 1,029,918	11,255 445,812	_	29,727 20,559	*57 27,000	201,833 508,781	23,848,226 175,655,038	821,680 3,254,034	10,293,717 101,216,143	13,110,743 65,231,845
gas liquids	892,875	431,496	_	17,816	26,028	389,882	144,293,402	2,041,480	84,901,419	46,113,338
Oil and gas field services Nonmetallic minerals, except fuels Dimension, crushed, and broken stone,	137,043 217,155	*14,316 5,538		*2,743 2,910	*973 *656	118,900 207,882	31,361,636 14,033,400	1,212,554 867,424	16,314,724 7,714,249	19,118,507 10,606,962
sand and gravel	182,826	21	_	2,481	*656	179,500	11,428,379	651,178	6,198,377	8,214,628
Other nonmetallic minerals, except fuels	34,329	5,517		*430		28,382	2,605,021	216,246	1,515,872	2,392,334
Construction	2,327,882	89,197	4,796	75,615	51,355	2,106,624	249,711,210	9,296,059	66,723,453	91,446,213
General building contractors and operative builders	863,494	*24,655	_	9,630	23,616	805,586	131,529,546	2,919,812	24,746,252	25,514,968
General building contractors	784,998	*19,856	i –	8,742	22,974	733,418	118,066,901	2,824,065	22,533,910	24,179,673
Operative builders	78,497	4,799		*888	*641	72,168	13,462,645	95,747	2,212,341	1,335,295
Heavy construction contractors	590,518 873,870	63,790 751	4,752 44	54,153 11,832	6,849 20,890	460,686 840,351	47,539,071 70,642,594	2,304,613 4,071,634	18,006,969 23,970,232	30,090,632 35,840,613
Plumbing, heating, and air conditioning	157,756	*533	_	3,247	4,452	149,524	14,169,088	602,839	4,365,145	5,484,220
Electrical work	139,854	*41	_	2,854	7,512	129,446	13,513,910	511,399	4,633,130	4,853,358
contractors not allocable	576,260	*177	44	5,732	8,927	561,381	42,959,596	2,957,396	14,971,956	25,503,034
Manufacturing	63,780,169	19,878,040	2,696,471	1,840,330	349,865	38,969,929	3,721,219,914	123,568,814	1,373,491,815	1,514,803,821
Food and kindred products	5,858,485	1,149,521	319,512	67,567	19,538	4,302,345	284,958,710	8,951,778	101,799,731	106,735,984 9,688,572
Meat products	259,116 150,329	10,801 *14,585	5,708	7,930 *1,129	*1,006 *14	233,671 134,601	17,581,631 13,848,955	676,967 580,857	5,374,458 4,982,602	7,139,561
Preserved fruits and vegetables	562,106	93,632		19,602	*2,294	446,579	20,908,066	618,177	9,821,039	8,022,603
Grain mill products	1,161,827 127,369	213,837 *82	3,901 463	13,697 2,213	*2,450 *328	927,941 124,283	62,200,072 8,532,916	1,721,648 523,906	21,868,405 3,620,009	18,442,526 5,971,127
Sugar and confectionery products	501,079	209,383	8,802	*2,910	*9,248	270,736	13,233,042	493,600	6,171,079	5,631,695
Malt liquors and malt	307,919			2,847	998	304,074	20,101,426	681,543	5,551,130	11,962,947
Alcoholic beverages, except malt liquors and malt	255,819	42,229	25,943	615	223	186,808	22,577,817	152,317	11,453,205	2,559,585
Bottled soft drinks, and flavorings	1,718,007	*382,938	249,155	*11,142	2,630	1,072,142	59,687,523	1,730,372	17,051,855	17,277,941
Other food and kindred products	814,914	182,032	25,540	5,484	*347	601,509	46,287,261	1,772,391	15,905,950	20,039,427
Tobacco manufactures	2,665,678 462,940	789,889 21,585	16,318 1,829	*15,777 11,411	795 *2,846	1,842,899 425,270	196,993,758 38,140,124	3,129,169 1,796,062	98,177,534 13,157,611	21,087,899 21,378,190
Weaving mills and textile finishing	211,224	*13,393	- 1,025	2,509	2,529	192,793	14,210,151	549,811	5,170,850	8,209,863
Knitting mills	53,973 197,743	8,192	141 1,688	536 8,366	*226 *91	53,070 179,407	3,585,779 20,344,194	251,513 994,738	1,508,128 6,478,633	2,267,682 10,900,645
Other textile mill products	669,756	102,396	44,519	12,062	13,001	497,778	40,842,605	956,775	13,314,985	10,323,291
Men's and boys' clothing	288,980	92,715	18,660	8,463	12,316	156,826	13,071,611	323,835	4,704,332	3,417,797
Women's and children's clothing Other apparel and accessories	272,379 57,445	8,892 220	14,665 9,425	2,178 *912	*574 *99	246,071 46,789	16,481,728 5,927,253	296,523 156,710	5,770,241 1,224,988	3,215,939 1,483,711
Miscellaneous fabricated textile products;	37,445								Ì	
textile products, not elsewhere classified	50,951	*569	1,770	*508	*13	48,092	5,362,014	179,707	1,615,423	2,205,845
Lumber and wood products Logging, sawmills, and planing mills	1,038,825 435,061	*14,662 *2,983		23,632 4,592	279 279	1,000,054 427,157	60,810,349 25,605,098	2,719,385 906,791	24,320,922 12,440,962	37,408,142 15,457,071
Millwork, plywood, and related products Other wood products, including wood	513,934	10,894	_	18,773	_	484,117	23,117,238	1,370,710	10,398,803	16,658,975
buildings and mobile homes	89,831	785	~	*266	-	88,780	12,088,013	441,884	1,481,157	5,292,096
Furniture and fixtures	416,326 2,760,761	17,111 360,216	19,210	3,972 88,475	124 *28,462	395,118 2,264,026	24,864,858 124,669,694	936,320 6,334,676	8,704,769 52,103,887	10,732,938 82,445,434
Pulp, paper, and board mills	1,725,330	174,570	155	67,019	28,250	1,454,964	79,479,649	4,129,062	36,494,627	56,993,920
Other paper products	1,035,431	185,646 160,738	19,055 6,367	21,456 36,630	*212 9 794	809,062	45,190,044	2,205,613 6,986,333	15,609,260 69,313,731	25,451,514 64,755,609
Printing and publishing	3,085,741 1,549,578	160,738 25,094	2,204	22,987	9,794 6,923	2,871,812 1,491,970	188,150,876 74,580,335	2,894,697	34,784,481	23,923,668
Periodicals	157,116	66,991		*566	*635	88,923	28,962,707	546,287	7,976,939	5,522,488
Books, greeting cards, and miscellaneous publishing	796,795	64,188	726	3,385	*380	728,116	48,337,286	971,421	13,588,105	9,327,149
trade services	582,252	4,465	3,437	9,693	1,855	562,802	36,270,547	2,573,928	12,964,206	25,982,303
Chemicals and allied products	11,061,690	3,483,294	1,502,294	263,131	24,161	5,772,601	451,327,671	12,884,273	190,701,768	179,480,581
synthetics Drugs	4,569,746 4,387,132	1,746,034 959,008	90,783 1,360,829	108,955 122,308	*6,795 *16,594	2,612,313 1,917,108	222,651,884 108,373,218	8,043,407 2,163,201	93,336,980 54,282,164	112,875,424 32,188,575
Soap, cleaners, and toilet goods	1,472,787	560,898	33,185	10,435	*474	867,795	88,037,200	1,459,211	30,456,736	17,309,900
Paints and allied products Agriculture and other chemical products	165,988 466,038	4,868 212,486	1,906 15,591	2,971 18,462	- -298	156,243 219,141	5,536,813 26,728,556	216,148 1,002,306	2,539,936 10,085,952	2,524,298 14,582,384
Petroleum (including integrated) and coal	-30,000	2,2,400	.0,001	10,402	200		25,720,550	,,552,500	,5,005,552	,552,554
products Petroleum refining (including integrated)	9,649,468 9,634,907	5,506,532 5,506,532	43,272 43,272	39,426 39,210	92,546 92,546	3,942,094 3,927,748	532,902,479 530,512,383	13,401,290 13,266,303	240,759,982 239,775,648	282,529,963 280,980,825
Petroleum and coal products, not elsewhere classified	14,562 834,187	 263,554	9,550	*216 14,672	 *995	14,346 545,375	2,390,096 53,553,284	134,986 2,623,497	984,335 19,746,909	1,549,138 32,743,232
Rubber products; plastics footwear, hose										
and belting	421,903	156,802	2,764 6,786	3,905		258,391	25,726,576	1,197,429	9,368,174	16,435,584 16,307,648
Miscellaneous plastics products Leather and leather products	412,284 142,306	106,752 3,905	16,720	10,767 3,911	*995 144	286,984 117,627	27,826,707 11,452,522	1,426,068 279,062	10,378,736 2,919,228	3,256,788
Footwear, except rubber	104,905	3,545	11,897	3,465	118	85,881	9,234,330	206,500	2,062,210	2,567,277
Leather and leather products, not elsewhere	27 404	360	4,823	*446	26	23.746	2 210 102	72,562	857,018	689,511
classified	37,401	360	4,823	*446	26	31,746	2,218,192	12,562	810,160	009,311

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

RETURNS OF ACTIVE CORPORATIONS

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

Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits 1	Total assets	Net worth	Depreciable assets	Depreciation deduction
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Manufacturing—Continued								0.000.005	29,311,946	42,260,393
Stone, clay, and glass products	939,323	177,294	2,457	14,548	2,558 *697	742,464 334,130	86,486,070 43,488,819	2,880,995 1,036,738	15,699,165	15,484,729
Glass products	462,196 111,580	*120,243 7,029		7,126 740	1,536	102,277	9,313,250	334,299	4,406,885	6,574,392
Cement, hydraulic Concrete, gypsum, and plaster products	158,275	1,276	1,572	4,506	*49	150,872	21,851,464	1,019,016	5,343,025	12,678,144 7,523,129
Other nonmetallic mineral products	207,271	48,746	886	2,177	*277	155,186	11,832,537	490,942	3,862,870 42,977,688	75,091,938
Primary metal industries	1,786,641	378,530	321	74,770	5,156	1,327,830	133,127,853	4,731,593	42,917,000	. 75,057,500
Ferrous metal industries, miscellaneous	645,888	61,553	_	10,7:19	*3,435	570,150	61,803,278	2,382,244	13,405,903	39,670,973
primary mineral products	1,140,752	316,977	321	64,052	1,721	757,680	71,324,576	2,349,349	29,571,785	35,420,966
Fabricated metal products	1,951,506	210,147	9,803	39,888	5,211	1,686,430	128,748,053	5,196,932	53,613,420	61,183,550 3,749,164
Metal cans and shipping containers	129,311	33,094	3,548	214	2,342	90,087	12,831,576	327,590	6,186,839	3,743,104
Cutlery, hand tools, and hardware; screw						l	ļ		1	
machine products, bolts and similar products	337,782	115,846	4,420	5,121	496	211,900	17,992,517	541,380	9,318,792	6,893,305
Plumbing and heating, except electric and			l i	2 500		224,728	12.783.652	303,513	5,896,551	3,860,995
warm air	235,233 331,079	*7,907 16,690		2,598 10,056	*1,134	303,198	21,479,941	966,145	7,965,924	10,932,295
Fabricated structural metal products	157,932	839	_	4,018	*174	152,901	14,641,010	669,266	5,964,306	8,471,181
Metal forgings and stampings Coating, engraving, and allied services	52,507	•20	_	*1,464	*106	. 50,916	2,514,160	178,032	1,101,338	2,130,419
Ordnance and accessories, except vehicles						19,861	1,656,216	49,910	450,072	578,034
and guided missiles	20,102	15 35,736	106 1,730	120 16,296	959	632,839	44,848,981	2,161,097	16,729,598	24,568,158
Miscellaneous fabricated metal products	687,561 6,172,785	3,399,780	91,936	284,473	56,463	2,339,994	297,165,972	10,596,549	112,797,377	121,909,391
Machinery, except electrical	207,356	31,644	31,550	49,448	*195	126,069	15,189,394	409,138	4,915,022	5,070,085
Construction and related machinery	420,357	107,250	1	23,731	*36	289,200	33,482,510 20,742,757	892,691 652,213	14,108,888 6,602,809	12,584,191 9,160,213
Metalworking machinery	191,315	9,392 24,458	461	7,218 9,758	*1.201	174,244 224,957	17,546,523	561,662	6,703,363	.6,878,475
Special industry machinery General industry machinery	260,375 519,297	24,458 128,645	10,801	16,363	*2,971	360,517	35,760,490	1,066,887	13,437,410	13,519,177
Office, computing, and accounting	0.0,20					200 207	407.004.076	5.842,402	56,028,619	62,658,906
machines	4,182,820	2,956,113	80,674	170,337 7,617	*51,759 *301	923,937 241,071	137,821,876 36,622,421	1,171,557	11,001,267	12,038,345
Other machinery, except electrical	391,265	142,277 849,940	202 607	346,018	14,273	3,785,982	356,316,713	14,097,169	110,268,434	127,606,317
Electrical and electronic equipment	5,379,823 212,919	64,866	383,607 671	- *2,829 ~	794	143,759.	. 15,269,781	566,248	5,098,544	4,726,930
Household appliances	212,513	01,000				1	0.705.444	1.865.383	14,570,956	12,762,551
equipment	591,885	57,532	71,293	57,909	688	404,464 1,299,357	34,735,141 97,363,385	1,865,383 4,453,407	40,241,402	39,728,859
Electronic components and accessories	1,829,474	368,858 358,685	66,106 245,537	85,877 199,404	9,276 3,515	1,938,402	208,948,406	7,212,132	50,357,532	70,387,976
Other electrical equipment	2,745,545 3,859,700	2,045,854	13,353	266,992	1,244	1,532,250	438,396,480	16,438,606	98,684,379	120,255,335
Motor vehicles and equipment Transportation equipment, except motor	3,659,700	2,043,634	10,000	200,002					20 240 200	EE 000 070
vehicles	2,522,780	211,609	1,024	179,184	66,318	2,064,645	129,415,190	4,063,602 3,626,222	39,946,068 35,716,182	56,889,370 51,180,763
Aircraft, guided missiles and parts	2,324,370	189,958	874	174,499	*61,948 *4,222	1,897,091 60,494	115,675,292 5,716,215	173,707	1,700,186	2,450,286
Ship and boat building and repairing	85,935	*19,344	151	1,724	4,222	00,434		,		
Other transportation equipment, except motor vehicles	112,476	2,308	_	*2,961	*148	107,060	8,023,682	263,673	2,529,700	3,258,321
Instruments and related products	1,537,450	516,047	172,434	43,024	*4,907	798,536	86,135,191	2,770,351	32,384,391	37,478,060
Scientific instruments and measuring					*2.077	294,233	30,435,943	1,170,155	13,275,322	12,046,465
devices; watches and clocks	649,717	255,670 241,680	81,046 91,389	16,691 22,137	2,830	434,429	30,648,654	1,010,079	13,509,121	9,816,257
Optical, medical, and ophthalmic goods Photographic equipment and supplies	794,966 *92,766	18,697	91,309	4,195		*69,874	25,050,594	590,117	5,599,948	15,615,338
Miscellaneous manufacturing and									40 407 055	19,251,415
manufacturing not allocable	983,997	215,436	41,946	10,767	1,050	714,798	56,761,465	1,794,397	18,487,055 511,303,115	1,242,816,853
Transportation and public utilities	17,176,596	179,990	54,973	1,171,013	85,298 22,987	15,664,580 2,623,944	1,474,412,864 291,141,746	83,172,274 19,583,554	77,229,451	240,649,203
Transportation	3,018,711 811,588	36,385 14,828	_	335,326 168,826	*243	627,622	95,673,558	3,806,559	31,952,436	78,547,466
Railroad transportation Local and interurban passenger transit	49.060	14,020	_	*1,932		47,128	4,386,003	461,020	1,208,415	3,939,141
Trucking and warehousing	660,190	*504	-	29,439	1,655	628,592	56,732,611	6,539,305	17,602,024	52,832,470 16,208,681
Water transportation	246,260	3,384	_	26,999	1,360	214,516	21,255,420 76,161,109	980,994 5,671,278	5,372,144 14,031,348	64,404,939
Transportation by air	796,041	12,116		89,957 137	*13,651 *200	680,316 224,207	2,734,585	113,802	764,756	4,344,985
Pipelines, except natural gas Transportation services, not elsewhere	227,550	3,007	-	1 ,3,	1	1 22 1,231				
classified	228,022	*2,546	-	18,037	*5,877	201,562	34,198,461	2,010,596	6,298,328	20,371,521
Communication	6,819,064	81,643	54,973	304,162	34,621	6,343,664	487,582,252	31,084,977	189,532,914	353,243,983
Telephone, telegraph, and other		70 700	54.051	201.261	*33,270	5,272,407	405,438,451	28.424.318	178,483,510	326,245,621
communication services	5,725,612 1,093,452	73,723 7,921	54,951 22	291,261 12,902	*1,351	1,071,257	82,143,801	2,660,659	11,049,403	26,998,362
Electric, gas, and sanitary services	7,338,821	61,962	_	531,525	27,690	6,696,972	695,688,865	32,503,742	244,540,751	648,923,667
Electric services	3,738,764	1,077	1 -	312,018	9,729	3,414,435	344,800,072	17,363,828 3,935,840	118,653,313 42,186,320	336,635,565 84,916,186
Gas production and distribution	940,862	50,803	-	51,521 152,050	*13,313 3,910	812,771 1,977,539	125,245,203 199,330,748	9,336,597	75,187,555	206,993,334
Combination utility services	2,141,052 518,143	6,127 3,955	-	15,936	*739	492,227	26,312,842	1,867,476	8,513,562	20,378,582
Water supply and other sanitary services	13,595,625	627,932	6,267	258,433	28,936	12,673,766	1,390,555,774	42,561,609	342,748,950	433,592,868
Wholesale and retail trade	5.833.257	350,339	3,112	73,270	14,715	5,391,573	652,568,212	15,921,793	162,182,490	152,202,353
Groceries and related products	597,033	*4,679		8,170	*684	583,501	48,832,950	1,837,069	14,272,761	19,182,778
Machinery, equipment, and supplies	725,301	19,831	.74	15,224	1,683	688,250	71,212,888	2,531,125	20,705,217 127,204,512	112,102,792
Miscellaneous wholesale trade	4,510,923	325,830	3,038	49,876	12,348	4,119,822 607,504	532,522,374 66,720,332	11,553,599 2,807,386	22,771,575	17,714,37
Motor vehicles and automotive equipment.	671,895 41,388	57,871 *1,530	7	4,704 *238	1,801	39,620	5,527,291	119,533	1,596,785	1,319,446
Furniture and home furnishings Lumber and construction materials	138,102	1,530	720	1,556	*303	135,521	17,300,526	528,874	5,646,813	6,208,77
Sporting, recreational, photographic, and		1	ŀ			197,773	10,677,597	224,661	2,275,718	1,949,74
hobby goods, toys, and supplies	200,638	309	-	1,905	*651	197,773	10,077,397	224,001		l .
Metals and minerals, except petroleum	223,134	3,264	106	*1,611	*16	218,137	133,108,216	456,459	8,046,626	5,739,45
and scrap Electrical goods	521,787	8,663	344	13,303	*3,926	495,551	49,710,584	1,462,013	13,026,997	12,077,511
Hardware, plumbing, and heating							17.015.010	200 000	6.842,816	4,183,17
equipment and supplies	184,617	*119	-	1,261	*242	182,994 503,083	17,815,910 49,586,402	360,801 1,178,728	13,606,406	10,997,47
Other durable goods	517,936 103,049	7,590 *2,018	105	5,489 423	1,668 340	100,268	11,730,371	259,362	3,492,588	2,775,53
Paper and paper products Orugs, drug proprietaries, and druggists'	103,049	2,018	1 ~	723	1	1				1
sundries	176,683	1,221	_	1,567	18	173,877	15,123,081	260,651	5,146,508 6,092,146	2,429,99 3,015,62
Apparel, piece goods, and notions	389,614	*53,875	_	1,082 *3,817	*770 *347	333,886 236,797	22,621,363 34,658,952	257,234 814,032	9,915,296	10,570,19
Farm-product raw materials		*39,302 *14,780	_	3,817	128	123,169	11,686,751	365,414	3,027,359	3,958,01
Chemicals and allied products Petroleum and petroleum products		113,201	! -	5,198	*1.024	241,482	33,714,643		9,788,873	13,783,24
		29	1,749	*139	*183	131,171	15,599,506	394,292	6,281,105	4,609,74
Alcoholic beverages	100,271		1							

RETURNS OF ACTIVE CORPORATIONS

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

Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits 1	Total assets	Net worth	Depreciable assets	Depreciation deduction
Wholesale and retail trade—Continued	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19) 281,054,956
Retail trade	7,754,799	277,592	3,154	184,933	14,221	7,274,855	736,632,246	26,598,335	180,268,449	· ·
mobile home dealers	363,158 284,721	*6 *1	_	10,105 9,608	*168 *11	352,850 275,071	44,986,954 33,734,926	1,278,861 957,800	13,482,884 10,322,492	16,296,008 12,360,121
Hardware stores	38,394	5	_	*299	157	37,932	5,605,911	152,472	2,222,421	1,886,945
dealersGeneral merchandise stores	40,044 2,704,115	111,592	_	*197 65,000	- *4,787	39,846 2,522,735	5,646,117 223,237,356	168,589 4,829,026	937,972 51,907,178	2,048,942 57,094,720
Food stores	1,101,694	37,021	2,764	24,134	519	1,037,256	101,367,347	4,957,174	22,482,582	53,959,364
Grocery stores	1,054,720	35,925	2,764	22,119	*429 *90	993,483	94,439,363 6,927,985	4,427,445 529,730	21,143,140 1,339,441	48,789,669 5,169,695
Other food stores	46,975 445,863	1,097 *342		2,016 15,864	399	43,773 429,244	110,637,042	3,967,953	20,025,672	33,837,707
Motor vehicle dealers	262,412	103	_	10,318	333	251,646	84,869,528	2,725,358	12,353,756	21,485,041
Gasoline service stations Other automotive dealers	71,503 111,948	(²) •239	-	2,283 3,264	·66	69,220 108,379	8,749,407 17,018,108	551,380 691,215	3,189,038 4,482,878	6,136,652 6,216,014
Apparel and accessory stores	834,529	*5,710	145	5,615	*3,347	819,712	41,974,963	1,523,072	16,685,370	15,315,182
Furniture and home furnishings stores Eating and drinking places	357,823 737,013	*1,717 114,062	244	2,820 44,349	*1,883 *1,977	351,403 576,381	25,781,901 81,663,971	720,404 5,194,359	8,600,103 17,493,443	7,742,798 57,899,762
Miscellaneous retail stores	1,210,604	7,143	2	17,046	1,141	1,185,273	106,982,711	4,127,486	29,591,218	38,909,416 6,138,053
Drug stores and proprietary stores Liquor stores	240,915 27,378	29	_	4,615 *936	*48 —	236,223 26,443	17,333,811 3,568,898	634,985 128,693	4,603,880 1,029,949	1,602,940
Other retail stores	942,310	7,113	2	11,495	*1,092	922,608	86,080,002	3,363,808	23,957,389	31,168,424
Wholesale and retail trade not allocable Finance, insurance, and real estate	7,569 22,693,200	2,087,968	12,219	*230 183,777	261,390	7,338 20,146,630	1,355,316 9,957,481,118	41,481 35,900,019	298,011 2,028,200,908	335,559 346,667,409
Banking	8,674,660	932,197	12,219	71,333	174,137	7,496,978	3,917,777,077	16,850,478	328,020,283	88,003,588
Mutual savings banks	259,681	2	_	2,818	738	256,122	99,285,317 3,429,649,789	178,754 15,353,943	7,223,922 288,338,784	1,527,289 77,289,221
Bank holding companies Banks, except mutual savings banks and	6,583,895	926,902	_	62,060	162,536	5,432,383				
bank holding companies	1,831,084	5,292	_	6,455	10,863	1,808,473	388,841,971	1,317,782	32,457,577	9,187,078
Credit agencies other than banks	2,912,338 1,483,557	141,139 14,283	12,123 10,370	18,416 5,869	19,311 17,776	2,721,349 1,435,259	1,762,426,367 1,238,846,456	3,520,433 2,113,974	81,895,026 29,305,119	33,746,220 22,020,072
Personal credit institutions	196,278	18,073	769	*560	136	176,741	114,033,902 67,380,626	395,822 186,177	20,588,297	6,242,638 290,616
Business credit institutions Other credit agencies; finance not allocable.	67,754 1,164,750	12,155 *96,628	824 160	*2,672 9,315	369 1,030	51,732 1,057,617	342,165,383	824,461	29,082,433	5,192,894
Security, commodity brokers and services	632,665	15,760		11,324	*2,964	602,477	484,788,123	1,404,078	27,966,443	10,267,340
Security brokers, dealers, and flotation companies	471,696	15,750	-	1,147	*1,035	453,625	454,700,763	1,129,566	22,980,857	7,841,975
Commodity contracts brokers and dealers; security and commodity exchanges; and						ļ				
allied services	160,969	*11	_	10,177	1,929	148,852	30,087,360	274,513	4,985,586	2,425,365
Insurance Life insurance	7,121,984 3,898,127	614,260 194,898	_	57,348 41,947	52,698 J 38,392	6,397,263 3,622,539	2,067,036,704 1,358,714,848	6,154,434 3,782,312	336,446,996 155,040,722	29,770,379 11,766,693
Mutual insurance, except life or marine and										
Other insurance companies	888,850 2,335,007	14,924 404,437	_	4,386 11,015	4,939 9,367	864,601 1,910,122	210,554,481 497,767,375	852,763 1,519,360	50,726,283 130,679,990	4,394,433 13,609,253
Insurance agents, brokers, and service	415,917	40,666	_	3,134	*1,157	370,960	35,131,474	725,628	9,002,978	6,559,419
Real estate	1,337,060	27,827	96	8,896	5,721	1,294,306	349,168,032	5,491,670	70,906,038	148,170,012
Real estate operators and lessors of buildings	643,407	4,292	2	4,667	1,855	632,534	122,474,932	2,665,340	25,469,077	79,599,511
Lessors of mining, oil, and similar property Lessors of railroad property, and of real	44,358	7	_	1	83	44,210	2,085,439	8,889	660,428	117,471
property, not elsewhere classified	16,946	_	-	-	*655	16,196	1,835,905	55,569	629,112	1,015,717
cooperative housing associations	25,237 263,510	*1,264 22,111	94	*256 1,791	*2,645	23,717 236,864	28,206,171 108,568,660	734,516 811,271	14,420,495 14,232,004	24,120,303 18,766,690
Other real estate	343,602	152		2,181	483	340,785	85,996,925	1,216,085	15,494,922	24,550,319
Holding and other investment companies,	. 500 570					4 000 000	1,341,153,341	1,753,297	1,173,963,144	30,150,451
except bank holding companies Regulated investment companies	1,598,578 25,907	316,119	_	13,326	5,401 —	1,263,298 25,907	1,126,879,173	992	1,087,682,452	7,904
Real estate investment trusts	977 8,039	_	_	137	_	840 8,039	44,162,191 3,578,446	355,805 23,353	16,272,934 1,594,704	12,532,727 461,665
Other holding and investment companies,		_	_	_		1			·	
except bank holding companies Services	1,563,655 5,785,655	316,119 546,619	 15,936	13,189 267,605	5,401 24,141	1,228,512 4,930,443	166,533,532 552,132,138	1,373,148 33,518,579	68,413,054 132,375,217	17,148,154 293,382,723
Hotels and other lodging places	319,840	51,545	7,120	8,663	148	252,363	53,323,449	2,091,950	9,173,240	34,904,151
Personal services	295,234	13,562		3,919	*4,080	273,673	17,289,108	1,427,368	5,764,019	12,763,596
Business services	2,033,355 162,838	232,721 34,391	6,722 218	84,061 893	10,787 *868	1,699,064 126,470	194,349,711 25,558,281	12,328,602 730,167	46,338,658 5,669,589	88,232,157 6,787,414
Business services, except advertising	1,870,517	198,331	6,504	83,168	9,920	1,572,594	168,791,430	11,598,435	40,669,069	81,444,743
Auto repair; miscellaneous repair services Auto repair and services	309,467 231,225	*141 *102	_	30,799 29,347	1,764 *1,552	276,762 200,224	49,107,684 42,468,721	6,025,423 5,572,627	9,655,250 7,191,896	39,188,638 35,205,912
Miscellaneous repair services	78,242	*40	_	1,452	*213	76,538	6,638,963	452,796	2,463,354	3,982,726
Amusement and recreation services	1,650,497	220,484	332	114,267	*1,222	1,314,192	107,267,513	5,329,949	29,696,723	48,715,917
services	1,077,003 30,223	165,226 *55	 152	108,217 *1,126	*1,179 *42	802,381 28,847	49,246,486 8,667,004	2,221,869 323,204	15,446,336 2,731,662	10,974,118 4,186,074
Amusement and recreation services, except motion pictures	543,271	*55,203	180	4,925		482,964	49,354,023	2,784,876	11,518,725	33,555,725
Other services	1,177,262	28,164	1,762	4,925 25,896	6,139	1,114,390	130,794,672	6,315,286	31,747,327	69,578,263
Offices of physicians, including osteopathic		20,104	1,702						1,987,056	6,625,691
physicians Offices of dentists	36,398 2,385	_	_	662 —	=	35,736 2,385	6,036,103 1,545,743	487,875 140,501	655,097	1,730,534
Offices of other health practitioners Nursing and personal care facilities	8,050 44,454	_	-	*1,444 *1,925	- *586	6,606 41,943	1,150,901 16,332,480	91,908 654,976	216,951 2,129,561	986,723 11,537,792
Hospitals	377,884	1,204	105	5,299	1,180	370,096	38,435,166	1,506,804	9,758,608	17,921,571
Medical laboratories Other medical services	45,269 204,899	2,173 606	95	*968 5,554	- *537	42,128 198,108	8,889,319 13,949,284	271,587 829,537	1,000,189 3,003,490	3,149,329 6,205,610
Legal services	14,875	_	=	*619	557	14,256	2,685,302	176,127	852,924	1,821,818
Educational services	52,941 13,965	777	88	*461	585	51,029 13,245	7,158,012 1,083,830	328,120 56,309	1,963,398 171,344	3,621,078 857,429
Social services Membership organizations	23,533	•14	=	*720 *391	*386	22,743	3,323,784	131,642	1,361,123	1,668,628
Architectural and engineering services Accounting, auditing, and bookkeeping	226,495	14,931	36	5,429	*1,312	203,876	13,236,858	783,674	4,859,387	5,783,547
services	15,376	1,038	48	*112	621	13,558	1,810,249	139,153	232,864	1,165,979
veterinarians), not elsewhere classified	110,738	*7,421	1,391	2,313	*934	98,679	15,157,640	717,074 82,728	3,555,336 350,759	6,502,534 864,801
Nature of business not allocable	17,374		199	ı -	_	17,175	1,854,843	62,728	350,759	004,801

RETURNS OF ACTIVE CORPORATIONS

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

-	Number o	f coturns:	Total re		cient of variation (1				
Minor industry ,	Total	With net income	All Returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
Total returns of active corporations	0.26	0.77	0.19	0.24	0.19	0.24	0.29	0.45	0.40	
Agriculture, forestry, and fishing	3.33	4.62	4.25	5.43	(³)	5.79	3.18	4.69	3.63	
Agricultural production	3.29	4.80	3.80	4.72	4.08	5.07	3.40	5.58	3.71	
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	6.84	9.19	9.97	13.10	10.29	13.66	7.49	8.65	9.60	
Mining	6.04	9.65	. 1.35	1.45	1.54	1.66	1.36	2.75	1.27	
Metal mining	38.62	41.87	1.66	1.99	1.85 3.23	1.96 2.60	2.61	13.28	2.34 7.08	
Iron ores Copper, lead and zinc, gold and silver ores	72.88 35.90	•••	3.00 1.22	•••	1.27	1.27	•••	•••	()	
Other metal mining	70.92	75.68	14.12	14.73	14.70	20.01	5.35	31.43 8.81	. (⁴) 3.30	
Coal mining Oil and gas extraction	21.69 6.86	33.26 11.45	2.86 1.73	3.78 1.75	3.05 2.06	3.07 2.29	3.97 1.50	2.73	1.44	
Crude petroleum, natural gas, and natural					1.74	2.37	1.63	5.92	1.20	
gas liquids Oil and gas field services	8.19 11.75	15.05 17.63	1.45 4.51	1.44 5.43	5.13	5.20	3.21	2.62	7.65	
Nonmetallic minerals, except fuels	16.87	20.67	5.38	5.43	5.58	6.16	. 6.47	19.97	5.74	
Dimension, crushed, and broken stone; sand	18.06	21.41	5.97	6.49	6.24	6.62	6.49	22.79	5.94	
and gravelOther nonmetallic minerals, except fuels	46.70	56.14	12.14	8.51	12.28	15.15	21.34	36.84	19.69	
Construction	1.74	2.67	1.23	1.56	1.25	1.31	1.71	2.85	2.19	
General building contractors and operative builders	2.08	4.07	1.75	2.34	1.80	1.88	2.47	3.87	3.47	
General building contractors	2.06	4,11	1.81	2.42	1.86	1.93	2.64	4.01	3.73	
Operative builders	22.23	27.44	5.96	8.57	6.40 2.35	8.48 2.47	6.75 3.48	14.23 7.26	7.66 3.70	
Heavy construction contractors	7.08 2.72	9.72 3.71	2.28 2.21	2.83 2.70	2.35	2.40	2.94	4.91	3.84	
Plumbing, heating, and air conditioning	7.29	9.36	4.98	5.97	4.99 5.07	5.23 5.27	6.86 7.38	11.29 13.14	8.54 8.99	
Electrical work	8.61	10.75	5.05	6.06	ļ					
contractors not allocable	3.02	4.35	_ 2.81	3.46	2.82	3.12	3.63	5.98	4.88	
Manufacturing	2.20	2.75	0.26	0.28	0.27 1.14	0.33 1.40	0.20 0.61	0.95 3.65	0.15 0.42	
Food and kindred products	9.36 21.79	10.49 25.48	1.09 4.76	1.14 5.53	4.80	5.01	3.90	10.11	3.09	
Dairy products	27.96	36.29	4.72	5.21 2.63	4.76 3.07	5.25 3.80	5.38 2.04	8.03 37.22	4.89 1.32	
Preserved fruits and vegetables	32.78 34.57	28.11 38.23	3.00 1.36	1.36	1.42	1.73	1.01	24.80	0.69	
Bakery products	23.16	28.27	5.57	6.19	5.61	6.02	7.75	23.80	7.49	
Sugar and confectionery products	24.23 80.37	31.02 48.34	3.19 0.40	3,41 0.32	3.29 0.40	3.92 0.40	1.86 0.27	13.67 13.06	1.21 (⁴)	
and malt	28.90 · 18.29	41.58 20.56	3.56 2.01	3.08 2.23	3.73 2.28	4.15 3.08	2.05 0.89	8.98 4.27	1.51 0.44	
Bottled soft drinks, and flavorings Other food and kindred products	19.43	21.39	1.73	2.07	1.80	1.90	2.01	6.55	1.62	
Tobacco manufactures	72.04	75.54	0.25	0.32	0.28	0.44	0.19	0.00	0.19	
Textile mill products	16.12 24.28	16.16 28.64	2.50 3.55	2.92 4.10	2.54 3.64	2.66 3.83	3.21 4.72	7.04 6.43	2.63 3.95	
Knitting mills	23.75	26.27	11.32	14.42	11.38	12.07	12.64	28.40	10.76	
Other textile mill products	21.03	22.45	3.14	3.56	3.17	3.28	4.05	9.31	3.39	
Apparel and other textile products	9.99 33.43	12.77 39.26	2.89 3.88	3.35 3.95	2.94 3.99	3.10 4.40	2.77 2.90	6.96 14.53	2.30 1.61	
Women's and children's clothing	16.65	19.88	4.92	5.71	5.03	5.27	4.04	11.57	3.24	
Other apparel and accessories	22.79	30.39	7.20	10.14	7.23	7.34	12.36	15.67	12.48	
products, not elsewhere classified	16.49	21.88	8.07	9.85	8.09	8.48	11.80	13.24	15.80	
Lumber and wood products	9.03	10.81	2.29	2.58	2.35	2.53	2.28	8.29	1.76	
Logging, sawmills, and planing mills	14.76 17.30	16.79 21.09	3.53 3.08	3.77 3.37	3.68 3.12	3.92 3.40	3.27 2.83	16.55 16.61	2.85 1.69	
Other wood products, including wood buildings							1		10.01	
and mobile homes	15.08	18.24	6.49	8.79	6.72	7.15	9.59	11.61	10.81	
Furniture and fixtures	12.46 18.21	15.56 19.91	3.11 0.85	3.62 0.95	3.18 0.87	3.44 1.01	3.61 0.71	11,10 4,81	3.20 0.44	
Paper and allied products	19.78	20.48	0.63	0.61	0.65	0.80	0.48	7.76	0.18	
Other paper products	19.98	21.55	1.76	2.22	1.81	2.03	1.62	6.09	1.15	
Printing and publishing	5.85	7.92	1.40	1.65 1.39	1.47 1.49	1.95 2.00	1.19 1.12	4.25 6.36	0.88 0.93	
Newspapers Periodicals	17.35 23.51	22.65 33.40	1.39 5.07	8.30	5.25	6.71	6.00	7.65	4.07	
Books, greeting cards, and miscellaneous		22.00	2.00	3.73	3.37	4.92	2.50	11.02	1.60	
publishing Commercial and other printing, and printing	16.34	23.80	3.09	3./3	3.37	4.92				
trade services	6.73	9.18	2.65	3.34	2.69	3.03	3.18	8.25	3.05	
Chemicals and allied products	11.85	13.47	0.41	0.41	0.44	0.54	0.25	2.18	0.19	
Industrial chemicals, plastics materials and synthetics	18.01	19.70	0.54	0.56	0.58	0.71	0.37	4.79	0.30	
Drugs	37.15	38.56	0.58	0.46	0.62	1.00	0.24 0.90	5.96 1.94	0.22 0.60	
Soaps, cleaners, and toilet goods	29.51 35.20	31.98 23.39	0.84 5.42	0.80 5.52	0.87 5.47	0.88 6.33	4.90	29.78	4.69	
Agricultural and other chemical products	26.59	25.82	2.55	2.67	2.67	2.97	2.05	6.18	1.31	
Petroleum (including integrated) and coal								2.10	0.00	
products	27.82 - 38.74	34.58 51.97	0.23 0.18	0.24 0.20	0.24 0.19	0.29 .0.24	0.11 0.05	3.18 2.89	0.0 6 0.03	
Petroleum and coal products, not elsewhere				i			i			
classified	38.02	44.94	12.80	16.12	12.93	13.71	19.64	25.55	33.04	
Rubber and miscellaneous plastics products	10.36	12.69	1.76	2.32	1.81	1.88	2.58	5.88	2.59	
Rubber products; plastics footwear, hose and belting	26.69,	28.00	2.21	2.91	2.31	2.37	3.38	. 7.35	2.66	
Miscellaneous plastics products	11.23	14.11	2.60	3.36	2.64	2.73	3.65	8.67	4.30	
Leather and leather products	28.69	34.40	3.98	4.06	4.12	4.51 3.50	4.44 4.19	16.30 15.73	5.05 3.08	
Footwear, except rubber Leather and leather products, not elsewhere	52.66	33.27	3.02	2.86	3.16	3.50				
classified	31.47	40.16	12.93	14.72	13.02	13.36	13.48	37.45	14.45	

RETURNS OF ACTIVE CORPORATIONS

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

				Coef	ficient of variation	(Percent)	Coefficient of variation (Percent)										
Minor industry	Number	of returns:	Total	receipts													
minor industry	Total	With net income	All Returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax								
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)								
lanufacturing—Continued	_	T	T	T				1									
Stone, clay, and glass products	11.20	15.22	1.83	2.54	1.92	2.06	2.40	4.42	2.33								
Glass products	25.84	34.67	2.18	2.94	2.40	2.90	1.99	7.48	1.52								
Cement, hydraulic	53.23 14.62	47.82 18.55	3.61 3.68	4.62 6.63	3.95 3.75	4.33 3.78	2.51 8.30	2.11	2.24								
Other nonmetallic mineral products	23.26	33.58	4.87	5.14	4.97	5.15	5.48	6.89 20.23	10.25 5.79								
Primary metal industries	14.60	15.25	1.67	1.87	1.74	2.10	0.87	3.63	1.11								
Ferrous metal industries; miscellaneous primary	74.00	13.23	1,	1.07	1.74	2.10	0.87	3.63	'''								
metal products	15.81	17.58	1.35	1.48	1.38	1.50	1.57	3.28	2.13								
Nonferrous metal industries	23.61	26.33	2.98	3.25	3.14	3.79	1.00	12.13	1.26								
Fabricated metal products	4.70	5.77	1.48	1.69	1.51	1.54	1.77	4.26	1.67								
Metal cans and shipping containers	47.76	53.69	3.23	2.60	3.49	3.02	2.88	9.23	0.36								
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.	17.56	20.75		4.36	4.29	4.00	0.00		٠								
Plumbing and heating, except electric and	17.50	20.75	4.11	4.30	4.29	4.68	3.83	10.60	2.93								
warm air	35.69	48.72	3.50	3.65	3.59	3.73	3.29	17.81	2.21								
Fabricated structural metal products	12.47	15.04	3.68	4.34	3.71	3.66	4.59	9.61	4.08								
Metal forgings and stampings	16.85	20.86	4.48	5.10	4.53	4.65	6.93	12.88	8.30								
Coating, engraving, and allied services	19.56	22.39	11.72	12.95	11.78	12.74	11.41	40.43	10.31								
Ordnance and accessories, except vehicles and	46.70	66.00	0.00	20.01	1	40.00	40.04	45.40	40.05								
guided missiles Miscellaneous fabricated metal products	46.78 5.93	66.09 7.32	9.98 2.34	20.81 2.74	10.11	10.39 2.46	13.81 2.98	15.49 6.38	13.35 3.35								
Machinery, except electrical	7.73	8.93	0.70	0.80	0.79	0.84	2.96 0.71	2.30	0.59								
Farm machinery	32.53	37.09	3.39	3.93	3.70	3.86	5.03	18.14	0.59 6.17								
Construction and related machinery	23.68	29.38	1.88	1.95	1.92	1.92	3.44	10.73	2.38								
Metal working machinery	13.71	14.56	4.12	5.64	4.26	4.48	6.93	10.68	7.58								
Special industry machinery	16.39	16.77	4.25	4.84	4.33	4.38	6.20	11.65	7.34								
General industrial machinery	20.23	20.73	2.49	2.53	2.53	2.60	2.77	11.67	2.51								
Office, computing, and accounting machines	44.33	52.04	0.38	0.42	0.50	0.58	0.26	1.87	0.18								
Other machinery, except electrical	17.31	22.08	2.34	2.56	2.40	2.30	3.60	10.69	3.65								
Electrical and electronic equipment	7.62	9.90	0.65	0.73	0.69	0.73	0.75	2.56	0.62								
Household appliances	33.08	28.66	2.25	2.47	2.29	2.22	3.41	11.32	2.53								
Radio, television, and communication equipment. Electronic components and accessories	26.46 10.14	35.83	1.72	2.32	1.77	1.72	2.61	5.20	2.02								
Other electrical equipment	13.09	13.79 14.93	1.10 0.97	1.32 1.00	1,14 1,07	1.11 1.28	1.43 0.89	3.61 5.30	1.19 0.78								
Motor vehicles and equipment	24.60	1		1				1									
Transportation equipment, except motor vehicle	20.33	24.84 29.56	0.35 0.60	0.33 0.58	0.40	0.42	0.41	2.66	0.22								
Aircraft, guided missiles and parts	43.60	19.27	0.30	0.30	0.63 0.32	0.65 0.32	0.64 0.49	6.00 5.52	0.51 0.31								
Ship and boat building and repairing	32.61	44.65	7.37	9.62	7.49	7.40	7.10	16.15	8.83								
Other transportation equipment, except motor						1		10.10	5.55								
vehicles	30.63	44.03	4.10	4.51	4.21	4.27	5.22	16.63	6.36								
Instruments and related products	14.46	17.21	1.26	1.36	1.33	1.39	1.71	5.63	1.53								
Scientific instruments and measuring devices;									[
watches and clocks	22.82	27.94	2.19	2.28	2.30	2.38	2.49	12.19	2.54								
Optical, medical, and opthalmic goods	19.61	21.51	2.32	2.85	2.47	2.67	2.43	6.66	1.90								
Photographic equipment and supplies	56.55	66.32	1.46	1.40	1.52	1.80	8.66	13.34	10.27								
Miscellaneous manufacturing and manufacturing						I I											
not allocable	7.47	11.43	5.30	6.87	5.53	7.96	2.37	5.93	2.12								
ansportation and public utilities	3.61	5.15	0.56	0.61	0.60	0.97	0.36	1.19	0.25								
Transportation	4.06	5.85	1.37	1.64	1.45	2.41	1.34	2.46	1.13								
Railroad transportation Local and interurban passenger transit	36.77	48.95	0.43	0.48	0.43	0.53	1.06	1.34	1.05								
Trucking and warehousing	15.04 5.32	19.14 7.90	11.06 2.25	14.54	11.19	19.38	16.55	21.72	19.67								
Water transportation	16.96	26.46	4.70	2.76 4.36	2.29 5.04	3.75 5.04	3.41 5.05	5.99 12.68	2.83 3.75								
Transportation by air	16.86	27.13	1.19	1.35	1.29	2.21	1.69	4.44	1,16								
Pipe lines, except natural gas	26.88	28.91	15.14	15.45	15.25	34.36	4.81	55.94	4.94								
Transportation services, not elsewhere classified	7.94	11.20	6.08	7.47	6.41	8.15	4.85	8.46	7.42								
Communication	10.41	14.99	0.34	0.33	0.36	0.50	0.38	2.10	0.26								
Telephone, telegraph, and other communication			1					I	3.20								
services	14.40	19.29	0.36	0.33	0.38	0.55	0.33	3.35	0.27								
Radio and television broadcasting	14.89	23.83	1.00	1.40	1.13	0.90	1.48	2.69	0.80								
Electric, gas, and sanitary services	11.88	15.02	0.57	0.66	0.60	1.05	0.35	0.93	0.24								
Electric services	49.53	9.18	0.11	0.05	0.11	0.22	0.03	0.92	0.03								
Gas production and distribution	22.66	26.55	0.81	0.86	0.87	1.05	0.77	3.26	0.62								
Combination utility services	31.76 13.61	40.21 17.27	0.19 6.81	0.19	0.19	0.28	0.15	0.36	0.16								
		I .	1	7.87	7.21	13.78	3.72	12.43	2.91								
holesale and retail trade	0.72	1.67	0.50	0.61	0.51	0.56	0.68	1.29	0.65								
Wholesale trade	2.26	2.81	0.82	0.92	0.83	0.88	1.11	2.13	1.14								
Groceries and related products	7.04	9.27	2.02	2.37	2.04	2.17	3.35	8.04	3.03								
Machinery, equipment, and supplies	4.72 2.70	6.08 3.34	2.23 0.96	2.64 1.07	2.27 0.98	2.46 1.04	3.27	5.28	3.56								
Motor vehicles and automotive equipment	8.50	10.27	1.81	2.23	1.84	1.04	1.26 2.77	2.42 5.42	1.30 2.26								
Furniture and home furnishings	15.73	19.73	8.92	10.49	8.95	9.41	12.91	15.80	16.23								
Lumber and construction materials	11.54	13.89	5.28	6.36	5.31	5.61	7.66	13.03	9.56								
Sporting, recreational, photographic, and		i							1 2.50								
hobby goods, toys, and supplies	16.14	20.33	5.02	5.56	5.04	5.11	6.16	14.57	7.02								
Metals and minerals, except petroleum and			1		l												
scrap	15.76	19.79	1.65	2.06	1.77	1.70	5.11	6.80	6.14								
Electrical goods	8.84	10.37	2.48	3.01	2.51	2.62	3.95	6.63	3.72								
Hardware, plumbing, and heating equipment and supplies	10.02	12.40	4.25	5.07	4.07	1 407	0.00	ا ، ا									
and supplies Other durable goods	10.92 5.82	12.48 7.65	4.25 3.09	5.07 3.19	4.27	4.27	6.68	15.64	8.21								
Paper and paper products	5.82 15.27	7.65 17.41	5.60	3.19 6.06	3.13 5.62	3.44 5.75	3.99	6.96	4.59								
Drugs, drug proprietaries, and druggists'	10.21	17.41	3.00	0.06	3.02	5.75	8.40	17.15	10.03								
sundries	22.98	32.15	2.96	3.15	2.99	2.87	4.73	13.69	5.77								
Apparel, piece goods, and notions	10.71	13.85	4.17	4.14	4.22	4.22	3.91	10.50	3.72								
Farm-product raw materials	14.74	18.24	4.64	4.53	4.74	5.00	4.31	10.43	2.59								
Chemicals and allied products	15.14	14.92	6.08	6.41	6.12	6.34	8.11	18.92	9.71								
Petroleum and petroleum products	10.19	12.15	3.72	4.34	3.75	3.81	3.52	7.29	3.84								
Alcoholic beverages	16.87	18.82	5.19	5.54	5.19	5.29	6.55	22.64	* 8.90								
Miscellaneous nondurable goods; wholesale								22.04	0.00								

RETURNS OF ACTIVE CORPORATIONS

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

	Number	of returns:	Total	eceipts	icient of variation (<u> </u>
Minor industry	Total	With net income	All Returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
Wholesale and retail trade—Continued									
Retail trade	1.27	2.08	0.58	0.79	0.60	0.68	0.83	1.63	0.74
home dealers	5.75 7.75	7.28 9.77	2.62 2.82	3.37 3.65	2.66 2.87	2.77 3.00	3.20 3.39	6.63 7.60	4.37 4.92
Hardware stores	11.62	14.22	8.32	10.72	8.37	8.53	12.23	19.29	14.76
Garden supplies and mobile home dealers General merchandise stores	12.49 11.96	16.90 14.12	8.57 0.41	11.21 0.43	8.69 0.43	9.37 0.45	10.77 0.63	15.19 1.95	11.42 0.39
Food stores.	4.96	7.55	1.31	1.75	1.32	1.41	2.06	4.41	1.51
Grocery stores	6.30	9.01	1.26	1.70	1.28	1.35	1.90	4.86	1.42
Other food stores	7.84	13.09	7.83	10.54	7.91	9.21	11.79	10.24	13.00
Automotive dealers and service stations	3.51 4.40	4.88 6.58	1.49 1.53	2.49 2.89	1.50 1.55	1.55 1.61	3.75 5.10	3.81 4.07	5.68 8.95
Gasoline service stations	8.38	10.52	6.76	7.90	6.79	7.00	8.56	18.24	10.93
Other automotive dealers	6.77	8.75	4.47	5.15	4.50	4.82	6.94	11.73	7.02
Apparel and accessory stores Furniture and home furnishings stores	4.76 6.64	7.39 8.81	1.65 3.20	2.15 4.08	1.67 3.27	1.82 3.63	2.31 3.87	6.31 8.32	2.17 3.82
Eating and drinking places	1.80	4.65	1.66	2.59	1.73	2.10	2.96	4.26	2.40
Miscellaneous retail stores Drug stores and proprietary stores	2.28 8.07	3.68 10.23	1.55 3.35	1.99 4.13	1.57 3.39	1.75 3.49	2.20 4.79	3.61 9.38	2.28 4.51
Liquor stores	11.24	15.59	10.37	13.19	10.45	10.77	16.07	12.17	19.66
Other retail stores	2.37	4.07	1.73	2.26	1.76	1.99	2.47	4.08	2.60
Wholesale and retail trade not allocable	25.77	34.90	20.86	25.31	21.19	23.17	30.52	38.83	34.11
Finance, insurance, and real estate	1.59	2.44	0.63	0.76	0.44	0.51	0.93	0.69	2.18
Banking Mutual savings banks	4.90 1.95	1.23 2.20	2.11 0.20	2.53 0.26	1.45 0.20	0.43 0.26	5.10 . 0.23	1.18 0.49	5.69 0.23
Bank holding companies	3.57	1.38	0.10	0.09	0.14	0.55	0.25	0.51	0.15
Banks, except mutual savings banks and bank			9.58		100			ľ	26.70
holding companies Credit agencies other than banks	8.58 8.32	2.10	9.58 0.54	15.03 0.29	10.91 1.81	0.35 2.85	24.00	3.28 0.48	0.40
Savings and loan associations	1.48	1.83	0.54	0.29	0.06	0.03	0.38	0.48	0.19
Personal credit institutions	21.44	21.53	1.17	1.19	2.35	0.33	4.26	11.81	2.97
Business credit institutions Other credit agencies; finance not allocable	29.61 10.94	33.54 14.86	1.66 1.58	1.81 0.61	7.52 2.48	20.50 3.16	4.79 1.12	12.32 8.34	4.53 0.82
Security, commodity brokers and services	12.32	16.32	1.88	2.45	3.35	20.67	2.65	3.27	2.39
Security brokers, dealers, and flotation		ľ			1				i
companies	17.44	23.37	1.06	1.38	1.97	17.82	2.45	3.08	2.32
security and commodity exchanges; and allied									
services	17.23	21.76	9.90	11.65	12.02	27.86	7.12	11.83	5.90
Insurance	11.78	14.13	0.15	0.15	0.17	0.16	0.31	2.15	0.32
Life insurance	1.16 . 4.77	1.77 6.11	0.19 0.27	0.20 0.40	0.24 0.29	0.18 0.28	0.39 1.00	1.99 4.58	0.41 1.18
Stock property, casualty, and other insurance									
companies	20.29	25.03	0.31	0.29	0.34	0.37	0.53	3.59	0.55
Insurance agents, brokers, and serviceReal estate	2.96 2.00	4.92 3.38	3.72 2.09	4.56 3.04	3.98 2.67	13.81 3.35	3.70 2.42	8.67 1.89	3.51 3.86
Real estate operators and lessors of buildings	2.96	5.34	3.52	5.12	5.35	7.87	3.81	3.67	4.79
Lessors of mining, oil, and similar property	48.25	75.36	13.61	16.51	23.36	9.58	20.57	71.85	21.40
Lessors of railroad property, and of real property, not elsewhere classified	24.16	36.35	11.34	28.27	9.21	0.72	30.22	25.33	32.63
Condominium management and cooperative									
housing associations	8.05 5.26	11.63 8.45	6.80 2.75	12.48 3.98	9.15 3.24	16.43 3.74	12.91 3.77	6.07 2.93	13.52 5.85
Other real estate	3.36	5.58	4.54	6.40	5.42	8.87	5.21	3.82	10.23
Holding and other investment companies, except									
bank holding companiesRegulated investment companies	5.32 8.80	6.95 9.88	0.82 0.12	0.93 0.14	2.53	3.08	0.21 0.14	2.76 4.94	1.84 9.24
Real estate investment trusts	52.96	13.84	1.17	1.24	_		2.01	5.56	30.69
Small business investment companies	16.24	27.83	20.83	26.08	37.52	99.11	25.64	22.07	36.41
Other holding and investment companies, except bank holding companies	6.13	8.57	2.01	2.71	2.53	3.08	1.85	2.96	1.83
Services	1.46	2.12	1.24	1.41	1.30	2.09	1.21	1.64	1.12
Hotels and other lodging places	7.66	12.44	4.99	3.27	5.49	2.26	4.20	3.73	3.26
Personal services	5.11	7.45	4.28	4.92	4.42	5.89	4.57	11.48	4.40
Business services	2.21 9.30	3.44 12.13	2.06 7.40	2.60 10.77	2.11 7.39	2.85 7.63	2.05 7.29	2.79 6.82	2.17 7.21
Business services, except advertising	2.26	3.59	2.07	2.50	2.12	3.06	2.13	3.04	2.28
Auto repair; miscellaneous repair services	4.04	5.66	2.92	3.78	3.10	4.13	4.91	6.51	5.96
Auto repair and services	4.83 7.23	7.09 9.36	3.16 6.61	4.19 8.11	3.43 6.66	5.07 7.14	5.67 9.32	7.22 14.90	6.96 11.16
Amusement and recreation services	4.77	7.55	2.17	2.47	2.47	3.73	1.82	3.59	1.07
Motion picture production, distribution, and						[
services	12.62 35.14	18.63	3.09	2.24 16.24	3.78 6.33	4.14 10.89	1.18	6.37 6.63	0.56 14.64
Motion picture theaters Amusement and recreation services, except	55.14	42.68	5.84	10.24	0.00	10.03	17.10		13.04
motion pictures	5.18	8.36	3.30	4.51	3.55	7.13	3.59	4.83	2.89
Other services	2.82	3.86	2.66	2.64	2.75	6.66	2.76	3.39	2.92
Offices of physicians, including osteopathic physicians	7.34	10.31	13.66	9.59	13.95	59.00	11.16	13.33	18.69
Offices of dentists	.12.47	16.45	13.88	17,14	13.92	18.39	20.65	26.63	44.73
Offices of other health practitioners Nursing and personal care facilities	13.73 11.55	16.20 16.02	17.18 6.19	20.49 8.97	17.37 6.33	23.94 11.48	17.73 11.45	31.47 9.89	39.85 15.66
Hospitals	61.29	20.53	6.19 1.71	1.64	1.71	4.71	2.00	5.13	0.55
Medical laboratories	21.32	26.70	8.11	15.81	8.67	8.66	14.17	6.34	16.01
Other medical services	8.96	12.20	6.09	7.27	6.10	7.28	7.46	9.10	8.28
Legal services	10.31 11.92	14.54 15.48	11.99 9.93	15.21 13.19	12.31 10.20	18.80 17.98	14.05 11.12	19.81 13.63	32.82 12.49
Social services	20.51	28.75	21.80	25.50	22.22	37.89	25.57	29.57	30.80
Membership organizations	13.46	18.72	14.44	15.89	i5.22	21.43	18.84	26.09	19.24
Architectural and engineering services	7.81 11.55	10.50 14.47	5.52 15.91	6.63 18.70	5. 5 7 16.08	6.44 35.05	7.07 14.96	11.62 18.08	8.05 18.91
Miscellaneous services (including veterinarians),									
not elsewhere classified	6.20 .	9.07	6.25	8.00	6.45	8.73	7.53	8.27	12.15
Nature of business not allocable	13.15	25.08	21.94	30.75	22.79	28.15	34.28	19.63	44.69

RETURNS OF ACTIVE CORPORATIONS

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

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

		,	,	,	Coefficient of	variation (Percent)			
Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits	Total assets	Net worth	Depreciable assets	Depreciation deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Total returns of active corporations	0.41	0.07	1 0	0.34	0.90	0.54	0.03	0.08	0.11	0.15
Agricultural production	3.62 3.69	9.89 9.89	8	10.54 8.59	(3)	(³) 3.97	1.46 1.52	2.13 2.27	2.47 2.72	3.01 3.33
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	9.82				i	1	1			3.33
Mining	1.05	13.55 0.64	(4)	33.51 2.41	71.60 4.70	9.72	3.76	5.33	5.59	6.38
Metal mining	1.94	1.92	_		(1)	1.64 1.08	0.37 1.90	1.49 (⁴)	0.93 1.33	1.47 2.12
Iron ores	6.87 1.44	4.99	_	8	l –	19.28	0.94	0.96	7.38	3.14
Other metal mining	2.31	8	_		(⁴)	2.06 9.12	1.07 12.63	1.90 11.88	0.85 10.46	1.32 25.85
Coal mining	1.90	(4)	_	62.15	2.28	1.29	2.23	(1)	2.62	4.33
Oil and gas extraction	1.25	0.68		5.16	2.38	0.37	1.82	(*)	1.09	1.64
gas liquids	1.13	0.70	=	4.92	5.25	2.35	0.34	2.18	0.80	1,42
Oil and gas field services Nonmetallic minerals, except fuels	5.84 5.24	0.54		18.58	27.93	6.67	1.32	2.02	3.17	3.69
Dimension, crushed, and broken stone;	5.24	(⁴)	_	82.16	5.32	3.03	3.64	(⁴)	4.61	5.67
sand and gravel Other nonmetallic minerals, except fuels	5.63	1	-	37.60	82.16	5.55	3.40	4.17	5.35	6.05
Construction	14.13 2.20	(⁴) 0.84	<u>-</u>	20.00	10.50	16.84	6.59	7.17	8.89	13.60
General building contractors and operative	2.20	0.84	1 17	4.54	12.58	2.35	0.69	1.16	1.41	1.78
builders	3.49	1.56	_	19.38	3.59	0.76	1.54	(4)	2.27	2.60
General building contractors Operative builders	3.77 7.31	1.93 (⁴)	_	14.65 15.46	19.89 44.29	3.86 7.94	0.81	1.62	2.33	2.63
Heavy construction contractors	3.57	0.72		31.12	4.40	1.32	2.33 2.52	4.83 (⁴)	10.20 2.37	17.06 3.58
Special trade contractors Plumbing, heating, and air conditioning	4.08 8.77	59.66 82.38	(⁴)	19.30	4.13	1.75	2.18	(⁴)	2.51	2.99
Electrical work	9.44	70.99	_	19.41 48.14	32.33 41.76	9.05 9.31	4.52 4.32	5.37 5.22	5.87 6.01	6.75
Other special trade contractors and contractors not allocable	5.23		,a.	1					1	7.21
Manufacturing	5.23 0.14	47.78 0.03	(b)	20.82 0.47	23.33 0.46	5.28	2.05	2.67	3.10	3.68
Food and kindred products	0.40	0.02	(4)	1,71	0.46	0.22 0.35	0.09 0.50	0.13 (⁴)	0.15 0.79	0.19 0.91
Meat products	3.03	(⁴)	(4)	3.18	17.45	3.32	2.28	3.19	3.36	4.61
Dairy products Preserved fruits and vegetables	4.78 1.32	1.64	_	32.64 1.80	92.91 2.33	5.27 1.64	2.64 1.44	3.26	4.77	5.11
Grain mill products	0.67) ජ	(†) (†) (†)	2.84	6.43	0.82	0.42	1.35 0.67	2.22 1.16	2.64 1.24
Bakery products Sugar and confectionery products	7.37 1.18	16.18 (3)	2	26.87 1.87	59.72 0.60	7.46 2.15	4.03	4.71	5.72	5.60
Malt liquors and malt	0.03	_ ~	1 =	,(^)	0.00	0.03	1.72 0.25	2.04 0.69	3.18 0.21	4.52 0.20
Alcoholic beverages, except malt liquors and malt	1.27	(4)	<i>(</i> 4)	(⁴)	(4)	1.71	0.79	0.70		
Bottled soft drinks, and flavorings	0.44	(3)	(1)	3.59	8	0.70	0.79	0.79 1.34	3.26 1.99	3.91 1.94
Other food and kindred products Tobacco manufactures	1.46 0.19	0.07		20.42	30.71	1.94	0.97	1.34	1.79	2.19
Textile mill products	2.55	(⁴) 0.27	() ()	(⁴) 5.81	(⁴) 2.75	0.04 1.51	0.04 2.27	8	0.17 2.02	0.08 2.47
Weaving mills and textile finishing Knitting mills	3.88	0.43		17.59	(4)	4.19	1.87	2.73	2.49	3.65
Other textile mill products	10.38 3.23	0.02	8	(⁴) 5.11	67.50 70.14	10.52 3.52	7.32 2.17	9.30 3.32	8.73 2.97	10.95
Apparel and other textile products	2.20	0.19		1.58	2.93	1.78	2.20	()	2.98	2.87 3.55
Men's and boys' clothing Women's and children's clothing	1.56 3.20	0.10 (4)	0000	4.50	(^)	2.84	2.38	3.20	3.39	3.16
Other apparel and accessories	12.66	(ජ	l 8	29.25 32.72	35.58 24.44	3.49 15.34	2.71 5.15	2.94 7.57	4.87 7.52	7.20 9.87
Miscellaneous fabricated textile products; textile products, not elsewhere classified	16.18	29.72	(4)	77.52	04.70				ł	
Lumber and wood products	1.65	0.23		7.72	81.79 (⁴)	17.05 1.10	6.90 1.40	8.73 (⁴)	9.51	10.43
Logging, sawmills, and planing mills Millwork, plywood, and related products	2.75	1.12	_	13.30	%	2.77	1.56	1.94	1.44 2.47	2.08 4.60
Other wood products, including wood	1.54	(4)	_	4.67	-	1.62	1.62	1.94	1.46	1.78
buildings and mobile homes	10.53	(⁴)	-	73.15	_	10.59	3.20	5.05	5.56	6.68
Furniture and fixtures	3.07 0.42	0.40 0.07	<u>-</u>	4	<u>(4)</u>	1.90	2.83	ф	2.88	4.04
Pulp, paper, and board mills	0.18	(³)	8	(†) (†)	0.51 (⁴)	0.35 0.21	0.47 0.27	(⁴) 0.33	0.44 0.38	0.53 0.33
Other paper products	1.09	0.14	(f)	2.59	53.84	1.37	0.84	1.35	1.13	1.38
Printing and publishing	0.81 0.90	0.26 (⁴)	8	9.88 4.29	0.86 (⁴)	0.51 0.93	0.74 0.62	(⁴)	1.18	1.24
Periodicals	3.43	8	<u> </u>	55.61	11.66	5.92	1.24	0.75 3.09	1.49 3.59	1.08 3.45
Books, greeting cards, and miscellaneous publishing	1.51	0.30	(⁴)	42.92	34.23	1.59	0.85	1.20		
Commercial and other printing, and printing						1.55	0.65	1.30	2.24	2.85
trade services	2.78 0.18	8.38 0.05	(⁴)	17.95	51.53	2.81	1.76	2.36	2.35	2.87
Industrial chemicals, plastics materials and			(*)	1.73	0.31	0.15	0.18	(⁴)	0.24	0.34
synthetics Drugs	0.29 0.21	0.07 0.02	(4)	2.11	2.56	0.45	0.19	0.23	0.26	0.39
Soaps, cleaners, and toilet goods	0.21	0.02	(†) (†) (†) (†) (†)	1.11 6.29	1.22 64.24	0.38 0.87	0.24 0.27	0.26 0.45	0.47 0.78	0.57 0.94
Paints and allied products	4.61	1.51	(<u>4</u>)	10.25	- 1	4.83	3.86	4.39	4.71	6.45
Petroleum (including integrated) and coal	1.23	0.30	()	5.12	35.04	2.32	1.16	1.31	1.40	2.11
products	0.06	(†) (†)	(†) (†)	(4)	(⁴)	0.06	0.07	(⁴)	0.08	0.15
Petroleum refining (including integrated)	0.03	(⁴)	(4)	0.32	8	0.05	0.04	0.05	0.05	0.06
Petroleum and coal products, not alcoubage	32.56	_	_	7.38	_	33.05	9.52	11.13	11.00	13.67
Petroleum and coal products, not elsewhere classified	32.30	I	4.	32.52	3.63	1.16	1.60	(⁴)		
Petroleum and coal products, not elsewhere classified	2.44	0.60	(4)	32.32						205
Petroleum and coal products, not elsewhere classified	2.44	1	(1)		0.00				1.47	2.05
Petroleum and coal products, not elsewhere classified. Rubber and miscellaneous plastics products. Rubber products; plastics footwear, hose and belting. Miscellaneous plastics products.	1	0.60 0.02 1.47	\$	6.38 11.42	_	3.95	1.38	1.84	1.43	1.93
Petroleum and coal products, not elsewhere classified. Rubber and miscellaneous plastics products. Rubber products; plastics footwear, hose and betting Miscellaneous plastics products. Leather and leather products.	2.44 2.44 4.26 4.16	0.02 1.47 0.70	(†) (†) (†)	6.38 11.42 (⁴)	32.52				1	
Petroleum and coal products, not elsewhere classified. Rubber and miscellaneous plastics products. Rubber products; plastics footwear, hose and belting. Miscellaneous plastics products.	2.44 2.44 4.26	0.02 1.47	(†) (*)	6.38 11.42	_	3.95 5.91	1.38 1.85	1.84 2.52	1.43 2.58	1.93 3.42

RETURNS OF ACTIVE CORPORATIONS

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

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

					Coefficient of v	ariation (Percent)				т —
Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits 1	Total assets	Net worth	Depreciable assets	Depreciation deduction
At a decided and a constant	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Manufacturing—Continued Stone, clay, and glass products	2.24	0.13	(4)	2,74	2.80	0.78	1.07	(1)	1.46	1.91
Glass products	1.48	0.15	! ≌	6.66	6.22	2.03	0.70	0.89	1.19	1.91
Cement, hydraulic	2.28	(1)	4	(4)	(⁴) 11.98	2.49 10.37	1.68 1.99	1.72 3.02	2.78 3.55	3.30 4.34
Concrete, gypsum, and plaster products Other nonmetallic mineral products	10.01 5.64	9.89 0.17	(<u>†</u>) (†)	26.83 33.90	19.82	7.48	3.25	4.05	4.39	4.81
Primary metal industries	1.02	0.01	8	1.95	1.36	0.41	0.63	(⁴)	0.66	0.87
Ferrous metal industries; miscellaneous	٠ .		1	0.77	2.00	2.10	0.67	0.83	0.97	1.29
primary metal products	1.94 1.16	0.03 (³)	<u>(4)</u>	3.77 2.23	2.92 (⁴)	2.18 1.72	0.51	0.92	0.89	1.18
Fabricated metal products	1.60	0.66	8	9.59	1.81	0.88	1.12	(⁴)	1.46	1.73
Metal cans and shipping containers Cutlery, hand tools, and hardware; screw machine products, bolts, and similar	0.41	(4)		(⁴)	(1)	0.52	0.93	0.66	2.36	3.67
products	2.84	0.06	(4)	13.69	(ª)	4.47	2.04	2.15	4.69	4.74
Plumbing and heating, except electric and warm air	. 2.12	0.61	_	20.87	_	2.09	1.78	1.98	3.00	3.78
Fabricated structural metal products	3.95	1.61	-	6.55	20.46	4.27 8.31	2.60 2.96	3.16 3.50	3.24 4.47	4.07 5.11
Metal forgings and stampings Coating, engraving, and allied services	8.08 9.73	5.20 79.84	_	14.55 31.58	73.05 96.95	9.94	9.71	10.51	11.80	12.47
Ordnance and accessories, except vehicles		l .		l ,					10.00	10.10
and guided missiles Miscellaneous fabricated metal products	12.78 3.22	(⁴) 3.81	8	(⁴) 11.57	42.73	12.94 3.40	6.94 1.60	5.72 2.36	10.12 2.37	10.43 2.88
Machinery, except electrical	0.55	0.14	l ⊗	1.37	1.36	0.38	0.51	(4)	0.62	0.69
Farm machinery	5.81	0.66	<u>'</u> ' .	0.93	40.57	9.28	2.11	3.31	2.94	4.71
Construction and related machinery Metal working machinery	2.26 7.45	0.98 . 3.26	(4)	11.68 .29.36	83.18	2.63 7.79	0.98 2.37	1.12 3.95	1.70 4.54	2.37 4.86
Special industry machinery	7.03	16.32	I —	13.49	60.37	7.54	3.04	3.93	4.60	5.12
General industrial machinery	2.33	0.31	(4) ,	5.64	6.36	3.24	1.27	1.69	2.36	3.53
Office, computing, and accounting machines	0.18	(3)		0.59	0.03	0.73	0.21	0.33	0.19	0.32
Other machinery, except electrical	3.35	1.42	_	13.06	55.93	5.23	. 1.28	1.96	2.76	2.55
Electrical and electronic equipment	0.60	0.41	()	1.79	0.77	0.29	0.53	(1)	0.42 1.64	0.46 3.01
Household appliances	2.47	0.97	(9)	3.20	(4)	3.59	1.25	1.84	1.04	3.01
equipment	1.99	2.95	(∱)	1.81	<u>(</u> 4)	2.50	1.31	1.87	1.38	1.03
Electronic components and accessories	1.13 0.76	0.14 0.81	(†) (†) (†)	2.92 1.30	1.74 5.58	1.48 0.97	0.67 0.30	0.93 0.68	1.00 0.42	1.04 0.50
Other electrical equipment	0.20	0.03	8	1.35	0.49	0.11	0.24	(4)	0.20	0.16
Transportation equipment, except motor		[1		
vehicle	0.47 0.29	0.02 0.02	Ω 2	0.52 0.13	0.55 0.33	0.37 0.35	0.67 0.23	(⁴) 0.55	0.50 0.30	0.69 0.47
Aircraft, guided missiles and parts Ship and boat building and repairing	8.26	0.02	(†) (†)	37.76	6.18	11.23	5.15	7.33	8.08	9.32
Other transportation equipment, except		. ا			20.00		3,41	4.26	4.19	6.01
motor vehicles	5.77	(*)	(4)	19.04 2.50	69.80 2.53	5.87 0.72	1.15	(⁴)	0.79	1.28
Instruments and related products	1.43	0.29	1 0	2.50	2.53	0.72	1.13	''	0.73	'
devices; watches and clocks	2.44	0.50	<u>†</u> ⊈	16.26	5.63	4.82	1.49	2.04 1.78	1.68 2.06	2.01 2.49
Optical, medical, and opthalmic goods Photographic equipment and supplies	1.85 4.57	0.31 (⁴)	<u>(4)</u>	5.82 2.61	<u>(*)</u>	3.18 5.96	1.32 0.55	1.25	0.46	1.49
Miscellaneous manufacturing and	"	``								
manufacturing not allocable	2.04	0.38	4.47	29.47	2.74	1.19	1.69	(4)	2.08	2.32
Transportation and public utilities	0.22 0.99	1.45 7.17	' (f)	0.35 4.47	1.42 1.11	0.23 0.47	0.11 0.78	0.23 · (⁴)	0.14 0.66	0.27 1.07
Transportation	0.92		. =	0.27	10.07	1.17	0.30	0.44	0.41	0.58
Local and interurban passenger transit	20.32	8	-	40.49		20.98	8.27	12.70 2.04	11.01	12.29 2.53
Trucking and warehousing	2.46 3.59	0.67 (⁴)	_	7.15 6.03	45.58 14.24	2.50 3.59	1.52 2.31	4.59	2.13 3.56	4.31
Water transportation	1.10	0.58	_	0.57	2.99	1.27	0.55	1.14	0.61	1.08
Pipe lines, except natural gas	4.94	84.33	-	(⁴)	70.81	4.86	5.95	11.10	5.75	5.54
Transportation services, not elsewhere classified	6.12	22.68	_	0.70	8.68	6.89	2.02	3.12	3.14	4.30
Communication	0.23	0.03	(4)	1.51	0.24	0.14	0.48	(4)	0.17	0.21
Telephone, telegraph, and other							0.40	0.40		0.17
communication services	0.23 0.73	0.03 (⁴) .	8	0.34 5.45	1.10 27.55	0.25 0.73	. 0.12 0.57	0.13 3.55	0.14 . 1.34	0.17 1.54
Electric, gas, and sanitary services	0.73		"	1.35	0.22	0.07	0.10	(4)	0.08	0.17
Electric services	0.03	ф ф	. –	(4)	(4)	0.03	0.04	0.04	0.04	0.07 0.50
Gas production and distribution Combination utility services	0.49 0.14	(2)	_	0.77 (⁴)	0.07 (⁴)	0.56 0.15	0.19 0.07	0.25 0.08	0.32 0.06	0.50
Water supply and other sanitary services	2.77	8	-	16.36	50.69	2.84	1.57	2.25	2.17	2.68
Wholesale and retail trade	0.60	1.87	6	1.88	4.03	0.64	0.27	0.47	0.46	0.61
Wholesale trade	1.11	1.41	(⁴)	4.38	4.47	1.19	0.46	0.80	0.88 2.18	0.93 2.89
Groceries and related products	2.98 3.54	5.43 4.73	(4)	48.49 11.28	3.03 3.68	1.38 1.45	2.20 2.72	8	2.74	3.02
Miscellaneous wholesale trade	1.26	1.48		4.33	1.36	0.51	0.88	(4)	1.01	0.99
Motor vehicles and automotive equipment	1.78	(⁴)	(1)	23.32	3.99	1.94	1.08 -	1.51 9.30	1.46 10.59	0.97 10.64
Furniture and home furnishings Lumber and construction materials	15.69 10.08	82.00 (⁴)	(4)	57.13 32.88	80.57	16.07 10.22	7.69 4.08	9.30 5.52	4.94	5.68
Sporting, recreational, photographic, and			''			1				
hobby goods, toys, and supplies Metals and minerals, except petroleum	7.07	(⁴)		26.92	27.40	7.13	4.37	6.37	10.25	8.22
and scrap	5.72	0.49	(⁴)	54.31	82.13	5.78	0.45	3.41	4.37	4.79
Electrical goods	3.61	33.28	(⁴) (⁴)	7.50	1.38	3.68	1.67	2.62	2.18	1.99
Hardware, plumbing, and heating	0.70	57.04		44.00	45.91	8.76	3.85	4.99	4.96	5.58
equipment and supplies Other durable goods	8.73 4.73	57.94 33.69	(^)	41.83 16.19	45.91 12.67	4.81	2.09	2.90	3.71	4.17
Paper and paper products	10.23	75.95	"	34.11	(4)	10.29	4.26	5.52	6.96	8.71
Drugs, drug proprietaries, and druggists'	5.64	(⁴)	_	5.08	(^)	5.72	2.43	2.90	3.51	4.17
sundries	3.68	1.27	_	5.08 18.56	1.04	4.28	2.99	3.98	5.09	7.31
Farm-product raw materials	2.32	1.02	-	19.51	5.51	2.66	1.49	2.10	2.96	3.04
Chemicals and allied products Petroleum and petroleum products	9.57 3.61	0.53 0.17	_	6.20 15.32	(⁴) 3.76	10.98 5.35	4.34 2.22	5.72 3.43	5.89 3.71	7.19 4.65
Alcoholic beverages	9.23	(^)	(4)	65.76	80.22	9.34	3.81	4.69	6.47	6.55
Miscellaneous nondurable goods;					25.01	1 22	277	2.52	3.50	3.76
wholesale trade not allocable	4,14	8.93	(4)	21.31	35.01	4.32	2.77	3.53	3.59	3.76

RETURNS OF ACTIVE CORPORATIONS

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

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

,					Coefficient	of variation (Perce	nt)			
Minor industry	Total income tax	Foreign tax credit	U.S. possessions tax credit	General business credit	Prior year minimum tax credit	Total income tax after credits	Total	Net worth	Depreciable assets	Depreciation deduction
Wholesale and retail trade—Continued	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Retail trade	0.64	0.66	(⁴)	1.96	6.78	0.68	0.31	0.56	0.53	0.80
mobile home dealers	4.24 4.63	13.08 64.14	=	6.46 4.25	4.35	1.78	2.83	(⁴)	2.34	3.15
Garden supplies and mobile home	17.24	(4)	_	54.04	97.20 (⁴)	4.79 17.43	1.81 6.91	2.96 8.40	2.37 8.32	3.62 8.74
dealers	10.81 0.34	<u></u>	_	69.23	_	10.82	6.08	11.06	9.12	9.33
Food stores	1.28		<u>-</u>	2.46 38.86	0.36 1.34	0.18 0.64	0.41 1.13	(4)	0.34	0.45
Grocery stores	1.21 12.50	8	8	4.47 27.51	45.19 61.46	1.27	0.56	1.02	1.02 0.90	1.24 1.11
Automotive dealers and service stations Motor vehicle dealers	6.26 9.78	47.77	-	32.65	6.45	13.16 1.12	5.39 2.21	7.65 (⁴)	6.39 1.94	7.01 3.82
Gasoline service stations Other automotive dealers	11.28	(2)		18.56 28.89	36.67	10.12 11.52	1.12 5.42	2.67 6.72	1.95 6.48	5.13
Apparel and accessory stores	6.69 1.80	68.38 6.52	(⁴)	21.40 3.27	68.77 1.82	6.80	3.75	4.74	5.04	6.93 6.47
Furniture and home furnishings stores Eating and drinking places	3.60 1.78	15.28 0.09		45.16	3.61	1.14 2.20	1.49 3.00		1.49 3.31	1.93 6.07
Drug stores and proprietary stores	2.08 3.53	24.50	(4)	12.68 21.46	2.19 2.10	0.74 1.11	1.85 1,74	(2)	1.39 1.86	1.49 2.14
Liquor stores	20.35	(^)		15.52 66.91	82.23	3.58 20.40	2.67 8.65	3.94 9.80	3.06	2.75
Wholesale and retail trade not allocable	2.45 33.52	24.60	<u></u>	10.20 99.29	22.11	2.48	1.22	1.97	11.25 2.17	13.49 2.52
Finance, insurance, and real estate	2.20	0.18	<u></u>	1.12	0.87	34.43 2.48	15.24 0.05	21.13 0.13	25.10 0.55	29.07
Banking Mutual savings banks	5.71 0.22	0.01	_	0.65 1.17	6.61	0.08	0.08	(⁴)	0.13	0.29 0.13
Bank holding companies Banks, except mutual savings hanks and	0.14	0.01	_ =	0.31	0.68	0.22 0.15	0.20 0.08	0.27 0.07	0.24 0.11	0.20 0.09
bank holding companies	27.04	1.19	<u> </u>	4.30	2.54	27.38	0.35	0.56	0.90	ľ
Credit agencies other than banks	0.32 0.19	0.42	1	1.71 0.67	0.34 0.16	0.06 0.20	0.48	(⁴)	0.44	1.35 0.72
Business credit institutions	2.03 3.99	8	Į ģ	49.13	()	2.24	0.06 0.28	0.39 1.62	0.15 0.54	0.07 0.89
Other credit agencies; finance not allocable Security, commodity brokers and services	0.65	0.61] 정	8.74 1.20	31.99	5.14 0.71	0.47 0.21	3.65 1.47	16.88 2.53	2.33 2.98
Security brokers, dealers, and flotation	1.97	4.43	-	7.48	2.05	0.14	1.13	(⁴)	1.51	1.40
companies Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	1.91 5.34	4.43 31.73	-	6.36	21.42	1.97	0.10	0.85	1.22	1.21
Insurance	0.30	0.01	_	4.24 0.65	(⁴) 0.34	5.74 0.08	1.65	4.69	5.05	5.13
Life insurance. Mutual property and casualty companies Stock property, casualty, and other insurance companies	0.39 1.12 0.51	0.04 0.01	=	0.12 1.31	0.64 4.30	0.08 0.42 1.15	0.19 0.12 0.19	0.17 0.92	0.26 0.43 0.76	0.14 0.18 0.22
Insurance agents, brokers, and service	3.23	(³) 0.08	_	0.52 42.99	1.22 3.60	0.63	0.12	0.20	0.36	0.32
Real estate operators and lessors of	4.05	10.13	(⁴)	28.41	4.16	1.45 0.76	2.45 1.34	<u>එ</u> එ	3.39 1.23	3.76 1.55
buildings Lessors of mining, oil, and similar property	4.87	60.95	(4)	17.95	16.30	4.93	1.22	2.00	1.66	
property, not elsewhere classified	21.31 34.49	(*)	_	(⁴)	(1)	21.38	5.33	13.10	23.89	2.24 15.38
Condominium management and cooperative housing associations		-		_	82.76	34.63	12.36	17.98	19.83	19.94
Subdividers and developers	13.58 5.63 11.60	82.76 (⁴) 34.61	(1)	92.88 27.14	56.46	13.57 6.07	3.35 1.21	3.63 2.20	3.71 2.73	4.25 2.63
Holding and other investment companies, except bank holding companies		1	_	24.00	32.84	11.68	1.68	3.25	2.86	3.79
Regulated investment companies	1.73 1.96	0.70	=	15.30	2.13	0.17	0.17	_ (∱)	1.48	1.97
Real estate investment trusts	9.61 31.12	_	_	(⁴)	_ =	1.96 11.18	0.17 0.65	0.17 1.31	24.41 1.54	8.11 1.99
Other holding and investment companies, except bank holding companies	1.76	0.70	J i		_	31.12	8.72	10.84	23.05	44.99
ervices	1.02	0.70 2.20	1 6	9.79 2.18	15.30 5.59	2.18 1.14	0.70	1.14	2.26	2.34
Hotels and other lodging places	2.86 4.10	(⁴) 9.18	(4)	1.39	3.55	1.34	0.45 4.19	0.81 (⁴)	1.04 2.29	0.95 2.49
Business services	2.02	4.41	l ē	0.37 8.08	4.38 2.24	2.93 0.76	4.23 1.24	<u>(ජ</u>	3.99	9.05
Business services, except advertising	6.44 2.12	6.40 5.06	8	46.74 5.66	71.35 6.19	7.90 2.34	2.17	3.16	1.53 4.75	1.50 5.22
Auto repair; miscellaneous repair services Auto repair and services	5.13 5.48	13.91 3.30	1 – 1	45.37	5.58	1.54	0.81 2.70	1.34 (⁴)	1.61	1.56 2.01
Miscellaneous repair services	12.21	49.07	= [4.42 37.18	51.08 53.20	6.11 12.33	1.52 5.99	2.82 7.09	1.91 7.20	2.05
Motion picture production, distribution, and	0.98	1.15	(⁴)	10.67	1.19	0.80	1.61	(⁴)	2.28	8.76 2.34
services Motion picture theaters Amusement and recreation services, except motion pictures	0.56 14.15	0.47 6.86	(⁴)	0.75 22.64	10.65 81.74	0.71 14.42	0.89 2.57	1.52 3.93	6.36 5.42	4.05 3.24
Other services	2.66 2.78	4.39 19.80	ტ ტ	21.37 10.35	2.82	2.90 1.08	1.42 1.62	2.89 (⁴)	2.49 3.16	3.07 2.04
physicians	17.67 39.07	-	_	49.71	-	17.93	6.46	7.45	29.18	9.56
Nursing and personal care facilities	39.30 15.62	~-	_	75.07	<u>.</u>	39.07 40.89	12.76 14.20	14.10 16.27	14.83 17.09	16.03 18.29
Medical laboratories	0.55 16.41	<u> </u>	(4)	49.04 (⁴)	34.57 (⁴)	16.05 0.56	3.65 0.64	5.58 0.65	4.45 1.07	4.42 0.83
Other medical services	8.09		<u>(4)</u>	28.18 31.67	14.18	17.35 8.11	2.93 3.87	8.81 5.62	6.26	6.96
Legal services	35.30 12.35	(4)	(4)	98.87 49.17	-	36.58	9.91	12.04	5.97 12.93	6.92 13.92
Membership organizations	35.41 18.07	5.72	¥	70.33	(^)	12.63 36.99	5.77 16.80	6.89 21.10	7.95 19.89	7.98 19.85
Architectural and engineering services Accounting, auditing, and bookkeeping	7.87	36.64	₫	57.95 12.62	31.18 6.03	18.60 8.12	9.02 3.99	10.95 4.66	13.10 6.15	15.19 8.16
services	16.64	(4)	(⁴)	79.16	(⁴)	18.83	10.84	12.76	13.75	14.89
veterinarians), not elsewhere classified	12.82	14.66	6	35.83	62.10	13.87	3.79	5.33		
Doomess not anocable	53.77	f sample returns of	6	_	_	54.39	12.59	17.04	5.92 1 9.55	7.24 27.26

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

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

Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business, and prior year minimum tax.

Less than \$500 per return.

RETURNS OF ACTIVE CORPORATIONS

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

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

· ·				Major	industry		
	All	Agriculture,			Mining		
ltern	industries	forestry, and fishing	Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetali minerals, except fue
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
umber of returns, total	3,627,863	123,195	41,631	1,141	3,968	31,899	4,62
tal assets		63,413,253	236,339,172	22,802,508	23,848,226	175,655,038	14,033,40
Cash	823,705,622	4,779,025	8,723,259	812,542	787,606	6,222,436	900,67
Notes and accounts receivable	4,195,999,662	6,297,908	20,048,765	1,107,110	3,860,076	12,736,595	2,344,98
Less: Allowance for bad debts	104,026,839	82,188	283,713	13,208	34,007	208,518	27,98
Inventories	879,318,508	7,188,371	6,342,748	1,148,330	1,190,140	3,145,783	858,49
Investments in Government obligations	927,940,976	219,410	677,658	20,698	186,067	386,066	*84,82 *80,42
Tax-exempt securities	333,792,829	159,123	301,030	368 876,067	*115,668 1,093,503	104,570 4,099,944	381,33
Other current assets	1,025,760,249	2,142,089	6,450,851 1,909,458	269.942	54,885	1,535,036	49,59
Loans to stockholders	81,223,634 1,610,211,866	1,658,414 725,242	419,643	*51.962	112,101	250,556	*5,02
Other investments	3,970,942,298	5,397,186	100,973,496	4,962,410	3,848,021	89,695,743	2,467,32
Depreciable assets	4,069,775,039	44,390,053	101,810,298	12,860,748	13,110,743	65,231,845	10,606,96
Less: Accumulated depreciation	1,718,268,625	27,177,737	50,503,967	5,194,292	7,432,687	32,018,565	5,858,42
Depletable assets	134,392,549	963,319	35,811,954	4,074,820	4,390,679	26,628,094	718,36
Less: Accumulated depletion	56,491,222	417,426	14,686,976	566,378	1,463,408	12,506,014	151,17
Land	191,299,047	14,095,183	3,639,967	246,859	394,013	2,121,922	877,17
Intangible assets (amortizable)	438,136,945	266,701	6,215,741	509,569	870,404	4,487,486	348,28
Less: Accumulated amortization		105,113	2,453,178	42,683	258,504	2,108,302	43,68
Other assets	925,814,680	2,913,695	10,942,138	1,677,644	3,022,926	5,850,361	391,20
otal liabilities	17,647,120,286	63,413,253	236,339,172	22,802,508	23,848,226	175,655,038	14,033,40
Accounts payable	1,090,421,687	3,678,290	14,136,479	1,012,537	2,619,233	9,322,450	1,182,25
Mortgages, notes, and bonds payable in less than							
one year	1,601,540,823	9,540,479	11,226,576	922,688	1,313,784	7,831,827	1,158,27
Other current liabilities	5,141,333,387	2,863,450	9,702,628	1,202,012	1,601,647	6,262,536	636,43
Loans from stockholders	247,166,196	6,298,333	5,363,920	789,910	1,341,197	2,979,298	253,51
Mortgages, notes, and bonds payable in one year	2 400 007 040	16,694,788	52,613,170	8,841,763	4,492,550	36,917,436	2,361,42
or more	2,490,067,919 2,473,885,302	3,240,782	16,882,772	2,844,080	2,186,099	11,125,348	727,24
Other liabilities.			10,382,772		808,936	7,465,219	1,353,50
Capital stock	1,477,273,520	8,296,573	10,781,620	1,153,958 7,122,341	7,342,591	90.491.077	1,716,24
Paid-in or capital surplus	2,595,241,587 75,039,921	8,400,456 98,408	215,448	53,156	*14,104	82,354	65,83
Retained earnings, appropriated		6,583,753	9,499,960	~ - 582,102	1,847,316	4,366,696	3,868,05
Total retained earnings, unappropriated	111,613,230	- 875,555	2,112,629	* - 43.289	537,640	324,518	1,293,76
Less: Cost of treasury stock		1,406,506	2,868,282	514,546	256,870	1,513,722	583,14
	1	86,627,044	102,378,796	8,263,718	22,914,652	58,977,129	12,223,29
otal receipts		1	87,977,574	7,065,899	21,268,982	48,177,610	11,465,08
Business receipts	9,427,277,533 930,912,502	81,159,501 650,950	3,681,273	246,794	501,790	2,769,210	163,47
Interest on Common obligations	930,912,502	650,950	3,001,273	240,734	301,730	2,700,270	.00,
Interest on Government obligations: State and local	36,278,852	17,149	24,901	*38	5.082	15,313	4,46
Rents	102,685,563	381,886	468,924	10,754	96,163	290,089	71,91
Royalties		65,298	355,551	25,151	47,483	266,975	15,94
Net short-term capital gain reduced by net long-term							
capital loss	10,759,508	20,086	28,350	*1,366	3,800	21,747	*1,43
Net long-term capital gain reduced by net short-term	1	 .					
capital loss	62,471,314	539,234	2,551,016	209,057	161,573	2,057,138	123,24
Net gain, noncapital assets	34,997,162	504,223	1,063,572	19,500	168,460	777,314 195,347	98,29 5,56
Dividends received from domestic corporations		55,388	380,273	156,175 38,247	23,188 *9,021	461,657	2,71
Dividends received from foreign corporations		37,462 3,195,868	511,638 5,335,722	490,736	629,110	3,944,730	271,14
Other receipts			i .		22,605,315	57,484,287	11,515,74
otal deductions		85,065,088	99,496,667	7,891,325			
Cost of sales and operations		57,275,674	56,658,030	4,279,576	15,963,123	29,398,689 887,300	7,016,64 370,43
Compensation of officers		2,051,126	1,447,174	50,507	138,932 220,296	323,967	259,43
Repairs		1,271,455 114,330	859,761 1,644,846	56,066 13,830	326,056	1,266,074	38,88
Bad debts		1,933,956	1,204,797	53,366	157,712	867,209	126,51
Rent paid on business property	1	1,761,909	3,176,818	329,864	1.003.824	1,526,282	316,84
Taxes paid		2,788,784	6,529,206	628,755	723,282	4,792,953	384,21
Interest paid		26,038	44,475	4,126	4,503	28,593	7,25
Amortization		46,979	355,935	82,102	99,318	158,074	16,44
Depreciation		3,613,282	5,588,990	645,853	821,680	3,254,034	867,42
	9.251.107	54,493	2,824,768	550,541	570,380	1,461,893	241,95
Depletion	-1	301,332	124,281	5,626	12,408	67,134	39,1
Pension, profit-sharing, stock bonus, and annuity plans		166,327	340,322	42,215	38,050	194,745	65,3
Employee benefit programs		349,422	801,760	64,297	242,119	379,829	115,5
Net loss, noncapital assets	21,121,221	74,643	293,692	29,596	13,826	245,318	4,95
Other deductions		13,235,338	17,601,811	1,055,006	2,269,805	12,632,193	1,644,80
otal receipts less total deductions	390,267,875	1,561,956	2,882,129	372,393	309,337	1,492,842	707,58
onstructive taxable income from related foreign	•			1			_
corporations		*11,586	287,458	*2,964	31,250	252,931	302.40
et income (less deficit)		1,550,580	3,144,686	375,319	335,504	1,730,460	703,40 585,62
come subject to tax		2,149,977	4,469,841	573,924	523,270	2,787,022	
come tax, total 2		605,850	1,771,670	281,722	242,875	1,029,918	217,15 195,16
egular tax	123,236,461	585,804	1,494,139	195,134	172,704	931,133	195,16
ersonal holding company tax	25,618	.2	-	*24	*197	2,116	2:
ecapture of investment credit	354,889 3,540,918	1,419 17,256	2,614 268,102	84,432	68,650	94,041	20,9
Iternative minimum tax		17,256	9,225	1,538	1,325	5,613	7.
nvironmental tax		B .			11,255	445,812	5,53
oreign tax credit		*14,048 2,743	573,027	*110,422	11,255	445,012	3,5.
J.S. possessions tax credit		2,743	1	l _	_	-	
Orphan drug credit		I =	27,993	54	5	*27,766	*16
General business credit		27,613	58,341	5,145	29,727	20,559	2,91
Prior year minimum tax credit		3,863	31,834	4,121	*57	27,000	*65

RETURNS OF ACTIVE CORPORATIONS

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

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

				Ma	ijor industry—Conti	nued			
		Const	ruction				Manufacturing		
ltem	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns, total	393,103	159,466	21,342	212,295	301,346	16,788	65	3,882	18,428
Total assets	249,711,210	131,529,546	47,539,071	70,642,594	3,721,219,914	284,958,710	196,993,758	38,140,124	40,842,605
Cash	25,378,919	11,858,909	4,548,668	8,971,342	90,661,255	7,607,325	483,481	1,271,576	1,480,929
Notes and accounts receivable Less: Allowance for bad debts	67,626,809 433,252	28,472,417 124,738	12,182,252 115,741	26,972,141 192,773	800,232,922 14,375,829	58,420,530 683,624	24,196,689 156,347	8,404,451 149,355	8,385,785 202,917
Inventories	34,156,301	25,223,364	2,003,363	6,929,574	373,518,748	28,257,337	9,054,531	7,454,466	11,731,339
Investments in Government obligations	1,083,195	528,892	350,174	204,129	22,231,304	2,372,404	121	633,135	*83,493
Tax-exempt securities Other current assets	806,322 25,708,733	131,988 15,612,499	569,385 3,859,205	104,949 6,237,029	13,076,362 193,970,676	193,485 9,882,149	2,500,470	*65,711 1,048,941	*36,748 2,050,558
Loans to stockholders	4,327,195	1,741,970	855,359	1,729,866	22,653,219	3,340,986	100,172	55,495	133,585
Mortgage and real estate loans	8,954,681	8,458,179	211,067	285,435	37,569,333	158,162	1,217	*10,095	22,251
Other investments	25,544,181 91,446,213	14,883,443	8,167,783 30,090,632	2,492,954 35,840,613	885,808,250 1,514,803,821	71,500,160 106,735,984	92,132,862 21,087,899	3,332,719 21,378,190	7,110,896 10,323,291
Depreciable assets Less: Accumulated depreciation	54,107,667	25,514,968 12,446,996	19,101,459	22,559,212	733,292,092	46,497,162	6,500,464	10,168,287	4,946,526
Depletable assets	423,325	78,430	303,072	41,823	83,024,177	85,448	0,500,404	*12,496	
Less: Accumulated depletion	98,482	16,775	65,425	16,281	34,889,862	17,241	_	*5,191	
Land	7,610,023	5,311,790	1,060,024	1,238,208	38,184,518 251,476,617	4,593,713 29,841,177	606,571 44,446,518	273,886 1,651,891	256,875 2,388,944
Intangible assets (amortizable)	1,952,981 546,927	822,044 233,274	160,469 56,597	970,467 257,056	46,953,045	2,384,274	731,807	107,944	376,263
Other assets	9,878,660	5,712,436	2,516,839	1,649,385	223,519,540	11,552,151	9,771,844	2,977,849	2,363,617
Total liabilities	249,711,210	131,529,546	47,539,071	70,642,594	3,721,219,914	284,958,710	196,993,758	38,140,124	40,842,605
Accounts payable	44,408,823	23,358,398	7,442,929	13,607,496	329,857,308	33,773,773	3,494,728	3,760,768	5,020,393
Mortgages, notes, and bonds payable in less				7.070.00	430.670.209	34.823.090	25,978,456	4,621,479	5,022,951
than one year	32,377,329 36,108,584	21,056,174 18,618,211	3,950,750 5,725,417	7,370,404 11,764,956	371,171,903	19,497,636	10,513,824	2,723,878	3,994,820
Loans from stockholders	9,696,987	5,917,176	636,633	3,143,177	69,576,898	4,754,680	3,583,210	367,627	1,136,773
Mortgages, notes, and bonds payable in one									
year or more	45,173,077 15,222,959	29,591,607	7,318,081	8,263,389 2,522,940	747,966,622 398,485,159	70,322,185 19,987,615	43,456,992 11,789,014	11,545,082 1,963,680	9,958,407 2,394,276
Other liabilities	8,108,527	8,241,728 3,269,967	4,458,290 2,066,219	2,772,341	164,807,753	12,682,609	2,964,682	1,918,398	2,084,367
Paid-in or capital surplus	17,664,227	8,821,991	5,676,155	3,166,081	601,436,602	43,982,073	73,961,099	3,060,702	5,117,104
Retained earnings, appropriated	225,382	159,846	*8,166	57,369	7,073,835	552,219	94,721	*922	*22,652
Retained earnings, unapprooriated	29,002,201	7,621,845	7,801,595	13,578,761 6,122,625	648,925,215 47,432,250	53,989,066 5,476,368	22,628,495	6,297,529 2,383,115	4,160,292 2,882,910
Total retained earnings, S Corporations	15,728,949 4,005,832	6,016,769 1,144,167	3,589,554 1,134,720	1,726,946	96,183,839	14,882,603	*1,471464	503,054	952,340
Total receipts	517,477,336	229,873,434	80,797,320	206,806,583	3,531,219,028	375,064,302	75,294,662	52,734,317	69,022,702
Business receipts	504,906,544	223,007,101	77,745,832	204,153,611	3,276,012,925	356,509,511	65,704,782	51,423,795	67,099,427
Interest	3,418,218	2,275,350	620,577	522,290	78,326,504	4,775,070	3,818,654	378,254	515,525
Interest on Government obligations:					1 701 701	04.457	4.050	0.000	6 522
State and local	95,062 1,348,427	29,889 805,443	52,288 282,896	12,885 260,088	1,761,791 33,484,016	31,457 1,194,348	4,958 670,572	9,089 46,062	6,532 81,312
Royalties	73,924	13,460	50,277	10,187	19,460,700	1,295,052	374,075	43,367	242,996
Net short-term capital gain reduced by net			1						
long-term capital loss	49,135	21,685	14,740	12,710	1,067,999	97,035	7,472	*22,212	*483
Net long-term capital gain reduced by net short-term capital loss	746,991	325,727	342,141	79,124	21,136,022	4,157,007	2,445,440	198,499	50,855
Net gain, noncapital assets	1,049,430	300,721	426,172	322,537	11,890,346	822,038	*25,361	148,652	40,351
Dividends received from domestic corporations	92,669	30,764	41,359	20,545	3,808,452	383,273	108,097	12,565	11,597
Dividends received from foreign corporations	108,599 5,588,339	42,023 3,021,271	63,366 1,157,671	*3,209 1,409,397	29,599,071 54,671,203	1,787,314 4,012,198	*999,101 1,136,151	80,508 371,315	126,765 846,858
Other receipts	508,788,731	226,884,355	78,959,821	202,944,554	3,377,145,270	359,710,142	70,298,795	51,533,358	67,189,633
Cost of sales and operations	392,668,469	185,885,868	62,005,603	144,776,998	2,257,683,863	253,467,258	33,188,637	39,365,686	48,095,055
Compensation of officers	18,806,302	6,343,997	1,836,889	10,625,416	36,258,604	2,419,633	329,624	734,533	1,731,396
Repairs	2,182,182	514,047	559,614	1,108,520	31,445,500	2,706,491	253,433	233,311	189,371
Bad debts	1,380,096 4,454,524	539,225 1,264,104	154,344 747,979	686,527 2,442,441	9,745,202 34,242,708	353,206 2,778,171	50,712 478,686	106,213 319,012	170,908 1,019,161
Taxes paid	10,218,770	3,128,225	1,403,896	5,686,649	83,307,926	7,652,342	3,395,265	1.059,595	1,503,179
Interest paid	7,369,122	4,288,767	1,151,455	1,928,900	147,452,397	11,722,088	8,762,965	1,847,049	2,146,314
Contributions or gifts	152,910	48,252	46,646	58,012	2,342,426	318,242	80,810	23,769	32,687
Amortization	220,280	111,933	26,768 2,304,613	81,578 4,071,634	9,187,639 123,568,814	1,017,170 8,951,778	910,459 3,129,169	91,361 1,796,062	161,341 956,775
Depreciation	9,296,059 69,542	2,919,812 7,838	50,570	11,134	5,449,493	95,593	55	*331	1,780
Depletion	1,407,980	595,645	81,178	731,157	55,930,765	14,892,001	5,228,927	256,170	1,028,283
Pension, profit-sharing, stock bonus, and annuity					İ				
plans	1,778,278	523,486	387,657	867,135	17,564,235 53,010,056	1,002,575	166,161	233,763 589,816	182,875 607,422
Employee benefit programs Net loss, noncapital assets	2,990,097 306,313	884,568 210,691	426,349 59,623	1,679,179 36,000	2,083,250	3,766,030 182,549	908,509 27,484	24,482	24,885
Other deductions	55,487,808	19,617,898	7,716,635	28,153,276	507,872,393	48,385,016	13,387,900	4,852,206	9,338,201
Total receipts less total deductions	8,688,605	2,989,078	1,837,498	3,862,028	154,073,758	15,354,160	4,995,867	1,200,959	1,833,069
Constructive taxable income from related foreign									405 700
Net income (loss deficit)	143,668 8,736,930	*90,893 3,050,083	51,687 1,836,617	1,087 3,850,230	28,186,662 180,476,024	1,932,864 17,255,567	1,535,511 6,526,420	31,544 1,223,414	135,783 1,962,319
Net income (less deficit)	7,754,260	2,828,983	1,738,328	3,186,949	183,394,792	16,967,159	7,777,887	1,332,949	2,010,126
Income tax, total ²	2,327,882	863,494	590,518	873,870	63,780,169	5,858,485	2,665,678	462,940	669,756
Regular tax	2,221,113	821,164	561,198	838,751	62,133,672	5,738,939	2,650,587	450,480	665,989
Personal holding company tax	*238	*112		*126	10,162	7 200		648	_ 127
Recapture of investment credit	8,884 89,550	6,772 31,876	1,609 25,532	503 32,141	165,002 1,185,214	7,836 90,552	5,138 *41	8,357	1,648
Environmental tax	2,505	941	1,157	407	238,442	20,940	9,913	1,572	1,898
Foreign tax credit	89,197	*24,655	63,790	751	19,878,040	1,149,521	789,889	21,585	102,396
U.S. possessions tax credit	4,796	- 1	4,752	44	2,696,471	319,512	16,318	1,829	44,519
Orphan drug credit	-295	-7	*287	-	14,190 31,344	2	_	=	_
General business credit	75,615	9,630	54,153	11,832	1,840,330	67,567	*15,777	11,411	12,062
Prior year minimum tax credit	51,355	23,616	6,849	20,890	349,865	19,538	795	*2,846	13,001

RETURNS OF ACTIVE CORPORATIONS

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

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

					jor industry—Conti				
		ı	· · · · · · · · · · · · · · · · · · ·	Ma	nufacturing—Conti				
ftem	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns, total	18,114	10,179	3,285	49,141	10,060	1,716	13,882	2,105	8,104
Total assets	60,810,349	24,864,858	124,669,694	188,150,876	451,327,671	532,902,479	53,553,284	11,452,522	86,486,070
Cash	2,510,008	1,042,151	1,849,170	5,822,181	10,539,060	6,370,349	1,995,271	300,912	2,024,042
Notes and accounts receivable	7,778,482	5,466,842	15,412,299	28,341,162	69,311,521 1,288,499	70,101,472 706,544	10,466,267 288,392	4,637,569 56,112	10,474,533 354,074
Less: Allowance for bad debts	136,849 7,772,206	123,849 5,143,845	351,873 11,283,912	1,513,909 9,141,093	39,862,922	19,937,129	8,997,435	3,078,493	7,410,875
Investments in Government obligations	186,090	62,743	504,188	833,827	693,629	463,641	58,205	*26,226	275,216
Tax-exempt securities	70,251	*4,315	386,856	484,525	856,936	*418,468	*11,563	16,404	54,441
Other current assets	4,314,159 298,261	845,360 93,412	4,006,676 349,909	13,514,231 2,520,083	28,240,492 4,169,731	20,793,590 3,735,200	1,305,284 359,554	436,123 14,635	2,063,886 311,484
Mortgage and real estate loans	1,909,394	*31,724	1,867,775	134,133	4,942,203	2,261,220	11,575	_	81,576
Other investments	7,571,743	3,473,186	24,261,520	54,100,322	136,157,088	187,321,202	8,180,404	670,956	27,991,118
Depreciable assets	37,408,142	10,732,938	82,445,434	64,755,609	179,480,581	282,529,963	32,743,232	3,256,788	42,260,393
Less: Accumulated depreciation	19,258,662 5,706,840	5,282,162	33,615,507 4,149,096	30,508,076 *133,066	86,357,416 8,097,335	137,717,600 57,165,413	14,795,531 *21,925	1,755,001	20,296,820 4,035,802
Depletable assets Less: Accumulated depletion	244,284	*2,306 597	629,410	*50,845	4,430,447	28,068,607	*5,530		188,671
Land	997,409	313,967	1,742,205	2,342,986	4,617,726	7,167,724	626,486	102,225	2,314,469
Intangible assets (amortizable)	494,224	2,221,557	.4,807,056	28,215,356	26,159,107	43,686,011	2,650,850	508.623	3,501,813
Less: Accumulated amortization	100,747 3,533,683	133,627 970,746	362,325 6,562,713	3,308,436 13,193,567	5,394,238 35,669,939	24,860,241 22,304,087	463,266 1,677,952	48,488 263,171	481,056 5,007,043
Other assets Total liabilities	60,810,349	970,746 24,864,858	124,669,694	188,150,876	451,327,671	532,902,479	53,553,284	11,452,522	86.486.070
1	5,060,883			11,789,168	451,327,671	52,602,027	6,166,311	1,405,286	5,563,520
Accounts payable	288,0au,c	2,938,374	10,725,574	11,789,168	44,145,142	52,002,02/	0,100,311	1,405,286	3,363,320
than one year	4,834,643	2,922,181	5,893,774	19,073,716	33,705,525	20,263,723	5,397,258	924,003	4,932,920
Other current liabilities	3,684,454	2,060,300	11,306,979	14,669,585	48,873,979	33,069,323	4,245,780	1,033,717	5,586,200
Loans from stockholders	870,932	351,900	1,871,219	6,359,331	6,371,436	11,526,064	987,766	132,308	11,970,350
Mortgages, notes, and bonds payable in one year or more	17,460,029	7,017,990	32,186,889	43.745.404	76.823.493	72,627,304	13,732,016	4,348,428	22,890,225
Other liabilities	4,578,486	869,345	10,581,372	23,199,940	50,706,328	102,054,054	3,277,243	689,551	6,230,910
Capital stock	3,533,002	1,279,123	5,686,033	9,326,051	21,131,492	17,627,377	2,352,549	1,453,270	4,272,363
Paid-in or capital surplus	8,020,924	2,479,908	14,164,336	29,558,792	89,862,356	111,747,889	7,418,036	747,130	17,694,993
Retained earnings, appropriated	61,180	6,730	137,212	127,971	732,478 90,089,892	*408,339	*10,671 7,597,669	9,618 363,982	*167,289 7,662,888
Retained earnings, unappropriated Total retained earnings, S Corporations	10,963,896 2,413,138	4,095,127 1,298,964	32,183,182 1,924,844	31,113,614 3,342,219	1.966.363	133,132,174 464,261	3,043,297	570,813	1,512,470
Less: Cost of treasury stock	671,217	455,083	1,991,720	4,154,914	13,080,813	22,620,057	675,313	225,585	1,998,058
Total receipts	83,144,785	41,310,012	124,136,645	164,657,602	363,181,114	455,945,326	76,472,073	17,942,442	70,096,600
Business receipts	79,921,690	40,107,718	119,491,512	154,368,430	338,449,336	422,541,575	73,740,377	17,227,723	65,452,335
Interest	1,077,466	149,736	1,000,748	2,430,138	6,093,215	9,997,125	593,921	281,994	1,860,777
Interest on Government obligations:			1		,	ł		1	
State and local	4,478	6,124	28,496	64,874	139,990	35,257	4,315 140,211	2,508 41,324	7,982 120,460
RentsRoyalties	129,699 58,415	31,617 19,461	262,110 431,649	542,580 602,925	1,160,866 3,463,845	2,361,144 1,384,615	163,450	35,107	236,621
Net short-term capital gain reduced by net	50,110	10,101	1 .01,010	302,023	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,000,100	,	,	
long-term capital loss	15,431	*209	26,374	15,406	136,340	210,346	2,611	*26	678
Net long-term capital gain reduced by net short-term capital loss	548,024	295,051	730,058	1,783,294	1,804,022	2,173,201	200.700	2,961	472,872
Net gain, noncapital assets	231,066	94,783	242,257	629,234	955,776	1,710,649	114,173	56,542	406,148
Dividends received from domestic corporations	, 37,104	14,036	108,874	182,309	443,448	850,151	27,255	11,438	120,267
Dividends received from foreign corporations	186,800	42,496	754,415	225,249	4,472,790	6,503,002	489,893	-15,884	542,881
Other receipts	934,613	548,782	1,060,153	3,813,164	6,061,485	8,178,262	995,168	266,937	875,579
Total deductions	79,644,162	40,221,603	116,408,310	156,530,063	337,917,695	431,568,269	74,218,705	17,405,510	68,223,215
Cost of sales and operations	59,209,443 1,269,044	28,288,849 779,899	79,497,873 1,155,297	76,467,595 4,346,059	205,363,523 2,648,900	320,440,237 588,901	51,677,284 1,421,465	12,111,995 273,672	44,250,364 1,031,986
Compensation of officers	1,327,738	137,704	2,339,163	1,014,360	4,454,486	6,084,822	617,043	73,447	1,260,611
Bad debts	124,889	126,380	170,807	990,888	923,077	306,889	223,404	56,699	226,134
Rent paid on business property	754,347	575,794	997,357	2,819,460	3,457,106	3,554,868	859,020	332,169	791,316
Taxes paid	1,891,910	996,611	2,460,469	4,496,913	6,400,368	18,494,502	1,473,712	373,486	1,623,460
Interest paid	2,426,112 40,841	1,211,669	3,991,650 78,248	7,869,772 206,109	12,915,375 426,810	18,979,416 161,113	2,304,702 26,205	625,555 10,367	4,493,400 23,743
Contributions or gifts	40,841 69,168	18,611 49,435	78,248 145,312	1,679,011	978,092	909,472	167,846	20,324	125,167
Depreciation	2,719,385	936,320	6,334,676	6,986,333	12,884,273	13,401,290	2,623,497	279,062	2,880,995
Depletion	553,163	*1,796	218,929	21,664	552,538	3,098,420	5,235	4,906	182,689
Advertising	354,051	583,275	1,658,879	3,243,289	10,769,532	1,022,548	868,632	330,885	426,375
Pension, profit-sharing, stock bonus, and	204.007	200 400	617.000	1 000 054	2.015,916	1,550,867	328,608	66,401	407,629
annuity plans Employee benefit programs	394,987 768,651	209,483 563,119	617,360 1,912,776	1,090,054 2,562,742	5,021,260	2,250,966	1,212,678	172,944	1,153,391
Net loss, noncapital assets	81,286	16,856	98,471	91,835	203,779	117,726	40,915	5,831	28,512
Other deductions	7,659,147	5,725,800	14,731,042	42,643,981	68,902,663	40,606,232	10,368,459	2,667,767	9,317,444
Total receipts less total deductions	3,500,622	1,088,409	7,728,336	8,127,540	25,263,419	24,377,057	2,253,368	536,932	1,873,384
Constructive taxable income from related foreign	A		400	400.00	0.000.000	E 070 110	270 700	0.070	040.004
corporations Net income (less deficit)	20,107 3,516,251	48,334 1,130,619	406,729 8,106,569	138,851 8,201,517	6,033,923 31,155,161	5,076,110 29,417,911	373,783 2,622,837	9,878 544,302	242,221 2,107,624
income subject to tax	3,033,698	1,130,619	7,928,496	9,049,840	31,875,826	27,597,213	2,385,349	365,432	2,712,115
income tax, total ²	1,038,825	416,326	2,760,761	3,085,741	11,061,690	9,649,468	834,187	142,306	939,323
Regular tax	1,010,113	411,251	2,691,404	3,032,395	10,845,033	9,381,269	790,240	121,643	910,848
Personal holding company tax	_			104	7,775		1,405	_	5
Recapture of investment credit	1,401 23,447	421	4,537	11,926 26,259	14,922 155,577	36,885 192,395	9,437 25,998	251 *19.676	1,755 23,481
Alternative minimum tax Environmental tax	23,447 3,761	3,081 1,271	52,442 11,602	10,973	38,771	38,915	2,435	678	3,232
Foreign tax credit	*14,662	17,111	360,216	160,738	3,483,294	5,506,532	263,554	3.905	177,294
J.S. possessions tax credit	-4,002	'',''	19,210	6,367	1,502,294	43,272	9,550	16,720	2,457
Orphan drug credit	-	~	-	~	11,687	_	· –	-	-
Nonconventional source fuel credit	*199		371	*401	*4,523	25,599	14.672	2011	1451
General business credit	23,632 279	3,972 124	88,475 *28,462	36,630 9,794	263,131 24,161	39,426 92,546	14,672 *995	3,911 144	14,548 2,558

RETURNS OF ACTIVE CORPORATIONS

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

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

	T		do or dollars)					
					dustry—Continued			
ttern			T		turing—Continued			
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
Number of misses and	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns, total	5,996 133,127,853	49,665	25,755	24,297	3,309	3,996	9,071	23,510
Cash	4 64 4 407	128,748,053 5,409,487	297,165,972	356,316,713	438,396,480	129,415,190	86,135,191	56,761,465
Notes and accounts receivable	20,000,400	27,073,123	8,693,112 76,854,609	11,153,414 79,868,550	7,144,397 211,068,442	3,695,543	4,041,224	2,613,218
Less: Allowance for bad debts	17 725 000	441,984	1,565,519	2,673,482		27,818,004 459,694	21,590,212 431,735	13,665,949 386,264
Investments in Government obligations	007.000	22,532,810 353,619	43,209,080 3,902,998	44,095,117	18,959,284	35,801,476	12,732,944	9,336,453
Tax-exempt securities Other current assets	140 704	198,987	1,965,312	3,539,558 4,824,535	5,700,001 3,011,093	*1,401,344 *243,756	150,424 104,600	122,505
LUAITS TO STOCKHOIDERS	2040.650	4,604,081 536,028	14,049,299 1,534,554	50,297,159	13,879,377	6,941,378	4,117,536	84,657 2,376,934
Morigage and real estate loans	1 220.110	207,118	486,106	991,792 653,617	1,088,670 23,829,964	460,596 110,495	235,703	282,719
Other investments	25,381,207 75,091,938	24,398,712	54,543,392	57,994,594	68,508,825	13,031,752	*487,863 11,078,529	42,732 7,067,064
Less: Accumulated depreciation	36 553 010	61,183,550 31,964,843	121,909,391	127,606,317	120,255,335	56,889,370	37,478,060	19,251,415
Depletable assets	2 130 010	356,969	63,555,553 106,600	66,696,256 697,771	62,089,891 1,912	27,881,071	18,020,524	8,831,720
Less: Accumulated depletion Land	1 240 724	157,015	28,300	*301,007	474	*196,359 23,869	*312	123,619 *19,817
Intangible assets (amortizable).	E E00 100	1,643,036 5,354,661	2,659,331 16,056,072	2,378,977 13,926,631	1,448,591	1,231,740	922,960	694,907
Less: Accumulated amortization Other assets	670.064	789,824	2,160,446	1,684,049	5,350,514 283,577	4,614,451 884,718	4,584,633	5,428,424
Total liabilities	8,742,692	8,249,539	18,505,935	29,643,476	22,504,769	6,228,279	993,104 8,055,554	832,262 5,740,934
Accounts payable	. 133,127,853 12,710,691	128,748,053	297,165,972	356,316,713	438,396,480	129,415,190	86,135,191	56,761,465
Mortgages, notes, and bonds payable in less		13,003,970	27,123,182	31,442,575	31,514,528	12,074,498	9,942,587	5,599,332
than one year	10.004.050	12,183,020	34,011,697	61,702,554	116,658,692	13,051,157	9,677,390	7,309,771
Loans irom stockholders	12,691,258 4,413,431	10,815,734 2,375,055	39,107,131	57,252,012	44,046,935	31,075,253	9,399,940	5,523,164
worldages, notes, and bonds pavable in one	II	2,075,000	3,099,609	3,141,314	1,736,362	629,211	2,333,904	1,564,417
year or more Other liabilities	29,156,901 23,495,677	26,889,593	62,984,876	55,351,750	95,454,331	22,371,212	16,024,607	13,618,909
Capital stock	6 050 000	9,867,262 8,700,039	18,042,099	37,158,074	50,301,254	10,267,790	6,372,371	4,658,817
raid-in or cabital stirbling	20,000,500	19,561,701	22,591,927 37,669,687	17,188,739 40,628,614	7,101,465	6,067,912	5,907,066	3,980,896
Retained earnings, appropriated Retained earnings, unappropriated	113,023 6,364,487	139,851	3,359,082	172,140	34,636,550 271,050	7,069,078 178,818	13,630,391 418,283	9,734,707 89,588
iolai retained earnings. S Corporations	1 457 144	22,642,609 6,780,367	51,882,341 3,988,855	56,721,504 3,166,641	57,168,985	28,906,657	16,946,482	4,014,347
Less: Cost of freasury stock	2.605.888	4,211,147	6,694,515	7,609,205	1,006,779 1,500,450	644,818 2,921,215	1,189,122	1,919,764
Total receipts		178,279,953	296,285,695	309,357,559	308,797,788	155,624,146	5,706,953 88,025,243	1,252,247 73,305,666
Business receipts	145,677,249 2,258,563	172,368,062	256,686,764	286,314,637	265,771,141	145,160,086	82,004,464	69,992,310
Interest on Government obligations:	2,258,563	1,621,464	5,177,758	6,683,921	25,317,947	2,603,505	1,031,913	658,813
State and local	10,271	34,865	481,570	466,537	339,777	18,176	39,552	1
noyaliles	495,307 160,452	444,811 332,546	11,727,409	4,707,715	6,590,652	1,693,175	845,152	24,983 197,490
Net short-term capital gain reduced by net long-term capital loss	117,272	18,744	7,690,157 163,504	1,696,877 76,039	139,326	237,489	580,354 *140,005	271,923
capital loss	624,591	466,345	1 606 404				140,005	12,852
NEL Gairi. Honcanital assets	397,835	489,460	1,606,491 673,662	1,053,977 1,706,098	952,551 2,250,287	908,506	243,268	418,311
Dividends received from domestic corporations	406,695 605,233	102,630	321,160	277,054	193,529	594,980 137,913	165,427 32,370	135,566 26,688
Other receipts	1,786,929	377,692 2,023,334	6,293,733 5,463,485	1,553,727 4,820,976	2,211,495	530,998	1,279,707	519,389
otal deductions	146,019,661	171,896,762	282,993,590	297,354,951	5,028,497	3,736,947	1,663,031	1,047,341
Cost of sales and operations	113,363,425	122,516,704	169,299,474	186,117,469	302,906,733 209,449,096	149,260,663 110,296,999	84,927,288	70,916,164
Repairs	1,262,475 2,693,358	4,949,062	3,491,019	3,521,018	638,128	680,133	48,569,407 1,294,681	46,647,491 1,691,679
Dau debis	192,453	968,146 427,060	1,749,747 1,420,648	1,926,609 882,558	1,899,448	870,758	330,645	314,807
Rent paid on business property	1,207,923	1,586,024	3,808,925	3,808,338	2,329,041 2,080,407	168,278 1,194,494	255,767 1,006,691	239,193
Taxes paid	2,674,294 4,188,785	4,060,941	6,450,492	6,845,839	5,390,367	2,899,690	1,684,527	813,440 1,479,962
Contributions or gifts	45,590	5,056,265 79,647	10,042,133 248,968	15,946,734	23,255,164	4,082,571	3,110,641	2,474,039
Amortization Depreciation	301,562	319,143	611,816	178,349 833,458	127,167 116,322	75,544 216,733	105,764	33,843
Depletion	4,731,593	5,196,932	10,596,549	14,097,169	16,438,606	4,063,602	254,814 2,770,351	209,633 1,794,397
Advertising	581,565 264,759	38,730 1,413,992	39,175 2,778,304	*13,686	*6,838	24,900	752	6,747
rension, profit-sharing, stock honus and	į		2,776,304	3,671,300	2,715,478	452,809	2,501,940	1,469,338
annuity plans	1,541,983 2,429,011	904,049 2,625,180	1,596,629	1,649,260	1,457,060	1,096,719	802,310	249,547
ivet loss, noncapital assets	39,421	97,689	6,010,673 355,108	5,259,682 349,859	9,329,606	3,621,656	1,439,888	804,057
Other deductionstal receipts less total deductions	10,501,464	21,657,196	64,493,931	52,253,622	151,069 27,522,937	39,107 19,476,668	53,003 20,746,107	53,381
Instructive taxable income from related foreign	6,520,735	6,383,192	13,292,105	12,002,608	5,891,055	6,363,483	3,097,955	12,634,609 2,389,502
corporations	516,039	287,964	3,653,118	1,350,216	4 774 000			2,009,002
et income (less deficit)	7,026,503	6,635,382	16,444,148	12,886,287	4,774,898 10,326,176	422,195 6,767,501	958,818 4,017,220	237,776
come tax, total 2	4,903,596 1,786,641	5,866,139	17,918,945	15,582,641	10,807,395	6,870,076	4,290,769	2,602,296 2,881,818
	1,659,075	1.951.506 1.907.206	6,172,785 6,059,826	5,379,823	3,859,700	2,522,780	1,537,450	983,997
Recapture of investment credit	- 1	549	-	5,274,180 325	3,781,230	2,334,681	1,457,270	960,014
Alternative minimum tax	4,113 114,311	4,109 33,928	18,405	9,406	19,798	7,989	4,469	1,427
Life of the riar tax	10,164	5,316	48,112 21,424	72,504 19,755	40,801 16,954	164,235	69,928	18,442
reign tax credit	378,530	210,147	3,399,780	849,940	2,045,854	10,797 211,609	4,936	3,137
	321	9,803	91,936	383,607	13,353	1,024	516,047 172,434	215,436 41,946
riconventional source triel credit	*33	27	140	_	7	- 1	2,502	
eneral business credit or year minimum tax credit	74,770	39,888	284,473	346,018	266,992	(¹) 179,184	43,024	10,767
Footnotes at end of table. See text for "Exploration of Table"	5,156	5,211	56,463	14,273	*1,244	66,318	*4,907	1,050

RETURNS OF ACTIVE CORPORATIONS

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

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

				Ma	or industry—Contin				
		Transportation a	nd public utilities			Who	olesale and retail to	rade	
ltem				Electric.			Wholes	ale trade	
	Total	Transportation	Communication	gas, and sanitary services	Total	Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Number of returns, total	156,037	125,754	17,937	12,346	1,012,980	320,971	25,892	52,050	243,030
Total assets	1,474,412,864	291,141,746	487,582,252	695,688,865	1,390,555,774	652,568,212	48,832,950	71,212,888	532,522,374
Cash	27,342,868	12,422,492	7,645,685	7,274,691	70,479,143	34,877,060	2,457,027	4,628,433	27,791,599
Notes and accounts receivable	145,470,402	37,675,713	61,272,859	46,521,831	308,168,727	178,475,659	13,979,501	20,168,511	144,327,647
Less: Allowance for bad debts	3,954,066	903,573	1,849,245	1,201,248	5,466,409	3,394,896 170,655,369	272,339 11,884,147	494,292 22,405,004	2,628,265 136,366,219
Investments in Government obligations	29,300,311 7,387,930	5,824,121 1,485,743	7,011,619 1,511,726	16,464;571 4,390,462	371,700,159 41,511,014	40,205,214	172,395	348,129	39,684,691
Tax-exempt securities	2,355,493	541,759	892,809	920,925	14,153,944	1,151,595	62,653	73,588	1,015,353
Other current assets	60,653,293	22,587,672	13,706,910	24,358,712	82,443,068	48,779,606	1,437,689 626,195	3,231,944 685,231	44,109,972 2,736,241
Loans to stockholders	2,480,456	1,431,800 598,545	538,581 141,311	510,076 2,863,724	12,063,633 6,601,294	4,047,667 4,198,423	123,598	161,832	3,912,992
Mortgage and real estate loans Other investments	3,603,580 215,292,429	31,781,897	115,806,890	67,703,642	116,287,326	51,124,054	3,096,341	5,861,447	42,166,266
Depreciable assets	1,242,816,853	240,649,203	353,243,983	648,923,667	433,592,868	152,202,353	19,182,778	20,916,783	112,102,792
Less: Accumulated depreciation	417,148,008	93,597,551	132,261,684	191,288,773	194,633,429	74,358,430	9,263,887	10,824,175	54,270,367
Depletable assets	10,800,342	1,863,379	*7,518	8,929,445	1,418,923	. 989,972 417,848	*17,072 *11,149	149,805 *30,269	823,095 376,430
Less: Accumulated depletion	5,190,920 11,544,361	1,057,855 4,082,561	*3,242 3,003,001	4,129,822 4,458,799	550,487 31,832,485	9,231,815	926,265	989,454	7,316,096
LandIntangible assets (amortizable)	54,894,859	8,382,276	36,822,562	9,690,022	43,289,321	15,333,441	2,697,002	1,042,914	11,593,525
Less: Accumulated amortization	8,148,513	1,651,136	3,944,849	2,552,528	7,982,758	2,805,355	387,458	231,581	2,186,316 18,037,264
Other assets	94,911,193	19,024,703	24,035,820	51,850,669	65,646,953	22,272,514	2,105,121	2,130,129	18,037,264 532,522,374
Total liabilities	1,474,412,864	291,141,746	487,582,252	695,688,865	1,390,555,774	652.568,212	48,832,950	71,212,888 14,058,763	96,250,408
Accounts payable	89,745,240	28,512,688	31,320,666	29,911,886	228,735,415	122,237,672	11,928,500	14,058,763	90,250,408
Mortgages, notes, and bonds payable in less than one year	69,357,277	16,621,989	21,986,669	30,748,619	258,825,875	145,670,588	4,978,877	13,761,781	126,929,930
Other current liabilities	124,220,198	40,103,641	33,356,689	50,759,867	173,337,267	96,112,309	3,997,954	5,500,767	86,613,587
Loans from stockholders	11,207,141	5,345,606	3,933,851	1,927,684	47,527,555	18,001,311	1,120,064	,2,450,878	14,430,369
Mortgages, notes, and bonds payable in one	459,614,272	81.049.633	144.306.343	234,258,296	268,522,067	86,719,489	10,842,811	11,396,095	64,480,583
year or more	208,965,623	42,278,739	63,145,121	103,541,763	70,858,646	21,644,354	1,691,983	3,339,387	16,612,984
Capital stock	163,044,605	17,026,926	45,230,325	100,787,353	66,866,511	34,164,842	2,470,204	4,381,249	27,313,389
Paid-in or capital surplus	209,739,339	36,516,384	105,684,547	67,538,408	107,128,102	41,723,481	3,129,991	4,781,794 136,747	33,811,696 353,812
Retained earnings, appropriated	2,935,416	269,528	510,184 47,281,499	2,155,704 - 76,370,518-	1,236,431 146,407,668	534,626 64,069,949	44,067	9,072,428	47,794,303
Retained earnings, unappropriated	153,127,777 473,527	29;475;761 1,634,713	-1,527,724	366,538	44,144,510	30,999,361	2,365,953	3,857,045	24,776,362
Less: Cost of treasury stock	18,017,548	7,693,861	7,645,918	2,677,770	23,034,271	9,309,768	940,672	1,524,045	6,845,050
Total receipts	906,501,335	342,982,363	252,031,020	311,487,953	3,184,946,370	1,543,788,616	230,755,376	142,599,899	1,170,433,340
Business receipts	844,076,080	319,539,289	232,256,902	292,279,888	3,094,814,670	1,504,361,545	227,105,491	137,640,749	1,139,615,304
Interest	16,616,771	4,855,727	4,854,684	6,906,360	25,224,158	14,296,170	476,427	918,324	12,901,419
Interest on Government obligations:	201 654	48,754	73,131	199,768	1,262,323	121,691	16,029	14,509	91,154
State and local	321,654 10,511,082	4,151,726	4,389,880	1,969,475	10,743,706	4,169,634	273,440	1,180,538	2,715,657
Royalties	399,281	201,562	96,574	101,145	1,849,898	544,171	40,515	56,412	447,244
Net short-term capital gain reduced by net	500.050	400 470	212.460	92,418	319,021	153,718	*1,610	11,248	140,860
Net long-term capital loss Net long-term capital gain reduced by net	569,356	163,470	313,468	92,416	319,021	155,716	1,010	17,240	, 10,000
short-term capital loss	8,918,171	3,190,160	3,347,707	2,380,304	4,213,907	1,357,317	152,075	208,968	996,274
Net gain, noncapital assets	6,450,219	4,502,153	643,992	1,304,073	3,740,884	1,716,311	69,817	.305,241 34,247	1,341,252 276,880
Dividends received from domestic corporations	1,763,550	619,421	187,065 155,077	957,064 130,635	787,256 931,010	320,906 529,571	9,779 10,349	29,741	489,481
Dividends received from foreign corporations Other receipts	351,816 16,523,356	66,103 5,643,997	5,712,538	5,166,822	41,059,537	16,217,582	2,599,844	2,199,922	11,417,815
Total deductions	867,556,417	337,061,634	237,272,778	293,222,005	3,148,816,258	1,525,824,885	228,777,202	140,167,991	1,156,879,692
Cost of sales and operations	401,515,846	144,835,541	102,973,261	153,707,044	2,388,963,994	1,254,181,063	197,187,270	103,824,933	953,168,860
Compensation of officers	7,609,702	4,991,807	1,274,749	1,343,146	48,949,813	24,135,368	2,163,729	3,930,264	18,041,375 2,849,359
Repairs	29,886,291	7,665,609	11,056,726 2,457,303	11,163,957 1,225,998	12,340,292 7,993,990	4,061,281 3,814,724	696,335 384,959	515,588 520,232	2,909,533
Bad debts	4,661,003 24,181,617	977,701	4,442,480	3,572,298	55,095,650	12,626,103	1,612,983	1,513,799	9,499,321
Taxes paid	38,781,015	12,298,974	9,769,941	16,712,100	45,216,684	15,705,443	1,887,219	1,880,581	11,937,642
Interest paid	56,900,550	11,349,122	17,091,000	28,460,429	61,697,168	26,519,943	1,805,710	2,504,559	22,209,673
Contributions or gifts	570,034	152,971	220,745	196,318	713,280	260,679 1,125,689	43,635 165,432	33,769 125,693	183,276 834,565
Amortization	3,511,427	560,612 19,583,554	2,305,304 31,084,977	645,510 32,503,742	3,259,036 42,561,609	15,921,793	1,837,069	2,531,125	11,553,599
Depreciation	83,172,274 587,696	86,478	*547	500,671	92,420	66,844	80	10,369	56,395
Depletion	5,059,804	2,508,641	2,044,196	506,967	39,632,893	11,150,671	808,473	946,099	9,396,099
Pension, profit-sharing, stock bonus, and		ļ						444.507	0.074.700
annuity plans		2,925,446	1,394,105	1,508,625 2,908,408	6,608,150 15,598,758	3,104,937 5,531,715	415,671 881,034	414,537 822,058	2,274,729 3,828,624
Employee benefit programs Net loss, noncapital assets		6,619,571 117,505	6,454,714 674,836	2,908,408	1,396,213	394,518	25,683	97,598	271,236
Other deductions	185,634,183	106,221,264	44,027,894	35,385,025	418,696,309	147,224,114	18,861,920	20,496,789	107,865,405
Total receipts less total deductions	1	5,920,728	14,758,242	18,265,948	36,130,112	17,963,731	1,978,174	2,431,908	13,553,648
Constructive taxable income from related foreign							40.750	20.724	883,224
corporations	450,707	213,668	146,304 14,831,414	90,735 18,156,896	1,289,901 36,155,437	922,711 18,764,751	12,753 1,974,898	26,734 2,444,133	14,345,719
Net income (less deficit)		6,085,643 8,661,361	19,453,291	20,238,015	42,065,915	18,137,830	1,845,206	2,332,146	13,960,477
Income tax, total 2	1	3,018,711	6,819,064	7,338,821	13,595,625	5,833,257	597,033	725,301	4,510,923
Regular tax	16,262,986	2,839,511	6,576,261	6,847,214	13,266,317	5,704,090	590,764	703,622	4,409,704
Personal holding company tax	. 195	_	*144	52	*730	*726 7,498	6 865	*31 3,248	*689 3,385
Recapture of investment credit		6,094 159,589	90,694 120,531	20,359 469,411	23,848 238,181	103,716	3,580	15,964	84,172
Alternative minimum tax Environmental tax		13,483	30,917	34,653	39,097	14,041	1,584	1,075	11,383
Foreign tax credit		36,385	81,643	61,962	627,932	350,339	4,679	19,831	325,830
U.S. possessions tax credit		-	54,973	1 ====	6,267	3,112	_	74	3,038
Orphan drug credit	-				*291	*248	_	239	
Nonconventional source fuel credit		335,326	304,162	20,672 531,525	258,433	73,270	8,170	15,224	49,876
General business credit	1,171,013 85,298	22,987	34,621	27,690	28,936		*684	1,683	12,348

RETURNS OF ACTIVE CORPORATIONS

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

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

=======================================	 									
					Major industr	ry—Continued				
	· · · ·				Vholesale and reta	ail trade—Continu	ed			
					Retail trade			r		Į
Item		Building materials,							l	Wholesale and
		garden	General	l	Automotive dealers and	Apparel and	Furniture and home	Eating and	Miscellaneous	retail trade
	Total	supplies, and mobile	merchandise stores	Food stores	service	accessory stores	furnishings	drinking places	retail stores	not allocable
		home	3.0.00	İ	stations		stores		5.5.55	
		dealers					<u> </u>			
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns, total	689,305	43,564	10,849	62,755	97,356	47,311	36,457	160,212	230,802	2,704
Total assets	736,632,246	44,986,954	223,237,356	101,367,347	110,637,042	41,974,963	25,781,901	81,663,971	106,982,711	1,355,316
Cash	35,472,489	2,229,718	4,773,488	4,512,767	6,771,560	2,300,022	1,954,023	4,909,946	8,020,966	129,593
Notes and accounts receivable Less: Allowance for bad debts	129,275,495 2,069,812	8,468,964 171,307	62,434,589 688,993	11,345,658 64,435	13,723,668 244,544	5,959,939 150,465	5,616,002 175,163	4,759,468 117,206	16,967,207 457,699	417,573 1,701
Inventories	200,627,190	14,027,060	40,514,507	20,075,490	58,936,215	14,352,792	9,629,218	2,914,380	40,177,526	417,600
Investments in Government obligations	1,305,800	26,568	300,072	448,786	100,156	78,726	*10,235	38,855	302,401	_
Tax-exempt securities Other current assets	13,000,634 33,622,356	*41,065 1,592,120	*12,532,076 18,577,789	210,022 2.665.831	49,104 2,881,946	*6,256 1,740,702	47,549 865,378	26,801 2,273,578	87,761 3,025,013	*1,715 41,106
Loans to stockholders	7,999,494	447,723	1,405,729	391,734	1,271,024	423,375	308,177	1,713,583	2,038,149	16,472
Mortgage and real estate loans	2,401,600	486,897	584,968	209,896	275,264	18,797	92,939	406,245	326,593	1,272
Other investments	65,044,011 281,054,956	2,335,292 16,296,008	25,214,214 57,094,720	13,498,894 53,959,364	2,398,582 33,837,707	4,328,917 15,315,182	1,338,563 7,742,798	10,959,690 57,899,762	4,969,857 38,909,416	119,261 335,559
Less: Accumulated depreciation	120,066,055	7.743.235	19,853,384	22,767,160	16,118,394	6,328,691	3,611,971	24.328.253	19,314,968	208,944
Depletable assets	428,952	*33,322	-	*86,674	13,453	*14,289	*23	163,025	118,166	
Less: Accumulated depletion	132,639	*4,253	2 950 700	*26,007	*6,069	*13,644	400.053	59,428	*23,237	
LandIntangible assets (arnortizable)	22,587,449 27,903,999	1,930,896 1,911,887	3,853,723 3,180,383	4,369,244 3,926,435	3,297,617 1,544,022	372,614 2,624,824	403,957 1,013,100	6,190,811 7,386,546	2,168,586 6,316,802	*13,221 51,881
Less: Accumulated amortization	5,158,995	130,002	378,896	535,711	464,410	367,067	113,754	1,526,352	1,642,804	18,408
Other assets	43,335,322	3,208,232	13,692,369	9,059,864	2,370,140	1,298,394	660,828	8,052,520	4,992,976	39,117
Total liabilities	736,632,246 106,251,163	44,986,954 6,209,078	223,237,356 35,286,405	101,367,347 16,560,754	110,637,042 9,236,935	41,974,963 5,954,320	25,781,901 4,474,420	81,663,971 7.798.501	106,982,711 20,730,751	1,355,316 246,579
Mortgages, notes, and bonds payable in less	100,231,103	6,209,076	35,286,405	16,560,754	9,236,935	5,954,320	4,474,420	7,790,501	20,730,751	246,579
than one year	112,931,064	4,516,267	27,051,879	6,087,615	51,314,492	3,273,376	2,766,899	5,684,454	12,236,082	224,223
Other current liabilities	77,054,983 29,308,854	3,163,698 1,665,730	35,921,927 1,633,644	8,506,884 2,668,988	6,229,339 5,348,369	3,876,596 2,353,212	2,631,107 1,190,228	7,993,270 6,030,323	8,732,162 8,418,361	169,975 217,390
Mortgages, notes, and bonds payable in one	25,500,054	1,003,730	1,000,044	2,000,900	3,540,509	2,000,212	1,150,220	0,000,020	0,470,501	217,090
year or more	181,675,797	13,966,935	45,593,338	38,017,427	16,808,781	8,180,439	4,761,347	30,533,324	23,814,206	126,782
Other liabilities	49,141,936	1,982,362	25,842,986	7,043,098	1,673,456	1,651,649	1,357,797	6,130,656	3,459,932	72,357
Capital stock	32,604,939 65,340,036	2,081,538 3,568,445	4,455,260 20,968,060	3,588,902 10,660,938	5,365,819 4,683,733	3,460,155 4,709,188	1,338,987 1,768,386	5,397,885 9,705,996	6,916,392 9,275,290	96,730 *64,586
Retained earnings, appropriated	701,805	84,674	*160,254	50,295	70,148	*3,602	*171,087	*23,163	138,581	_
Retained earnings, unappropriated Total retained earnings, S Corporations	82,270,403 13,059,245	6,516,951 2,247,462	27,420,516 1,140,719	7,885,883 1,982,415	8,311,670 3,368,412	8,385,626 1,181,561	5,065,468 1,406,289	6,727,214 -1,368,683	11,957,076 3,101,069	67,316 85,905
Less: Cost of treasury stock	13,707,977	1,016,187	2,237,632	1,685,851	1,774,111	1,054,762	1,150,114	2,992,131	1,797,190	*16,526
Total receipts	1,637,529,357	86,170,032	261,481,184	331,518,876	423,132,614	81,977,138	57,355,337	140,566,434	255,327,742	3,628,397
Business receipts	1,586,906,335	83,771,339	244,829,218	325,494,359	414,722,317	79,709,521	55,414,585	133,502,419	249,462,576	3,546,790
Interest	10,916,100	452,010	5,556,130	1,131,762	1,053,271	609,401	373,956	622,061	1,117,510	11,888
State and local	1,140,631	10,020	1,070,767	15,529	1,240	13,774	9,521	5,839	13,942	*1
Rents	6,573,410	210,951	1,534,298	830,528	1,123,005	115,703	313,328	1,788,901	656,696	*661
Royalties	1,305,727	62,650	49,349	46,938	1,049	213,713	*11,873	683,307	236,849	_
long-term capital loss	165,303	5,078	84,888	11,862	2,597	*6,430	*234	5,044	49,171	-
Net long-term capital gain reduced by net short-term capital loss	2,856,185	406,149	1,022,647	331,516	150,567	82,456	62,986	468,381	331,483	405
Net gain, noncapital assets	2,024,157	156,840	225,431	329,096	572,872	29,323	67,819	406,788	235,988	*416
Dividends received from domestic corporations	466,000	45.005	000 007	00.004	47.440	54.000	00.447	7015	07.000	40
Dividends received from foreign corporations.	466,302 401,439	15,885 *35,299	222,227 128,931	93,081	17,116 *1,342	54,032 1,752	28,147 1,834	7,915 *103,198	27,898 10,011	49
Other receipts	24,773,768	1,043,812	6,757,297	3,115,136	5,487,240	1,141,033	1,071,053	2,972,579	3,185,619	68,187
Total deductions	1,619,394,706	84,929,759	254,066,727	329,148,453	422,920,952	80,081,301	56,351,665	139,840,236	252,055,613	3,596,668
Cost of sales and operations	1,132,152,386	60,190,033	157,866,268	250,332,676	354,142,726	47,774,835	35,335,634	59,286,673	167,223,541	2,630,545
Compensation of officers	24,684,422 8,266,345	2,155,293 463,828	914,333 1,350,064	2,113,519 1,832,069	5,101,078 1,044,783	1,555,643 322,309	1,744,330 253,449	3,661,193 1,897,229	7,439,033 1,102,615	130,022 12,666
Bad debts	4,170,827	273,887	1,358,954	275,987	623,166	249,856	324,498	118,677	945,801	8,439
Rent paid on business property	42,411,718	1,403,670	7,093,117	5,837,768	4,645,042	5,068,896	2,153,029	7,913,816	8,296,380	57,829
laxes paidInterest paid	29,455,944 35,129,274	1,626,833 1,937,295	5,343,129 11,018,885	4,442,386 5,366,898	4,540,430 5,965,158	1,793,402 1,440,210	1,152,642 975,722	5,632,989 4,129,693	4,924,133 4,295,414	55,297 47,951
Contributions or gifts	451,930	17,536	163,397	63,410	22,168	83,318	16,339	27,474	58,287	*671
Amortization	2,131,732	101,535	196,638	261,149 4,957,174	195,313	158,786	81,320	570,152	566,839	*1,615 41,481
Depreciation Depletion	26,598,335 25,576	1,278,861 2,496	4,829,026 47	1.865	3,967,953 8,291	1,523,072 *144	720,404 *528	5,194,359 *5,211	4,127,486 6,993	41,401
Advertising	28,458,566	1,198,629	6,587,470	3,148,244	4,697,703	2,147,165	2,460,142	3,752,839	4,466,374	23,656
Pension, profit-sharing, stock bonus, and						240 700	445 700	200 007	200 205	*** 000
annuity plans Employee benefit programs	3,492,114 10,052,667	226,783 524,948	838,744 2,084,188	846,172 2,624,892	268,366 1,686,695	213,798 517,090	145,790 285,371	322,227 1,071,483	630,235 1,258,000	*11,099 14,376
Net loss, noncapital assets	1,000,893	22,427	89,892	172,171	52,606	176,845	31,660	208,795	246,496	*802
Other deductions	270,911,977	13,505,704	54,332,575	46,872,072	35,959,474	17,055,934	10,670,807	46,047,424	46,467,986	560,218
Total receipts less total deductions Constructive taxable income from related	18,134,652	1,240,273	7,414,456	2,370,423	211,662	1,895,837	1,003,672	726,198	3,272,129	31,730
foreign corporations	367,190	482	103,297	88,491	103	9,100	402	154,639	*10,675	_
Net income (less deficit)	17,358,958	1,230,736	6,446,986	2,443,363	209,263	1,891,163	994,149	874,436	3,268,862	31,729
Income subject to tax	23,892,211	1,241,094	7,705,360 2,704,115	3,241,051 1,101,694	1,571,184 445,863	2,592,241 834,529	1,160,636	2,298,699 737.013	4,081,946 1,210,604	35,874 7,569
Regular tax	7,754,799 7,554,671	363,158 359,329	2,704,115 2,656,323	1,101,694 1,057,105	445,863 430,672	834,529 826,212	357,823 351,297	737,013 698,077	1,210,604 1,175,656	7,569 7,556
Personal holding company tax	3		_	~		_	_	(¹)	3	
Recapture of investment credit	16,350 134,453	725 1,293	4,573 32,714	3,696 37,955	1,509 10,729	469 5,014	630 1,958	3,322 33,011	1,426 11,779	*12
Environmental tax	25,055	1,059	10,505	4,103	431	2,834	799	2,602	2,723	-
Foreign tax credit	277,592	•6	111,592	37,021	*342	*5,710	*1,717	114,062	7,143	_
U.S. possessions tax credit Orphan drug credit	3,154	_	-	2,764	-	145	_	244	2	_
Nonconventional source fuel credit	*42	*29	_ 1	(†)	*13		_] = 1	_	_
General business credit	184,933	10,105	65,000	24,134	15,864	5,615	2,820	44,349	17,046	*230
Prior year minimum tax credit	14,221	*168	*4,787	519	399	*3,347	*1,883	1,977	1,141	_

RETURNS OF ACTIVE CORPORATIONS

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

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

				Major indust	ry—Continued			
				Finance, insuran	ce, and real estate			
Item	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
- 	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns, total	592,832	12,073	25,772	17,167	8,192	67,354	409,221	53,053
Total assets	9,957,481,118	3,917,777,077	1,762,426,367	484,788,123	2,067,036,704	35,131,474	349,168,032	1,341,153,341
Cash	555,177,191	384,419,809	67,326,608	12,737,096	22,147,381	7,050,172	21,550,678	39,945,447
Notes and accounts receivable	2,749,640,351	2,064,436,295	251,964,288	140,987,391	123,522,730	10,580,484	27,290,698	130,858,465
Less: Allowance for bad debts	75,207,281	54,558,379	17,301,462	538,218 208,232	1,293,304 4,812,498	100,059 12,605	972,880 22,649,769	442,978 4,170,268
Inventories	33,865,422 853,059,832	425,879 387,859,057	1,586,171 73,872,069	47,709,698	177,486,245	747,433	1,373,829	164,011,501
Tax-exempt securities	302,018,164	74,463,167	9,621,294	1,099,188	142,922,683	174,056	578,742	73,159,034
Other current assets	619,904,114	147,241,927	70,759,020	147,059,217 1,496,603	178,018,899 4,056,582	2,228,195 641,878	23,369,160 5,461,518	51,227,696 4,852,803
Loans to stockholders	28,341,043 1,548,981,317	2,251,734 247,709,454	9,579,925 974,327,055	8,387,344	277,413,040	106,624	17,122,882	23,914,919
Other investments	2,533,655,428	314,613,769	215,965,411	102,725,098	1,033,313,431	5,945,518	53,852,962	807,239,24
Depreciable assets	346,667,409	88,003,588	33,746,220	10,267,340	29,770,379	6,559,419	148,170,012	30,150,45
Less: Accumulated depreciation	112,618,127 1,693,551	35,009,160 19,154	12,965,087 28,964	4,067,892 *45,366	6,999,370 568,997	3,355,333 *47	42,622,045 437,926	7,599,240 593,090
Depletable assets	520,890	7,262	10,682	*20,496	234,841	<u> </u>	170,539	77,070
Land	67,241,034	6,015,421	4,647,458	219,067	1,972,901	222,012	48,999,263	5,164,912
Intangible assets (amortizable)	41,522,318	9,872,420 1,905,902	11,008,926 1,229,028	3,875,311 555,370	4,623,707 1,150,042	3,512,517 958,056	3,381,705 1,052,676	5,247,732 930,10
Less: Accumulated amortization Other assets	7,781,175 471,841,417	281,926,107	69,499,218	13,153,148	76,084,788	1,763,962	19,747,029	9,667,168
Total liabilities	9,957,481,118	3,917,777,077	1,762,426,367	484,788,123	2,067,036,704	35,131,474	349,168,032	1,341,153,341
Accounts payable	332,275,501	62,468,446	48,881,104	119,675,147	55,252,792	12,034,067	11,244,752	22,719,192
Mortgages, notes, and bonds payable in less than				05.0.0.00		2 240 200	44 004 000	31,079,795
one yearOther current liabilities	728,653,385 4,358,382,401	304,043,292 2,879,464,529	264,642,835 1,001,133,086	35,342,108 257,987,277	47,242,383 164,745,017	2,218,966 4,948,424	44,084,006 20,844,038	29,260,029
Loans from stockholders	68,318,967	8,820,877	7,849,038	1,578,880	8,397,472	564,442	34,123,931	6,984,327
Mortgages, notes, and bonds payable in one year			i '					50.050.00
or more	725,346,436	148,181,611	293,658,569 64,366,709	23,517,236 18,721,031	54,162,952 1,400,789,091	3,692,928 2,669,668	143,479,778 24,485,490	58,653,362 18,493,492
Other liabilities	1,716,303,520	186,778,038 57,970,381	14,081,185	5.050.247	19,306,715	1,486,504	27,771,628	896,622,719
Paid-in-or capital surplus	1,454,989,311	137,229,934	53,764,736	15,694,141	121,940,394	3,868,638	57,945,522	1,064,545,945
Retained earnings, appropriated	62,529,905	2,539,120	5,212,812	*42,372	41,298,035	45,085	891,743	12,500,73
Retained earnings, unappropriated	324,613,133	133,311,751	10,941,123 397,180	8,533,513 819,150	161,232,244 * - 31,296	4,072,263 504,284	- 10,057,968 - 1,928,359	16,580,201 1,167,400
Total retained earnings, S Corporations Less: Cost of treasury stock	915,537 837,136,357	* - 12,822 3,018,081	2,502,010	2,172,979	7,299,097	973,795	3,716,529	817,453,866
Total receipts	1,868,003,359	525,404,377	238,471,002	75,246,760	713,513,147	34,116,300	129,223,333	152,028,440
Business receipts	855,752,870	48,476,622	69,147,881	41,226,430	521,035,662	31,623,433	. 96,942,278	47,300,566
Interest	793,656,475	419,129,902	152,757,364	25,926,862	121,911,818	853,255	6,685,800	66,391,473
Interest on Government obligations:	32,469,563	10,324,925	845,199	220,214	8,611,761	30,102	127,058	12,310,30
State and local	37,587,448	11,781,969	2,475,571	682,291	9,566,265	114,876	10,452,595	2,513,88
Royalties	705,328	59,693	78,763	1,976	. 88,731	*11,509	183,332	281,32
Net short-term capital gain reduced by net	0.470.450	000.050	177,235	548,703	2,140,270	8,098	193,428	5,184,469
long-term capital loss Net long-term capital gain reduced by net	8,479,159	226,956	177,235	346,703	2,140,270	0,030	130,420	0,104,40
short-term capital loss	19,592,846	2,819,931	1,471,071	916,859	8,041,989	64,441	3,894,898	2,383,65
Net gain, noncapital assets	6,948,683	3,274,873 986,792	1,514,597 716,393	206,996 925,211	587,449 4,345,036	145,218 42,025	845,156 217,662	.374,39 978,91
Dividends received from domestic corporations	8,212,034 1,438,727	337,828	74,378	52,511	461,818	110,975	12,475	388,74
Other receipts	103,160,225	27,984,888	9,212,550	4,538,707	36,722,348	1,112,368	9,668,653	13,920,710
Total deductions	1,730,536,970	498,929,796	241,010,774	74,242,331	682,386,738	32,185,682	131,155,742	70,625,907
Cost of sales and operations	487,672,748	619,714	39,131,805	5,730,846	364,810,106	4,308,666	43,076,488	29,995,123 1,478,613
Compensation of officers	32,989,889 6,112,949	11,339,950 2,266,448	2,609,927 1,097,108	3,797,106 191,590	2,535,217 258,861	4,696,018 176,875	6,533,058 1,852,678	269,38
Repairs Bad debts	38,674,379	24,065,348	10,241,745	264,673	1,456,082	185,170	1,776,759	684,60
Rent paid on business property	23,660,773	7,645,189	2,421,846	2,666,014	5,130,480	1,379,083	3,218,429	1,199,73
Taxes paid	30,254,866	7,537,413	2,476,172	1,141,190	11,210,400	1,055,664	5,462,175 15,031,085	1,371,85 9,462,75
Interest paid	521,868,248 799,038	316,333,577	135,667,834	27,448,727 75,984	17,237,779 150,612	686,493 27,082	15,031,085 72,773	9,462,75
Contributions or gifts	4,128,083	1,102,684	642,994	249,647	819,823	271,031	544,624	497,28
Depreciation	35,900,019	16,850,478	3,520,433	1,404,078	6,154,434	725,628	5,491,670	1,753,29
Depletion	147,276	16,552	1,988	1,670	40,781	*15	46,693	39,57 549,27
Advertising	9,913,250	2,739,971	2,195,831	569,497	. 1,538,909	333,043	1,986,724	549,27
Pension, profit-sharing, stock bonus, and annuity plans	6,542,241	1,812,367	484,773	439,274	2,654,061	473,480	461,005	217,28
Employee benefit programs	11,881,128	5,063,270	1,150,331	726,027	2,953,554	745,549	653,545 515,867	588,85 344,52
Net loss, noncapital assets	12,390,091 507,601,994	8,949,132 92,230,973	2,195,973 37,101,047	50,815 29,485,192	316,635 265,119,003	17,146 17,104,740	44,432,169	22,128,86
Other deductions	137,466,388	26,474,581	-2,539,772	1,004,428	31,126,410	1,930,618	-1,932,409	81,402,53
Constructive taxable income from related foreign	107,400,000	20,474,001			1		1	
corporations	3,956,180	1,577,386	414,362	59,664	1,165,460	49,321	25,383	664,60 69,752,74
Net income (less deficit)	108,907,351 64,854,675	17,727,042 24,624,507	-2,970,610 8,324,889	843,878 1,668,517	23,680,109 19,848,528	1,949,836 1,381,573	-2,075,652 4,480,082	4,526,58
Income subject to tax	22,693,200	8,674,660	2.912.338	632,665	7,121,984	415,917	1,337,060	1,598,57
Regular tax	21,692,353	8,349,140	2,825,243	564,199	6,768,166	413,503	1,272,551	1,499,55
Personal holding company tax	11,877	*112	. 15	*101	13		5,087	6,54
Recapture of investment credit	22,551 810,681	12,869 254,227	1,044 78,628	508 65,384	5,964 308,717	157 1,038	1,154 46,682	85 56,00
Alternative minimum tax	85,431	29,079	10,156	2,463	35,142	969	2,877	4,74
Foreign tax credit	2,087,968	932,197	141,139	15,760	614,260	*40,666	27,827	316,11
U.S. possessions tax credit	12,219	_	12,123	-	-	-	96	-
Orphan drug credit	1,216	14		139	416	<u>5</u>	*213	•43
Nonconventional source fuel credit	183,777	71,333	18,416	11,324	57,348	3,134	8,896	13,32
Prior year minimum tax credit	261,390	174,137	19,311	*2,964	52,698	1,157	5,721	5,40

RETURNS OF ACTIVE CORPORATIONS

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

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

				Major indus	try—Continued			
Item				Services	·		_	
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair, miscellaneous repair services	Amusement and recreation services	Other services	Nature of business not allocable
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns, total	989,850	26,987	75,976	345,919	114,270	84,066	342,633	16,889
Total assets	552,132,138	53,323,449	17,289,108	194,349,711	49,107,684	107,267,513	130,794,672	1,854,843
Cash Notes and accounts receivable	40,985,161	2,598,089	1,736,477	16,284,124	3,027,484	4,927,001	12,411,987	178,801
Less: Allowance for bad debts	98,252,929 4,223,480	4,193,754 196,282	2,495,735 75,624	44,703,942 1,142,850	8,183,800	13,890,164	24,785,533	260,849
Inventories	23,060,757	490,313	1,093,547	7,959,455	165,556 3,779,393	686,009 6,774,801	1,957,158 2,963,249	*622 185,692
Investments in Government obligations	1,766,833	44,882	*184,281	580,689	135,649	114,272	707,061	*3,799
Tax-exempt securities Other current assets	922,392 34,394,791	*46,593	102,596	427,849 15,459,265	16,569	142,923	185,861	
Loans to stockholders	7,723,755	1,644,694 432,495	789,703 259,200	3,137,607	1,751,677 564,340	7,969,908 806,276	6,779,545 2,523,837	92,634 66,461
Mortgage and real estate loans	3,232,421	1,030,065	52,797	1,306,155	150,337	247,727	445,341	124,356
Other investments	87,864,765 293,382,723	7,786,610	1,569,055	33,648,310	2,208,136	22,233,719	20,418,935	*119,237
Less: Accumulated depreciation	128,521,248	34,904,151 11,124,086	12,763,596	88,232,157	39,188,638	48,715,917	69,578,263	864,801
Depletable assets	256,381	*9,950	7,085,529 *14,582	43,240,357 137,353	15,686,012 *2,620	22,566,375	28,818,889 40,208	266,348 *576
Less: Accumulated depletion	136,159	*2,890	*2,172	75,629	*266	34,050	21,150	120
Land	17,050,619 38,444,862	4,878,799	656,910	2,442,122	1,474,601	3,772,198	3,825,990	100,857
Less: Accumulated amortization	8,423,961	2,014,593 299,908	1,121,111 391,222	14,792,790 3,284,135	2,931,860 233,825	11,372,774 2,694,516	6,211,734 1,520,355	73,547
Other assets	46,098,598	4,871,627	2,004,067	12,980,863	1,778,241	12,229,117	12,234,683	12,262 62,486
Total liabilities	552,132,138	53,323,449	17,289,108	194,349,711	49,107,684	107,267,513	130,794,672	1,854,843
Accounts payable	47,273,741	1,976,038	1,176,203	22,257,061	4,361,773	8,772,196	8,730,470	310,891
Mortgages, notes, and bonds payable in less than one year	60.726 805	4 410 010						
Other current liabilities	65,489,816	4,412,616 3,278,055	1,088,248 1,835,793	24,747,826 26,527,357	9,385,399 5,016,872	8,244,135 12,166,605	12,848,581 16,665,134	162,888
Loans from stockholders	29,015,823	4,700,191	1,332,014	8,668,633	3,210,977	5,287,116	5,816,892	57,141 160,571
Mortgages, notes, and bonds payable in one year	.70 .00							
or more	173,460,868 43,789,868	26,253,859 3,529,449	4,527,342 1,565,490	52,012,340 13,797,837	15,267,944	29,007,582	46,391,802	676,620
Capital stock	32,967,230	3,920,594	1,183,364	10,558,141	2,209,470 2,533,499	14,093,156 6,095,984	8,594,466	135,973
Paid-in or capital surplus	88,915,375	8,782,751	1,623,914	32,938,849	2,333,499	21,099,432	8,675,648 22,225,204	111,323 295,922
Retained earnings, appropriated	724,999	*25,265	215,250	259,431	*4,714	52,915	167,424	*98
Retained earnings, unappropriated	17,630,584 1,711,593	- 233,866 - 2,429,046	3,008,451	3,223,545	4,293,237	6,477,396	861,821	16,549
Less: Cost of treasury stock	9,574,564	892,458	459,670 726,631	2,695,181 3,336,489	1,191,336 612,761	- 2,144,423 1,884,581	1,938,874 2,121,645	- 30,210 *9,825
Total receipts	735,497,193	40,199,563	33,399,421	287,623,441	70,071,883	84,674,890	219,527,995	2,322,943
Business receipts	680,350,095	36,362,536	31,945,437	266,468,899	65,108,655	71,390,605	209,073,964	2,227,275
Interest	9,323,513	857,158	284,332	3,564,541	862,178	1,793,090	1,962,214	14,641
Interest on Government obligations: State and local	326.409	4.000	20.057	100.017				
Rents	8.150,173	4,998 660,303	20,957 184,690	198,647 4,173,495	*3,876 1,214,356	29,386 935,303	68,545 982,026	9.902
Royalties	3,898,194	521,197	114,865	773,229	12,905	2,350,269	125,728	*2,567
Net short-term capital gain reduced by net long-term		l			·			_,
capital loss	226,402	*20,865	*12,608	77,773	*22,885	60,721	31,549	-
capital loss	4,744,626	418,808	84,470	757,608	203,894	2,747,259	532,587	*28,500
Net gain, noncapital assets	3,334,735	105,953	66,854	1,031,203	1,309,687	377,425	443,613	*15,071
Dividends received from domestic corporations	378,928 525,510	40,647 *41,981	33,925	129,468	7,617	66,282	100,988	*1,650
Other receipts	24,238,608	1,165,118	16,548 634,734	277,935 10,170,643	*13,512 1,312,316	149,006 4,775,544	26,528 6,180,253	23,336
Total deductions	724,922,705	41,192,486	32,179,149	284,250,629	69,229,825	81,595,276	216,475,340	2,377,422
Cost of sales and operations	273,531,298	15,949,871	12,108,285	125,392,339	31,255,872	27,672,499	61,152,432	1,497,257
Compensation of officers	49,497,679	552,876	2,102,738	17,266,837	3,561,987	3,579,253	22,433,988	156,087
Repairs Bad debts	5,928,485 4,587,961	745,397 281,136	358,402	1,627,702	724,791	857,347	1,614,847	17,213
Rent paid on business property	28,272,084	1,988,126	136,434 1,781,821	1,311,393 9,359,881	193,540 3,155,911	666,583 2,831,591	1,998,875 9,154,755	*3,868 33,870
Taxes paid	23,382,242	1,759,917	1,272,537	8,551,151	2,286,841	2.318.766	7,193,031	45,402
Interest paid	26,858,974	• 3,242,754	714,935	8,558,861	2,765,598	5,699,693	5,877,132	56,856
Contributions or gifts	243,969 4,859,285	9,375 145,688	17,458 125,749	79,599	17,024	43,641	76,871	*749
Depreciation	33,518,579	2,091,950	1,427,368	1,052,198 12,328,602	124,768 6,025,423	2,738,614 5,329,949	672,268 6,315,286	*473 82,728
Depletion	25,355	*1	*35	7,540	*1,185	*1,549	15,046	*65
Advertising	12,044,019	893,146	709,931	4,909,650	922,785	2,418,405	2,190,102	17,751
Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs	5,326,487 8,938,744	87,176 398,455	165,202	1,846,986	559,362	302,284	2,365,477	*5,033
Net loss, noncapital assets	902,858	40,130	284,686 21,254	3,212,419 448,493	688,865 48,621	542,823 109,895	3,811,495 234,466	8,703 *55
Other deductions	247,004,685	13,006,487	10,952,316	88,296,978	16,897,252	26,482,384	91,369,269	451,311
otal receipts less total deductions	10,574,489	- 992,923	1,220,271	3,372,813	842,057	3,079,614	3,052,656	- 54,479
Constructive taxable income from related foreign corporations	774,038	93,540	15 200	400.504	4	46	1	
Net income (less deficit)	11,020,194	93,540 - 904,380	15,308 1,214,622	429,504 3,601,746	14,060 852,241	139,864 3,190,092	81,763 3,065,874	- 54,479
ncome subject to tax	17,945,448	939,940	992,343	6,334,974	1,046,125	4,869,817	3,762,249	66,937
ncome tax, total 2	5,785,655	319,840	295,234	2,033,355	309,467	1,650,497	1,177,262	17,374
Regular tax	5,563,239	307,168	288,853	1,927,598	265,586	1,627,329	1,146,705	16,837
Recapture of investment credit	*2,413 13,425	922	 279	*14 4,861	1,224	*2,377 853	*23 5.286	(¹)
Alternative minimum tax	181,878	8,335	5,219	91,941	41,869	14,129	5,286 20,384	*526
Environmental tax	16,790	1,228	881	5,321	791	5,606	2,963	•4
oreign tax credit	546,619	51,545	13,562	232,721	*141	220,484	28,164	_
Orphan drug credit	15,936	7,120		6,722		332	1,762	199
Vonconventional source fuel credit	*912	_	_	1	= 1	= 1	*912	_
Seneral business credit	267,605	8,663	3,919	84,061	30,799	114,267	25,896	_
rior year minimum tax credit	24,141	*148	*4,080	10,787	1,764	*1,222	6,139	_

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

1 Less than \$500 per return.

2 Also includes excess net passive income tax (Form 1120S), branch tax (Form 1120 F), tax from Part II (Form 1120-REIT), tax from Part III (Form 1120-REIT), tax from Part III (Form 1120-REIT), tax from Line 4, Part II (Form 1120-RIC), and adjustments to income tax and to total tax which are not shown separately.

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

RETURNS WITH NET INCOME

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

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

	L			Major ii			
	All	Agriculture,			Mining		
ltem .	industries	forestry, and fishing	Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetalic minerals, except fuels
		(2)	(3)	(4)	(5)	(6)	(7)
imber of returns with net income	1,921,805	70,919	18,756	232	1,478	14,433	2,612
			107 411 504	13,244,550	11,872,088	150,330,244	11,964,712
tal assets	13,857,022,413	40,492,425 3,719,991	187,411,594 6,301,723	562,243	580,140	4,371,648	787,691
Cash	670,047,815 3,513,494,020	4,192,978	13,756,142	718,143	1,868,238	9,104,801	2,064,960
Notes and accounts receivable	77,660,240	31,812	155,987	*6,581	26,120	101,020	22,266
Less: Allowance for bad debts	628,963,595	4,994,105	4,745,777	648,349	776,321	2,650,463 278,959	670,645 *84,828
Investments in Government obligations	721,195,231	143,365	528,111	-	*164,325 *115,175	102,798	*80,424
Tax-exempt securities	238,889,691	156,472	298,396 5,152,494	- 783,197	648,791	3,414,321	306,186
Other current assets	774,093,522	1,392,849 1,010,926	1,402,380	214,149	17,730	1,121,032	49,468
Loans to stockholders	56,236,437 1,166,899,143	319,726	322,831	*2,084	*112,020	203,702	*5,024
Mortgage and real estate loaris	3,310,822,735	3,902,267	92,219,688	3,073,136	1,262,841	85,514,848	2,368,862 8,557,734
Depreciable assets	3,152,393,374	27,079,041	74,796,091	6,841,360	8,800,984	50,596,012	4.814.342
Less: Accumulated depreciation	1.375.900.875	17,377,278	36,604,300	3,083,594	5,446,102	23,260,262 16,278,403	4,814,342 686,330
Depletable assets	107,802,325	490,432	21,334,383	2,328,466	2,041,183 411,666	8,371,249	143,260
Less: Accumulated depletion	46,966,340	247,772	9,203,327 2,872,085	277,152 218,112	250,721	1,642,427	760,824
Land	108,867,649	8,843,139 118,664	4,605,835	400,937	469,787	3,464,280	270,83
Intangible assets (amortizable)	257,448,390 58,751,946	58,607	1,734,446	22,266	161,154	1,517,502	33;52
Less: Accumulated amortization	709,147,888	1,843,939	6,773,719	843,966	808,874	4,836,583	284,29
otal liabilities	13,857,022,413	40,492,425	187,411,594	13,244,550	11,872,088	150,330,244	11,964,712
	846,657,437	2,430,740	9,132,679	554,105	998,497	6,571,989	1,008,08
Accounts payable	1,155,479,048	5,342,949	4,764,210	670,838	401,366	2,776,063	915,94 535,11
Other current liabilities	3,944,319,520	1,822,358	7,342,555	941,125 *256,481	913,221 374,010	4,953,095 594,185	59,94
Loans from stockholders	110,232,242	2,272,485	1,284,626	4.674.216	2,154,508	28.913,414	1,537,99
Mortgages, notes, and bonds payable in one year or more	1,664,238,151	8,560,819 1,872,477	37,280,128 12,955,427	1,495,875	1,444,792	9,392,856	621,90
Other liabilities	2,122,319,135		6,947,287	473,071	684.598	4,571,432	1,218,18
Capital stock	1,175,868,027 2,006,408,591	4,820,738 3,763,689	85,694,917	4,183,483	3,506,185	76,507,848	1,497,40
Paid-in or capital surplus	59,989,072	49,469	196,925	53.156	*4,749	73,187	*65,83
Retained earnings, appropriated	1,494,381,649	8,422,092	20,587,439	113,726	687,618	16,014,370	3,771,72 1,293,22
Total retained earnings, S Corporations	145,426,508	2,070,847	3,404,466	-21,942	918,811	1,214,372 1,252,566	560,65
Less: Cost of treasury stock	868,296,967	936,237	2,179,066	*149,584	216,266	1,252,500	330,00
otal receipts	8,483,467,360	63,810,684	76,971,985	6,270,623	13,211,699	47,475,125	.10,014,53
	7,289,721,032	59,716,454	65,449,259	5,474,458	12,287,847	38,297,425	9,389,53
Business receipts	737,181,382	510,841	2,744,823	147,861	196,017	2,256,438	144,50
Interest on Government obligations:					4,865	13,308	4,37
State and local	22,295,472	12,005	22,579	34 5,017	65,949	233,489	65,82
Rents	82,629,324	278,675	370,281 288,378	6,609	34,329	231,823	15,61
Royalties	23,143,356	60,036	200,370	0,000	0.,	· ·	
Net short-term capital gain reduced by net long-term capital	9,911,230	18,267	24,841	453	*3,687	19,441	*1,26
loss	3,5.11,255	1	İ			2,001,453	81,55
loss	53,035,126	480,058	2,375,796	199,776	93,013 67,770	666,695	91,55
Net gain, noncapital assets	27,896,247	413,853	837,795	11,776 80,468	17,103	156,691	4,85
Dividends received from domestic corporations	13,600,137	48,442 37,462	259,118 441,988	22,502	*3,831	412,942	2,71
Dividends received from foreign corporations Other receipts	31,947,400 192,106,655	2,234,602	4,157,126	321,670	437,287	3,185,420	212,74
		50 462 110	68,998,785	5,442,997	12,297,325	42,199,245	9,059,21
otal deductions		59,463,110	41,334,416	3,245,398	8,562,037	24,016,147	5,510,83
Cost of sales and operations	4,842,626,863	41,216,797 1,530,826	1,020,202	33,986	90,678	569,361	326,14
Compensation of officers	140,876,010 73,815,486	918,475	558,600	54,751	101,530	169,275	233.0
Repairs	40,980,439	48,559	115,056	9,433	16,554	71,543	17,5 112,3
Rent paid on business property	118,405,586	1,277,652	833,036	32,399	81,071	607,190	265,2
Taxes paid	184,678,100	1,212,560	2,357,505	248,942	636,457	1,206,827 3,604,508	265,2 249,5
Interest paid	582,661,891	1,521,644	4,524,642	363,326	307,306 4,498	28,577	7,2
Contributions or gifts	, 4,810,072	25,934	44,454 210,093	4,126 50,694	47,339	103,539	8,5
Amortization	13,977,396 258,133,384	29,275 2,158,159	3,832,888	414,344	537,600	2,236,310	644,6
Depreciation		50,715	2,034,501	403,303	484,844	936,743	209,6
Depletion	7,738,005 93,124,058	230,944	86,814	3,725	5,205	53,402	24,4
Advertising Pension, profit-sharing, stock bonus, and annuity plans		134,747	264,564	16,839	22,815	167,501	57,4 96,7
Employee benefit programs	87,488,593	271,501	611,572	57,900	184,709 4,782	272,258 49,293	*2,6
Net loss, noncapital assets	5,237,091	14,234	60,730	3,957 499,873	1,209,901	8,106,771	1,293,1
Other deductions		8,821,089	11,109,711		914,375	5,275,880	955,3
Total receipts less total deductions	544,713,551	4,347,584	7,973,199	827,626 *2,350	29,956	234,328] 3
Constructive taxable income from related foreign corporations	. 33,977,958	*11,586 4,347,165	266,948 8,217,568	829,942	939,466	5,496,901	951,2
Net income		2,142,265	4,469,841	573,924	523,270	2,787,022	585,6
Income subject to tax	4	600,783	1,743,692	264,669	239,272	1,026,170	213,5
income tax, total 2		583,743	1,494,118	195,134	172,704	931,133	195,1
Regular tax		303,743	-	-		4 001	2
Recapture of investment credit		963	2,322	*23	193 65,059	1,831 90,608	17,7
Alternative minimum tax	. 3,035,446	14,717	240,891	67,488 1,431	1,316	5,583	7
Environmental tax	467,761	1,223	9,067	1	11,255	445,812	5,5
Foreign tax credit	23,992,681	*14,048	573,027	*110,422	11,255	7-3,612	
U.S. possessions tax credit	. 2,793,603		-	-	-	-	1
Orphan drug credit	. 14,190 82,792		27,993	54	5	*27,766	'1
Nonconventional source fuel credit			58,341	5,145	29,727	20,559	2,9
GELEIGI DUSILIESS CICUIT	836,616		31,834	4,121	*57	27,000	1

RETURNS WITH NET INCOME

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

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

Rem	
Total Deciding	
Number of returns with net income 22,815 81,951 12,325 128,540 173,128 6,656 62 2,280	Apparel and other textile products
Total assets	(16)
Cash Notes and accounts receivable	8,509
Cash	21 040 000
Less Allowance for bard debts	31,849,639 1,146,078
Investments in Government obligations 730.02 (20.557 a) 46.637 (30.56.935 (23.605.191 b) 6.239.021 (35.536.352 (35	6,348,381
Investments in Government obligations 730,022 (20,257) 344,637 (192,828) 21,428,213 (23,33,402) (6) 596,596 (7) 184,497 (7) 194,497 (7) 194,497 (7) 195,798 (7) 194,497 (7) 195,798 (7) 194,497 (7) 195,798 (7) 194,497 (7) 195,798 (7) 194,497 (7) 195,798 (7) 194,497 (7) 195,798 (7) 194,497 (7) 19	118,680 8,809,540
Uner current assets. 16.058,766 9.233,769 2.549,520 4.275,477 156,956,626 8.336,322 795,965 767,122 10.661 10.64	*58,697
Loans to stockholders	*34,342
1,000 1,00	1,634,970 74,316
Depreciable assets	21,649
Less: Accumulated depreciation	6,639,703
Depletable assets Capital color Capital	7,840,390
Land. Land	3,784,401
Intangible assets (amortizable)	_
Less: Accumulated amortization 202.279 73,535 41,494 87.250 39,417,687 1,044,565 520,596 47,985 (7,985) 1,916,350 923,592 181,776,813 9,118,839 9,	193,406
1,915,004 1,915,005 1,916,350 923,592 181,776,813 9,118,839 8,565,455 1,861,497	1,281,716 215,243
Accounts payable Mortgages, notes, and bonds payable in less than one year 16,836,137 9,921,229 10,462,123 4,429,207 8,178,544 303,812,049 16,211,063 10,636,837 10,462,123 4,429,207 8,178,541 303,812,049 16,211,063 10,636,837 10,462,123 4,429,207 8,178,541 303,812,049 16,211,063 10,636,887 174,846 11,532,012 36,832,585 2,417,311 106,368 174,846 11,632,012 31,632	1,884,776
Accounts payable. Accounts payable in less than one year. Mortgages, notes, and bonds payable in less than one year. Other current liabilities. 23,069,871 10,462,123 4,429,207 8,178,541 303,812,049 15,451,041 23,069,871 10,462,123 4,429,207 8,178,541 303,812,049 16,211,063 7,225,046 1,982,178 Mortgages, notes, and bonds payable in less than one year or more. 23,900,369 14,534,357 Capital stock Capital stock 5,028,721 12,344,889 13,836,317 12,344,889 13,836,317 12,344,889 13,836,317 12,344,889 13,836,317 12,344,889 13,836,317 12,344,889 13,836,317 18,829,148 18,839,148 18,849 18,848 18,848 18,848 18,841 18	
Mortgages, notes, and bonds payable in less than one year 16,836,137 9,921,229 2,391,324 4,523,584 336,492,647 29,467,879 10,361,560 1,982,178 1,0462,123 2,508,463 424,061 1,532,012 36,832,585 2,417,311 106,368 174,846 1,982,178 1,063,688 1,0	31,849,639
Other current liabilities 23,089,871 10,462,123 4,429,207 8,178,541 303,812,049 16,211,063 7,225,046 1,982,178 Loans from stockholders 4,464,537 2,508,463 424,061 1,532,012 36,832,585 2,417,311 106,368 174,846 Mortgages, notes, and bonds payable in one year or more. 23,900,369 14,534,357 4,532,074 4,833,938 549,720,062 53,675,384 *21,327,169 7,652,958 Capital stock 5,028,721 1,790,989 1,369,961 1,867,771 123,247,913 9,993,116 2,660,241 1,093,448 Palain or capital surplus 12,344,889 6,165,180 4,532,139 1,647,571 123,247,913 9,993,116 2,660,241 1,093,448 Patained earnings, appropriated 130,874 101,765 3,007 *26,103 6,220,520 531,616 94,721 *922 Retained earnings, Costroprations 14,707,555 5,907,930 7,240,869 12,691,935 673,409,141 56,331,492 22,074,361 6,253,681 6,253,681 1,332,650 *1,466,144 <td>3,597,042</td>	3,597,042
Loans from stockholders	3,157,955
Mortgages, notes, and bonds payable in one year or more. 23,900,369 14,534,357 4,532,074 4,833,938 549,720,062 53,675,384 21,327,169 7,652,958 Other liabilities. 9,351,814 3,686,349 3,836,317 1,829,147 342,924,200 17,899,584 4,046,551 830,195 Capital stock. 5,028,721 1,790,989 1,369,961 1,867,771 123,247,913 9,993,116 2,660,241 1,093,448 Paid-in or capital surplus. 12,344,889 6,165,180 4,532,139 1,647,571 428,112,507 36,312,406 51,616,291 1,964,257 428,112,507 36,312,406 51,616,291 1,966,293 1,964,257 428,112,507 36,312,406 51,616,291,119 1,962,293 1,964,257 428,112,507 36,312,406 51,616,291,119 1,966,293 1,962,252 51,616,294,111 1,966,293,207 1,962,293 1,962,252 51,616,294,111 59,214,711 1,962,252 51,662,295,207 53,675,384 1,1966,294 1,962,295 7,652,968 7,652,968 7,652,968 7,652,968 7,652,968 7,652,968	3,037,991
Other liabilities. 9,351,814 3,686,349 3,836,317 1,829,147 342,924,200 17,899,544 4,046,551 830,195 Capital stock 5,028,721 1,790,989 1,369,961 1,867,771 123,247,913 9,933,116 2,660,241 1,093,448 Patiance dearnings, appropriated 12,344,889 1,176,55 13,007 126,103 6,220,520 531,616 94,721 922 Retained earnings, appropriated 28,902,462 8,969,657 7,240,869 12,691,935 673,409,141 56,331,492 22,074,361 6,253,681 I clair retained earnings, S Corporations 14,707,555 5,907,930 2,771,181 6,028,443 47,013,892 51,322,019 2,2074,361 6,253,681 Less: Cost of treasury stock 2,954,258 698,312 930,854 1,325,092 89,003,934 14,332,650 11,466,144 391,503 Stale neceipts 369,304,999 1,60,821,680 56,679,112 151,804,197 2,740,207,383 294,883,957 54,105,563 38,950,395 Interest on Government obligations: 84,649	558,442
Capital stock 5.028,721 1.790,989 1.369,961 1.867.771 123,247,913 9.993,116 2.660,241 1.033,448 Paid-in or capital surplus 123,44,889 6.165,180 4.532,139 1.647.571 428,112,507 36,312,406 21,291,519 1.966,293 10,874 101,765 28,902,462 8.969,657 7,240,869 12,691,935 673,409,141 56,331,492 22,074,361 6.253,681 14,707.555 5.907,930 2.771,181 6.028,443 47,013,892 5.132,201 — 2.385,769 2.895,4258 698,312 930,854 1.325,092 89,003,934 14,332,650 1.466,144 391,503 1.681 1.281 1.	6,550,029
Paid-in or capital surplus. 12,344,889 6,165,180 4,532,139 1,647,571 428,112,507 36,312,406 21,291,519 1,966,293 Retained earnings, appropriated 28,902,462 28,996,857 7,240,869 12,691,935 673,409,141 6,220,520 531,616 94,721 922 Retained earnings, unappropriated 28,902,462 28,969,657 7,240,869 12,691,935 673,409,141 6,2331,492 22,074,361 653,311,492 22,074,361 66,253,681 Total retained earnings, unappropriated 29,54,258 698,312 930,854 1,325,092 89,003,934 14,332,650 *1,466,144 23,985,769 Less: Cost of treasury stock 376,158,708 165,234,911 59,114,431 153,809,366 2,965,274,412 311,778,198 59,924,374 40,000,912 Business receipts 369,304,989 1,334,564 47,219 2,740,207,383 294,883,957 54,105,563 38,950,395 Interest 2,186,423 1,334,564 47,219 1,043 1,632,992 30,918 4,958 8,838 R	1,999,051
retained earnings, appropriated 130,874 101,765 13,007 126,103 6,220,520 531,616 294,721 28,992,462 8,998,657 5,907,930 2,771,181 6,028,443 47,013,892 5,132,201 2,385,769 2,954,258 698,312 930,854 1,325,092 89,003,934 14,332,650 11,466,144 391,503 201 14,000,912 2,000,000,000,000,000,000,000,000,000,	1,335,331 4,213,447
Total retained earnings, S Corporations 14,707,555 5,907,930 2,771,181 6,028,443 47,013,892 5,132,201 — 2,385,769 Less: Cost of treasury stock 2,954,258 698,312 930,854 1,325,092 89,003,934 14,332,650 11,466,144 2,385,769 Otal receipts 369,304,999 160,821,680 56,679,112 151,804,197 2,740,207,383 29,488,3957 54,105,563 38,950,395 Interest 2,186,423 1,334,564 477,281 374,578 66,819,180 4,050,388 1,430,688 297,346 State and local 84,649 24,283 49,322 11,043 1,632,992 30,916 4,958 8,838 Rents 889,673 476,880 213,083 199,710 31,870,002 1,134,993 59,485,443 19,400 Net short-term capital gain reduced by net 69,465 13,200 50,079 61,86 17,344,836 1,261,211 333,408 15,431	13,568
Less: Cost of treasury stock. 2,954,258 698,312 930,854 1,325,092 89,003,934 14,325,650 *1,466,144 391,503 *	5,188,176
State and local 84,649 24,283 49,322 11,043 1,632,992 30,918 4,958 889,673 889,673 476,880 213,200 50,079 66,186 11,734,4836 1,632,992 30,918 4,958 8,838 Net short-term capital gain reduced by net 69,465 13,200 50,079 66,186 17,344,836 1,261,211 333,408 154,400,09,12 151,804,197 2,965,274,412 311,778,198 59,924,374 40,000,912 2,740,207,383 294,883,957 54,105,563 38,950,395 1,430,688 297,346 151,804,197 374,578 66,819,180 4,050,388 1,430,688 297,346 151,804,197 31,804,649 24,283 49,322 11,043 1,632,992 30,918 4,958 8,838 161,804,197 31,807,002 31,870,002 1,134,933 594,854 39,000 162,804,105,105 31,200 50,079 61,86 17,344,836 1,261,211 333,408 154,31	2,949,511 750,904
Business receipts. 369,304,989 160,821,680 56,679,112 151,804,197 2,740,207,383 294,883,957 54,105,633 395,0395 Interest on Government obligations: 1,334,564 477,281 374,578 66,819,180 4,050,388 1,430,688 297,345 State and local. 84,649 24,283 49,322 11,043 1,632,992 30,918 4,958 8,838 Rents. 889,673 476,880 213,083 199,710 31,870,002 1,134,993 594,854 39,000 Net short-term capital gain reduced by net 69,465 13,200 50,079 61,86 17,344,836 1,261,211 *333,408 15,431	1 00,004
Interest 2,186,423 1,334,564 477,281 374,578 66,819,180 4,050,388 1,430,668 297,346 Interest on Government obligations: 84,649 24,283 49,322 11,043 1,632,992 30,918 4,958 8,838 Rents: 889,673 476,880 213,083 199,710 31,870,002 1,134,993 594,854 39,000 Net short-term capital gain reduced by net 69,465 13,200 50,079 61,866 17,344,836 1,261,211 *333,408 15,431	52,818,252
Interest on Government obligations: 84,649 24,283 49,322 11,043 1,632,992 30,918 4,958 8,838 State and local. 889,673 476,880 213,083 199,710 31,870,002 1,134,993 *594,854 39,000 Royalies. 69,465 13,200 50,079 *6,186 17,344,836 1,261,211 *333,408 15,431	51,221,729
Rents 889,673 476,880 213,083 199,710 31,870,002 1,134,993 594,854 39,000 Royalties 69,465 13,200 50,079 6,186 17,344,836 1,261,211 *333,408 15,431 Net short-term capital gain reduced by net 30,000<	467,977
Royallies	6,328
Net short-term capital gain reduced by net	44,235
	201,222
long-term capital loss	*400
short-term capital loss	
Net gain, noncapital assets	39,693 22,920
Dividends received from domestic corporations 71,399 26,414 25,705 19,281 3,489,022 377,033 100,576 11,406	10,485
Other receipts 4,092,064 2,046,912 939,701 1,105,451 44,859,887 3,388,880 680,384 265,858	116,478 686,785
	000,703
otal deductions	49,699,150
Cost of sales and operations 285,622,615 134,023,121 45,185,092 106,414,402 1,866,968,531 207,315,749 27,969,952 29,670,738 (2013)	36,214,359
Repairs	1,311,377 140,742
Bad debts 836,447 292,026 106,150 438,271 6,756,820 248,690 45,953 77,559	83,014
784,516 517,338 1,667,870 26,942,819 2,300,962 340,309 225,626	621,441
Taxes paid 7,258,461 2,123,191 987,426 4,147,844 71,287,810 6,656,834 2,200,014 802,768 Interest paid 3,859,289 2,010,560 672,013 1,176,716 110,466,786 8,760,112 3,858,282 1,087,939	1,079,128
Contributions or gifts	1,480,589 32,577
Amortization 115,535 54,458 21,613 39,465 5,472,293 592,566 309,070 53,444	104,544
5,282,728 1,969,156 1,497,947 2,815,625 103,671,131 7,198,032 2,451,846 1,155,221	733,408
Depletion 43,507 5,621 30,938 6,948 4,985,310 13,536 50 *331 Advertising 936,156 360,696 58,455 517,004 46,148,182 12,965,172 3,475,033 184,787	1,556
Pension, profit-sharing, stock bonus, and	798,905
annuity plans	155,039
Employee benefit programs	460,438
Other deductions 35,281,576 11,139,370 4,979,970 19,162,236 412,973,732 39,286,094 11,08,3611 3,287,339	4,810 6,477,223
tal receipts less total deductions	3,119,102
onstructive taxable income from related foreign corrogations	
at income	*126,693
come subject to tax	3,239,467 2,010,126
come tax, total 2	669,552
Hegular tax 2,220,413 820,693 561,093 838,627 62,122,187 5,738,939 2,650,587 450,376	665,989
Recapture of investment credit	_
Alternative minimum tax	109 1,461
Environmental tax	1,897
reigh tax credit 88,197 24,655 63.790 751 19.877,870 1,149,521 789,889 21,585 S 0055895100 tax credit 706 27.500 10.000 1	102,396
S. possessions tax credit 4,796 - 4,752 44 2,696,471 319,512 16,318 1,829 - 14,190 - 14,190	44,519
nconventional source fuel credit	_
oneral business credit	12,062
or year minimum tax credit 51,355 23,616 6,849 20,890 349,865 19,538 795 2,846	13,001

RETURNS WITH NET INCOME

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

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

					jor industry-Conti				
			r	. ма	nufacturing—Contil				
ltem	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns with net income	9,749	5,125	2,387	27,726	5,534	1,342	8,348	1,077	4,863
Total assets	49,244,930	18,214,956	101,575,357	123,142,823	383,168,102	495,146,486	36,582,453	10,145,770	43,545,045
Cash	1,900,616	862,840	1,473,077	4,544,206	8,162,849	6,078,277	1,627,310	266,263	1,374,794
Notes and accounts receivable	6,468,223	4,204,870	13,329,235	21,087,976	62,296,852	59,277,767	7,370,578	4,182,789	6,840,703
Less: Allowance for bad debts	96,198 6,144,004	72,549 3,704,349	294,890 9,630,220	1,063,561 6,920,707	1,122,552 34,773,850	638,276 17,953,253	174,413 6,245,380	30,600 2,603,566	188,408 4,707,112
Investments in Government obligations	185,866	54,012	322,448	798,317	622,130	429,393	55,473	*26,226	273,759
Tax-exempt securities	70,251	*2,870	377,192	484,441	847,736	*418,468	11,101	16,404	*49,089
Other current assets	4,000,338 196,854	603,844 66,824	2,828,682 338,576	4,412,077 567,362	20,177,900 4,031,618	18,989,058 3,348,646	931,572 256,864	402,779 14,546	1,260,015 150,333
Mortgage and real estate loans	186,829	*14,402	275,490	95,367	1,575,121	2,242,711	11,565	- 14,540	39,323
Other investments	6,406,707	3,159,698	21,008,727	35,327,366	116,992,866	174,884,197	4,803,454	600,098	11,287,229
Depreciable assets	31,708,242	7,962,904	70,637,457	49,165,224	162,327,981	272,070,617	23,603,693	2,950,968	27,502,250
Less: Accumulated depreciation	16,150,458	4,040,117	29,774,490	23,906,214	79,920,000	134,073,335	10,940,152	1,591,267	14,032,095 846,344
Depletable assets	5,151,981 241,305	*2,306 597	3,566,224 577,506	*117,458 *43,070	7,512,696 4,128,188	54,194,859 26,208,723	*20,754 5,369	_	84,550
Land	638,192	192,205	1,085,577	1,676,045	2,970,532	6,500,810	457,285	93,043	1,218,397
Intangible assets (amortizable)	338,707	893,299	1,975,631	15,717,942	21,890,823	42,676,328	1,429,088	398,282	1,020,439
Less: Accumulated amortization Other assets	50,208 2,386,288	78,950 682,745	307,641 5,681,348	2,088,280 9,329,459	4,909,581 29,065,471	24,245,902 21,248,338	317,806 1,196,074	29,509 242,181	214,551 1,494,862
Tand Habiliata	49.244.930	10 014 055	101 575 257	123,142,823	383,168,102	495,146,486	36,582,453	10,145,770	43,545,045
Accounts payable	49,244,930 4,114,847	18,214,956 1,986,286	101,575,357 9,294,740	8,495,828	39,887,753	495,146,486	4,185,471	1,050,168	3,466,737
Mortgages, notes, and bonds payable in less		,			25.888.940	40.00.100	0.000.004	640.040	0.171.00-
than one year	3,193,626	1,826,916 1,388,790	3,763,234 6,255,862	5,612,896 10,529,239	25,888,940 35.059.182	16,634,123 31,955,832	2,323,634 3,038,641	643,840 934,697	2,171,331 3,201,702
Other current liabilities Loans from stockholders	2,807,518 523,345	237,430	1,380,605	2,369,211	4,621,715	10,524,498	620,599	81,882	800,728
Mortgages, notes, and bonds payable in one									
year or more	12,040,155	4,108,909	21,700,785	29,044,083	59,394,277	62,646,165	8,707,230 2,446,402	3,971,608 649,979	10,212,220
Other liabilities.	2,793,660	555,064	9,272,831	9,967,313	47,895;135	99,115,957	1,583,681	1.330.301	2,561,562
Capital stock	3,105,354 6,831,341	841,474 2,011,251	4,679,516 12,415,847	4,587,275 20,255,265	18,094,036 72,168,495	16,637,756 100,044,208	4,306,628	490,266	9,432,526
Retained earnings, appropriated	*40,034	*6,730	137,212	95,605	488,463	*408,175	*10,149	9,617	154,430
Retained earnings, unappropriated	11,977,585	4,331,041	32,556,973	31,432,761	90,027,101	132,408,193	7,068,390	594,161	9,540,592
Total retained earnings, S Corporations Less: Cost of treasury stock	2,423,622 606,157	1,270,661 349,596	1,857,733	4,105,108 3,351,762	1,797,944 12,154,939	427,093 22,424,240	2,847,417 555,789	565,921 176,670	1,352,983 1,741,321
									45 500 440
Total receipts	68,934,200	30,384,122	107,111,826	125,011,482	326,279,312	420,398,575	56,149,766	15,848,646	45,600,148 43,137,902
Business receipts	66,396,271 813,558	29,499,193 112,476	103,196,927 748,428	117,118,828 1,901,259	304,451,312 4,997,130	388,548,254 8,992,282	54,165,500 401,143	15,167,773 275,660	43,137,902 332,919
Interest on Government obligations:	010,000		1 10,120	1,551,255	1,007,100				
State and local	4,095	6,033	27,129	63,902	117,169	29,001	3,890	1,876	6,376
Rents:	84,427 31,547	21,459 14,969	182,051 428,320	412,746 478,683	1,090,115 3,198,247	2,288,846 1,369,786	79,652 109,228	39,960 32,058	82,901 181,461
Net short-term capital gain reduced by net	31,347	14,505	420,520	470,003	0,130,247	1,000,100	100,220	02,000	
long-term capital loss	12,364	122	22,821	14,735	94,700	192,716	*2,033	-	*129
Net long-term capital gain reduced by net					1,625,224	2,086,201	122,917	2,320	403,361
short-term capital loss	470,484 193,375	279,412 74,021	648,964 196,755	1,603,024 544,651	866,512	1,669,869	91,046	56,349	308,223
Dividends received from domestic corporations	35,788	12,737	92,673	144,438	408,747	817,785	11,499	9,909	98,875
Dividends received from foreign corporations Other receipts	185,246 707,045	37,374 326,325	726,725 841,034	198,840 2,530,376	4,366,869 5,063,288	6,501,795 7,902,039	408,053 754,805	14,541 248,199	493,236 554,764
						205 054 707	50.076.040	15 120 257	42,362,184
Total deductions	64,696,796	28,630,493	98,528,763	113,948,443	297,879,937 183,158,486	395,251,797 290,617,276	52,976,948 36,881,516	15,138,257 10,435,320	27,745,101
Cost of sales and operations Compensation of officers	48,762,386 942,950	20,401,248 535,881	67,497,410 829,311	56,406,809 3,114,186	1,923,144	507,591	1,118,007	239,881	717,737
Repairs	1,201,147	99,889	2,078,365	780,707	4,183,637	5,897,350	545,660	67,851	932,790
Bad debts	85,081	80,013	98,073	732,883	496,802	291,718	111,450	35,364	143,190
Rent paid on business property	592,784	390,430	887,965	1,967,732	2,939,750	3,314,033	565,987	313,409	413,154
Taxes paid	1,584,424 1,679,801	731,791 770,143	2,136,526 2,552,233	3,510,939 4,379,315	5,771,567 9,520,228	18,170,032 17,126,707	1,136,004 1,332,321	342,245 546,740	1,134,585 1,384,051
Contributions or gifts	40,784	18,451	78,201	197,001	425,788	161,113	26,193	10,367	23,641
Amortization	59,482	15,142	104,609	881,112	741,512	876,046	101,862	13,395	55,445
Depreciation	2,247,845	671,464	5,334,502	5,390,063	11,557,434	12,711,556	1,934,023	253,744	1,782,019
Depletion	466,985	526	208,799	21,655	451,717	2,977,407	*5,212	4,906	127,516 309,634
Advertising	283,161	383,844	1,601,907	2,054,125	9,792,254	950,188	601,236	296,330	309,634
annuity plans	366,423	183,840	576,907	968,616	1,866,831	1,469,820	244,898	62,552	313,042
Employee benefit programs	640,522	422,095	1,543,011	1,936,939	4,522,711	2,115,324	958,203	155,775	729,937
Net loss, noncapital assets	20,261 5,722,761	3,238 3,922,498	58,489 12,942,457	25,791 31,580,570	77,506 60,450,572	103,930 37,961,708	17,574 7,396,801	3,520 2,356,859	12,492 6,537,852
	4,237,404	1,753,629	8,583,064	11,063,038	28,399,374	25,146,778	3,172,818	710,388	3,237,964
Total receipts less total deductions	7,237,404	1,733,629	3,363,064	,,,,,,,,,,,			,		
corporations	13,756	46,364	406,202	126,217	5,983,289	5,024,204	359,961	9,878	222,874
Net income	4,247,065 3,033,698	1,793,960	8;962,137	11,125,352	34,263,304 31,874,905	30,141,980 27,597,213	3,528,889 2,385,286	718,391 365,432	3,454,462 2,712,115
Income subject to tax		1,237,324	7,928,031	9,039,504	ľ	9,641,221	824,666	142,146	934,759
Income tax, total ²	1,036,003 1,009,774	416,124 411,251	.2,725,156 2,691,232	3,076,325 3,028,881	11,051,303 10,844,719	9,641,221	790,218	121,516	910,806
Personal holding company tax	-	· -		104	7,775	_	21		
Recapture of investment credit	1,241	393	2,680	11,655	14,698	36,807	9,344	250	1,330
Alternative minimum tax	21,203 3,730	2,908 1,271	19,050 11,418	20,659	146,402 38,674	184,343 38,802	18,072 2,393	*19,645 678	19,406 3,214
Foreign tax credit	*14,662	1,271	360,216	160,738	3,483,294	5,506,532	263,554	3,905	177,294
U.S. possessions tax credit	14,002	1./	19,210	6,367	1,502,294	43,272	9,550	16,720	2,457
Orphan drug credit		_	_	_	11,687	-	_	-	_
Nonconventional source fuel credit	*199		371	*401	*4,523	25,599 39,426	41 14,672	3,911	14,548
General business credit	23,621 279	3,972 124	88,474 28,462	36,630 9,794	263,131 24,161	92,546	14,672	3,911	2,558

RETURNS WITH NET INCOME

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

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

				Major indus	try—Continued			
				Manufacturi	ng—Continued		<u> </u>	
ltem	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
-	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns with net income	. 3,503	33,870	16,802	13,503	1,031	1,909	5,255	11,594
Total assets								
Cash	. 109,815,441 3,848,932	101,446,248 4,489,249	228,100,318	297,508,488	415,475,825	115,505,818	71,327,804	40,339,908
Notes and accounts receivable	17.094.936	21,272,639	6,709,681 61,565,704	8,709,435 66,913,724	6,602,875 206,292,053	3,357,779 24,893,749	3,057,431 18.092,535	1,960,809 10,532,329
Less: Allowance for bad debts	346,301	311,789	1,090,707	2,169,250	1,896,479	349,000	285,816	290,023
Inventories Investments in Government obligations	15,141,564 863,795	16,855,132	33,042,036	33,936,380	15,458,656	32,753,759	10,055,710	6,399,254
Tax-exempt securities		342,645 172,186	3,803,848 1,943,571	3,377,156 4,802,429	5,659,135 *3,010,910	*1,401,344 *142,421	109,658 104,600	113,928 60,297
Other current assets	5,835,411	3,564,081	10,911,129	47,417,418	12,543,597	6,534,851	3,083,532	1,772,964
Loans to stockholders	1,970,613 65,553	309,550 83,244	1,285,847	546,827	794,643	390,407	204,320	197,716
Other investments	19,595,114	22,385,187	282,377 40,665,468	608,969 48,114,132	23,808,955 65,631,258	*105,279 12,327,442	*486,007 8,674,881	20,711 6,023,775
Depreciable assets	66,676,918	46,381,710	98,346,475	106,068,446	111,852,661	49,946,809	33,140,069	13,557,501
Less: Accumulated depreciation	33,129,536	24,863,954	51,524,168	56,178,511	59,136,721	24,888,319	16,098,594	6,580,759
Depletable assets Less: Accumulated depletion	2,109,632	348,564	67,258	*674,513	725	195,919	*312	*45,584
Land	711,677 1,023,519	156,056 1,215,352	15,539 1,941,378	*285,488 1,819,998	474 1,287,540	23,869 922,661	753,481	*13,410
Intangible assets (amortizable)	2,125,092	2,777,368	8,497,008	8,743,626	4,393,931	3,437,755	3,300,521	461,724 2,850,381
Less: Accumulated amortization	468,611	329,189	1,449,567	1,050,201	222,961	722,497	574,814	529,030
Other assets	8,076,763	6,910,329	13,118,520	25,458,887	19,395,521	5,079,329	7,223,971	3,756,158
Total liabilities	109,815,441	101,446,248	228,100,318	297,508,488	415,475,825	115,505,818	71,327,804	40,339,908
Accounts payable	10,513,205	8,964,880	21,126,975	24,305,880	28,419,332	10,273,719	7,977,590	3,889,452
Mortgages, notes, and bonds payable in less					l .			5,569,452
than one year Other current liabilities	5,090,476	8,146,574	24,906,691	53,885,020	113,796,355	10,786,635	8,207,219	4,972,482
Loans from stockholders	9,189,115 3,833,452	8,438,241 1,465,006	30,884,046 1,643,797	50,949,643 1,532,702	41,714,109 1,294,092	29,114,479 280,175	6,495,660 1,939,201	3,399,014 427,180
Mortgages, notes, and bonds payable in one			1,010,107	1,002,102	1,254,052	200,173	1,505,201	427,100
year or more	21,811,595	16,573,570	42,209,260	41,162,277	87,854,554	18,475,136	13,140,442	7,462,256
Other liabilities	20,779,511	8,135,111	15,084,371	32,694,762	48,136,890	9,487,812	5,543,262	3,199,244
Capital stock	6,376,499 25,866,524	6,138,667 16,071,446	16,257,239 22,808,501	9,586,621 22,658,907	4,611,365 31,809,150	5,251,071 5,173,883	4,225,141 6,240,300	2,298,218 5,744,304
Retained earnings, appropriated	112,787	107,587	2,996,244	114,302	*264,397	169,617	*418,283	46,061
Retained earnings, unappropriated	7,345,745	24,703,806	51,657,396	64,008,183	57,891,159	28,638,143	21,553,987	7,826,216
Total retained earnings, S Corporations Less: Cost of treasury stock	1,389,256 2,492,724	6,415,353 3,713,993	3,875,462 5,349,664	3,232,321 6,622,129	1,034,318 1,349,896	670,443	1,195,676	2,085,101
and the state of t	2,432,724	3,713,333	3,349,004	0,022,129	1,349,690	2,815,296	5,608,958	1,009,618
otal receipts	132,797,525	140,423,649	233,874,261	246,644,943	281,156,451	139,510,165	74,642,111	55,985,494
Business receipts	126,671,933	135,446,661	199,570,118	226,113,917	239,266,267	129,398,092	69,380,743	53,516,049
Interest on Government obligations:	1,963,526	1,418,633	4,162,913	5,975,246	24,949,395	2,519,846	657,667	350,701
State and local	8,780	32,356	402,738	460.639	339,077	16,354	39,010	23,522
Rents	482,273	387,979	11,212,711	4,614,842	6,496,346	1,645,182	774,152	161,276
Royalties	115,513	313,569	6,684,735	1,482,348	116,738	225,480	544,422	206,459
Net short-term capital gain reduced by net long-term capital loss	58,378	15,204	132,983	74,505	*2,429	*2,039	*140,005	12,715
Net long-term capital gain reduced by net	1 55,510	10,201	702,300	74,500	2,420	2,003	140,003	12,713
short-term capital loss	604,821	410,743	1,442,699	864,553	899,289	889,044	202,738	387,414
Net gain, noncapital assets Dividends received from domestic corporations	344,041 392,154	340,874 97,835	574,115 250,766	1,623,156 248,941	2,179,641 185,372	576,141 134,956	147,985 28,984	107,516
Dividends received from foreign corporations	602,727	364,392	5,775,261	1,449,509	2,167,988	529,065	1,225,144	18,064 472,102
Other receipts	1,553,378	1,595,404	3,665,222	3,737,287	4,553,907	3,573,967	1,501,261	729,678
otal deductions	124,941,596	131,874,924	216,331,160	229,222,709	070 664 604	400 040 455	70 105 000	
Cost of sales and operations	97,766,702	l			273,664,524	132,042,455 97,322,231	70,165,890	52,002,289
Compensation of officers	1,086,223	94,337,127 3,884,775	130,604,900 2,747,685	141,673,432 2,590,204	186,962,374 539,878	97,322,231 543,854	40,059,213 1,019,336	35,166,203 1,268,606
Repairs	2,510,573	747,809	1,343,199	1,568,457	1,723,968	839,922	286,068	260,370
Bad debts	90,706	308,760	461,761	659,396	2,295,442	138,333	141,033	131,598
	1,045,205	1,157,022	2,800,088	2,870,024	1,857,954	1,078,086	726,211	534,649
Taxes paid	2,338,347 2,853,250	3,179,687 3,441,463	4,949,906 6,958,160	5,621,858 13,544,615	4,998,885 22,124,908	2,475,096 3,436,758	1,357,800 2,386,816	1,109,373 1,242,456
Contributions or gifts	45,495	79,623	236,996	176,631	127,167	75,507	104,579	33,664
Amortization	161,596	161,726	346,402	422,106	63,891	114,835	170,794	122,716
Depreciation	4,045,256	3,931,921	7,942,698	11,774,085	15,537,555	3,408,609	2,325,257	1,284,593
Depletion	578,784 226,786	38,237	36,336	13,686	*6,750	24,900	752	5,670
Pension, profit-sharing, stock bonus, and	220,780	1,215,358	2,186,484	2,439,404	2,604,390	380,182	2,301,829	1,097,173
annuity plans	1,448,036	777,344	1,304,978	1,361,502	1,035,795	968,899	753,851	214,877
Employee benefit programs	1,951,014 26,489	1,989,689	4,822,989	4,380,071	8,860,464	3,445,961	1,139,418	552,926
Other deductions	8,767,134	25,309 16,599,074	47,697 49,540,881	109,374 40,017,864	7,068 24,918,036	5,064 17,784,219	9,941 17,382,992	20,225 8,957,189
otal receipts less total deductions	7,855,929	8,548,725	17,543,101	17,422,234	7,491,927	7,467,710	4,476,222	3,983,206
onstructive taxable income from related foreign			·			·		
et income	516,039 8,363,188	284,257 8,800,626	3,374,549 20,495,407	1,290,328 18,251,923	4,752,631	419,777	949,978	237,609
come subject to tax	4,903,596	5,865,670	17,918,945	15,582,600	11,905,481 10,807,395	7,871,133 6,870,076	5,387,190 4,290,769	4,197,292 2,880,860
come tax, total ²	1,783,176	1,947,570	6,155,617	5,369,011	3,859,168	2,519,643	1,535,959	981,484
Regular tax	1,659,075	1,906,553	6,054,373	5,274,167	3,781,230	2.334,681	1,457,099	959,451
Personal holding company tax	4,045	549 3,506	10 500	325		_		
Alternative minimum tax	110,948	3,506	16,566 38,563	7,900 63,307	19,699 40,370	7,783 161,321	4,393 68,684	1,403 17,256
Environmental tax	10,131	5,302	21,306	19,673	16,952	10,787	4,936	3,137
oreign tax credit	378,530	210,147	3,399,780	849,940	2,045,854	211,609	515,876	215,436
S. possessions tax credit	321	9,803	91,936	383,607	13,353	1,024	172,434	41,946
Orphan drug credit	- 33	27	140	_ 2	7	<u>.</u>	2,502	_
General business credit	74,770	39,888	284,473	346,018	266,992	179,184	43,024	10,767
rior year minimum tax credit	5,156	5,211	56,463	14,273	*1,244	66,318	4,907	1,050

RETURNS WITH NET INCOME

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

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

	-	Transcontinu	and mudeling calculations		ijor industry—Contii		olesale and retail t	rade	
		Transportation a	nd public utilities	1		vvn			
Item	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(0.1)	405)	(00)	(07)	(38)	(39)	(40)	(41)	(42)
Number of returns with net income	79,346	(35) 64,478	(36) · 8,179	(37) 6,689	544,244	184,871	16,550	30,734	137,588
Total assets	1,169,427,423	213,435,655	404,510,003	551,481,764	921,579,943	397,907,763	37,830,944	51,407,184	308,669,634
Cash	21,386,340	9,491,547	6,305,471	5,589,322	54,246,936	27,926,879	2,017,732	3,685,597	22,223,549
Notes and accounts receivable	118,936,213	27,987,569 590,987	55,555,368	35,393,276	233,693,540	127,520,049 2,213,259	11,164,330 222,314	14,934,196 273,450	101,421,523 1,717,495
Less: Allowance for bad debts	3,083,877 24,343,010	590,987 3.909.011	1,563,126 6,333,903	929,763 14,100,096	3,790,721 241,519,614	106,337,929	9,658,123	16,601,117	80,078,688
Investments in Government obligations	5,500,688	1,447,658	1,426,222	2,626,807	2,573,516	1,450,351	157,994	344,993	947,364
Tax-exempt securities	2,229,111	485,099 18,280,876	831,001 8,686,003	913,011 18,572,842	13,965,075 47,522,188	1,049,444 20,968,301	62,487 1,047,570	72,435 2,146,359	914,522 17,774,372
Other current assets	45,539,721 1,436,171	969,373	184,274	282,524	7,754,708	2,685,308	508,530	362,535	1,814,243
Mortgage and real estate loans	3,436,705	508,374	117,279	2,811,052	3,064,417	1,489,396	118,093	117,602	1,253,701
Other investments	172,052,985 1,026,309,849	25,420,734 172,771,591	93,699,567 321,608,073	52,932,684 531,930,184	89,408,180 298,871,907	35,439,644 106,045,941	2,364,787 15,252,364	3,770,103 14,495,742	29,304,754 76,297,835
Depreciable assets	351,254,160	68,791,239	121,278,845	161,184,076	138,054,495	53,987,961	7,519,914	7,575,022	38,893,025
Depletable assets	8,834,244	1,726,549	4,029	7,103,667	791,318	535,310	*17,072	146,495	371,743
Less: Accumulated depletion	4,218,566	1,012,682	554	3,205,329	301,370 21,266,811	234,239 6,409,530	*11,149 762,813	*27,178 709,958	195,912 4,936,759
LandIntangible assets (amortizable)	9,372,797 26,443,390	2,917,003 5,360,133	2,459,159 13,073,634	3,996,635 8,009,624	20,111,280	8,487,029	1,518,261	601,206	6,367,562
Less: Accumulated amortization Other assets	4,298,676 66,461,478	1,056,901 13,611,949	1,051,139 18,119,687	2,190,636 34,729,842	4,279,639 33,216,677	1,783,621 9,781,734	266,059 1,200,224	156,655 1,451;151	1,360,907 7,130,360
Total liabilities	l .	213,435,655	404,510,003	551,481,764	921,579,943	397,907,763	37,830,944	51,407,184	308,669,634
Accounts payable	72,154,664	20,606,569	28,580,666	22,967,429	167,958,263	90,601,263	9,343,714	10,386,700	70,870,849
Mortgages, notes, and bonds payable in less						64,446,542	3.378.449	8,340,188	52,727,904
than one year	49,177,634 95,639,100	9,248,910 30,814,627	16,664,584 26,624,003	23,264,141 38,200,469	129,791,965 90,033,717	29,824,394	3,378,449	3,959,075	22,710,825
Loans from stockholders	4,029,184	1,864,861	729,154	1,435,169	21,825,002	9,067,105	657,462	1,167,215	7,242,428
Mortgages, notes, and bonds payable in one		50 400 770	05 000 100	170 500 000	155,970,706	50,706,591	7,402,769	7,014,436	36,289,386
year or more	326,055,072 168,990,541	52,123,778 31,608,874	95,332,488 56,354,405	178,598,806 81,027,261	43,705,958	12,914,140	1,455,115	2,468,736	8,990,288
Capital stock	130,065,936	7,365,626	39,993,291	82,707,019	39,825,268	20,709,302	1,522,375	2,638,158	·· 16;548;769
Paid-in or capital surplus	166,476,711	21,372,497	87,323,559	57,780,654	66,210,288	23,393,159	1,962,633	2,107,037	19,323,489
Retained earnings, appropriated	2,451,914 164,748,060	192,098 40,928,594	460,391 58,286,779	1,799,425 65,532,687	948,439 170,881,391	385,589 72,379,906	*18,104 7,376,574	134,167 10,679,483	233,318 54,323,849
Retained earnings, unappropriated Total retained earnings, S Corporations	4,643,852	3,297,018	643,040	703,793	51,553,199	29,877,303	2,285,354	3,710,143	23,881,805
Less: Cost of treasury stock	15,005,244	5,987,797	6,482,357	2,535,090	17,124,252	6,397,529	726,097	1,198,155	4,473,277
Total receipts	718,765,154	242,800,047	224,140,954	251,824,154	2,311,399,631	1,180,736,407	188,021,132	111,593,977	881,121,298
Business receipts	670,510,860	226,324,445	207,514,470	236,671,946	2,250,123,625	1,156,523,593	184,795,264	108,045,427	863,682,902
Interest on Government obligations:	11,793,299	3,660,002	3,451,543	4,681,754	14,762,041	5,884,161	395,805	689,790	4,798,567
State and local	306,921	44,812	71,875	190,235	1,238,866	108,647	15,693	13,819	79,136
Rents	8,596,974	2,550,989	4,228,345	1,817,640	7,637,194	2,799,409 227,984	247,001 *40,345	727,088 40,791	1,825,319 146,848
Net short-term capital gain reduced by net	338,338	162,471	81,604	94,263	1,172,241	221,964	40,343	40,731	140,040
long-term capital loss	458,737	153,214	216,005	89,518	212,218	60,090	*1,596	10,811	47,683
Net long-term capital gain reduced by net	7.070.540	0.006.401	2,882,885	2,099,211	3,197,047	1,044,530	123,009	142,835	778,685
short-term capital loss	7,278,516 4,781,723	2,296,421 3,064,454	551,618	1,165,650	2,720,819	1,176,516	61,512	201,002	914,002
Dividends received from domestic corporations	1,589,154	602,222	148,983	837,950	645,581	250,730	8,439	30,962	211,330
Dividends received from foreign corporations Other receipts	281,042 12,829,590	58,024 3,882,995	100,090 4,893,536	122,928 4,053,059	857,733 28,832,268	470,548 12,190,199	10,349 2,322,118	20,362 1,671,091	439,836 8,196,991
Total deductions	662,347,843	230,434,179	203,378,387	228,535,277	2,245,992,370	1,151,184,264	185,307,941	107,514,283	858,362,040
Cost of sales and operations	312,735,089	97,532,950	96,474,562	118,727,577	1,727,557,291	961,638,730	160,664,930	81,250,496	719,723,303
Compensation of officers		3,321,241	773,767 10,809,166	1,085,239 9,795,400	35,379,297 8,638,788	18,637,718 3,068,596	1,704,899 567,098	3,061,877 387,383	13,870,941 2,114,115
Repairs		5,610,915 643,080	2,167,675	754,475	5,203,024	2,264,975	281,870	317,885	1,665,219
Rent paid on business property		10,412,787	3,662,681	2,531,304	36,857,315	8,808,595	1,256,133	1,066,954	6,485,507
Taxes paid	31,648,414	8,429,634	8,932,120	14,286,660	32,596,237	12,111,023	1,572,403	1,447,438	9,091,182
Interest paid	38,671,506 569,787	7,159,084 152,742	10,672,475 220,727	20,839,948 196,318	34,267,032 702,888	13,547,646 256,924	1,279,788 43,635	1,515,608 33,648	10,752,249 179,641
Amortization	1,642,531	337,085	860,039	445,408	1,551,226	578,068	107,978	47,012	423,078
Depreciation	66,667,166	13,003,907	27,614,983	26,048,276	29,218,259	11,025,560	1,502,571	1,649,389	7,873,601
Depletion		34,134	*234 1,585,519	430,165 439,870	56,682 26,533,554	47,498 6,923,492	80 610,510	10,223 562,722	37,195 5,750,260
Advertising		1,619,310		1,348,016	5,413,834	2,522,000	361,900	355.310	1,804,790
annuity plans Employee benefit programs	13,252,236	2,263,699 4,684,594	1,322,638 6,108,886	2,458,756	11,206,953	4,108,348	727,788	603,243	2,777,317
Net loss, noncapital assets	1,092,921	21,447	591,490	479,984	364,356	137,965	11,891	15,186	110,887
Other deductions	135,456,876	75,207,571	31,581,426	28,667,880	290,445,634 65,407,262	105,507,129	14,614,465 2,713,191	15,189,910 4,079,694	75,702,754 22,759,258
Total receipts less total deductions	56,417,312	12,365,868	20,762,567	23,288,877		29,552,143	12,353	18,428	845,977
Corporations	407,971 56,518,343	184,355 12,505,412	145,609 20,836,301	78,007 23,176,630	1,241,127 65,409,500	876,759 30,320,255	2,709,851	4,084,304	23,526,100
Income subject to tax	48,344,903	8,656,308	19,452,537	20,236,058	42,058,386	18,135,275	1,844,757	2,330,878	13,959,640
Income tax, total 2	17,022,359	3,002,447	6,783,567	7,236,344	13,533,422	5,792,774	596,353	721,243	4,475,178
Regular tax Personal holding company tax	16,259,970	2,837,420	6,576,001 *5	6,846,548 52	13,261,418 *730	5,700,843 *726	590,612 6	702,805	4,407,427
Recapture of investment credit	*56 114,630	5,417	90,467	18,745	18,697	5,940	779	2,288	2,873
Alternative minimum tax	603,676	146,199	85,952	371,525	191,729	70,616	3,141	13,895	53,586
Environmental tax	77,767	13,411	30,625	33,731	38,882	13,876	1,582	1,072	11,222 325,830
Foreign tax credit		36,385	81,643 54,973	61,962	627,932 6,267	350,339 3,112	*4,679	19,831 74	325,830
Orphan drug credit	54,973	-	- 57,573	-	_	-	_	-	_
Nonconventional source fuel credit		69		20,672	*291	*248		239 15,224	49,736
General business credit	1,170,674 85,298	334,991 22,987	304,158 34,621	531,525 27,690	258,294 28,936	73,131 14,715	8,170 *684	1,683	12,348

RETURNS WITH NET INCOME

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

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

[All ligures are estimates based on sar	попеу а	mounts are i	ulousands (oi dollars]						
						try—Continued				
					Wholesale and ret	ail trade—Contin	ued		 	
ltem	Total	Building materiats, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	Wholesale and retail trade not allocable
Number of returns with net income	. 358,264	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
		25,891	6,134	31,655	52,880	25,757	21,427	74,602	119,916	1,108
Total assets		26,946,460	194,895,020	68,167,297		32,474,991	18,629,470	49,331,324	70,528,920	914,231
Notes and accounts receivable	105 854 105	1,653,220 5,865,807	3,834,344 58,138,110	3,410,312 8,602,625	4,695,306 8,138,867	1,769,512 4,898,767	1,537,391	3,386,153	5,933,330	100,489
Less: Allowance for bad debts	1,576,429	91,077	630,618	32,900	166,504	122,469	4,455,125 143,690	3,406,232 78,679	12,348,573 310,491	319,386 *1,032
Investments in Government obligations	1,123,165	8,890,617 25,433	34,548,007 *254,955	13,687,055 *428,404		10,752,605 75,040	6,991,992 *9,249	1,605,601 34,719	27,221,508 215,550	276,361
Tax-exempt securities	12,915,631 26,522,806	*35,339 1,046,457	*12,532,076 16,827,905	202,945	*22,037	*4,961	*44,344	16,520	57,410	_
Loans to stockholders	5,052,929	357,395	1,384,576	1,792,474 261,098	653,745	1,372,593 310,782	620,944 203,225	1,354,361 654,259	1,937,794	31,080 *16,472
Mortgage and real estate loans Other investments	53,915,216	176,657 1,658,313	*582,595 24,351,679	203,408		11,748	92,939	149,812	153,186	1,272
Depreciable assets	192,564,764	9,885,278	47,701,811	36,691,052	20,480,472	3,832,651 12,313,165	1,134,934 5,413,013	7,150,060 34,766,189	3,116,002 25,313,784	53,320 261,202
Less: Accumulated depreciation Depletable assets	83,895,342 256,007	5,174,576 *23,477	16,905,491	15,949,103		5,022,527	2,530,425	15,219,407	12,903,661	171,192
Less: Accumulated depletion	67,130	*3,620	=	*69,759 *15,617	*2,422 *1,603	*2,022 *1,382		129,258 *36,209	*29,068 *8,700	-
Land Intangible assets (amortizable)	14,851,685 11,607,645	1,113,636 365,961	3,007,192	2,559,998	1,971,378	275,280	251,791	4,204,352	1,468,058	*5,596
Less: Accumulated amortization	2,492,277	54,079	1,976,108 288,866	869,674 305,371	655,644 239,892	1,291,102 181,823	272,521 53,434	3,146,305	3,030,330 621,671	*16,606 *3,741
Other assets	23,426,531	1,172,223	7,580,637	4,455,307	1,265,907	892,966	329,551	5,408,937	2,321,004	8,412
Total liabilities	522,757,949	26,946,460	194,895,020	68,167,297	61.784.466	32,474,991	10 600 470			
Accounts payable	77,182,245	3,732,199	31,794,930	10,009,962	5,567,049	4,357,498	18,629,470 2,984,758	49,331,324 4,774,029	70,528,920 13,961,819	914,231
Mortgages, notes, and bonds payable in less than one year	65,167,807	2,292,241				i			1	174,755
Other current liabilities	60,134,648	1,895,893	21,178,946 34,229,568	3,548,127 5,507,285	24,489,954 3,484,103	2,194,957 3,010,842	2,055,532 1,849,635	3,558,259 4,405,142	5,849,791 5,752,180	177,617
Loans from stockholders Mortgages, notes, and bonds payable in one	12,657,550	799,712	1,365,075	1,325,932	1,833,574	1,188,775	625,289	1,855,559	3,663,634	74,675 *100,347
year or more	105,194,346	6,239,078	36,767,033	17,729,283	8,696,093	4,922,777	2,999,615	15,103,083	12,737,384	69,769
Other liabilities	30,774,847	1,226,246	16,264,004	4,931,230	870,362	1,142,654	628,653	3,801,087	1,910,610	16,972
Paid-in or capital surplus	19,066,341 42,809,321	1,068,083 1,464,142	3,439,285 18,789,710	2,264,081 8,343,456	2,493,729 1,766,879	2,435,067 2,929,861	720,999 866,324	3,017,253 4,261,100	3,627,845	49,625
Retained earnings, appropriated	562,850	60,886	*160,254	*39,472	40,334	*3,602	154,192	*19,136	4,387,849 84,973	*7,808
Total retained earnings, S Corporations	98,344,666 21,573,561	6,493,369 2,414,051	31,910,146 1,167,962	12,816,675 2,545,708	8,284,525 5,175,749	9,764,904 1,476,763	5,200,246 1,548,847	9,251,648 1,936,790	14,623,153 5,307,692	156,819
Less: Cost of treasury stock	10,710,232	739,438	2,171,893	893,914	917,886	952,710	1,004,621	2,651,763	1,378,008	*102,335 *16,491
Total receipts	1,127,947,017	60,865,857	227,022,200	229,278,813	242,557,286	64,155,586	41 449 101	86 000 000	175 004 004	
Business receipts	1,090,947,362	59,013,775	213,781,331	224,909,114	237.579.217	62,347,448	41,448,101	86,998,090 81,349,608	175,621,084 171,739,718	2,716,208 2,652,670
Interest	8,867,593	361,927	4,858,948	992,124	682,090	511,523	270,557	385,008	805,416	10,287
State and local	1,130,219	6,689	1,070,585	14,807	*1,109	13,712	4,686	5,561	13.071	
Rents	4,837,784 944,257	146,554 54,146	1,207,711 15,631	575,738 26,697	765,678 *984	91,153 211,033	98,362 *10,879	1,587,451	365,136	•1
Net short-term capital gain reduced by net long-term capital loss				İ			10,879	460,167	164,720	_
Net long-term capital gain reduced by net	152,128	*3,862	79,951	11,614	2,339	*6,336	*217	*4,982	42,828	_
short-term capital loss	2,152,517	324,171	754,545	163,271	107,016	76,544	48,278	413,685	265,006	_
Dividends received from domestic corpora-	1,544,301	142,398	162,873	223,277	423,085	22,096	52,546	336,303	181,723	•1
ions	394,851 387,185	14,264 *35,291	218,299	36,480	15,508	52,127	27,511	6,865	23,796	_
Other receipts	16,588,820	762,781	118,169 4,754,156	*118,911 2,206,780	389 2,979,869	266 823,348	1,834 706,080	*103,063 2,345,398	*9,262 2,010,407	53,249
Total deductions	1 000 100 000				. ,		1	2,010,000	2,010,407	33,249
Cost of sales and operations	1,092,169,920 763,956,305	58,592,953 42,336,151	217,755,928 137,231,602	224,945,129	239,018,741	60,917,439	39,621,432	82,915,776	168,402,522	2,638,186
Compensation of officers	16,646,892	1,618,775	708,694	173,397,380 1,382,804	200,178,932 3,294,893	37,067,971 1,084,129	25,287,787 1,185,184	34,387,298 2,229,287	114,069,184 5,143,126	1,962,257 94,687
Repairs Bad debts	5,560,721 2,936,399	299,522 192,810	1,137,446 1,232,576	1,282,895 148,737	641,715	236,118	163,613	1,087,977	711,434	9,472
Rent paid on business property	28,017,208	851,210	6,042,449	3,663,746	344,932 2,536,679	186,562 3,659,329	242,690 1,412,529	58,819 4,706,153	529,274 5,145,112	*1,650 31,512
Taxes paidInterest paid	20,440,993 20,697,183	1,087,852	4,640,524	3,056,877	2,813,291	1,374,208	825,741	3,333,052	3,309,448	44,221
Contributions or gifts	445,293	1,013,745 17,536	8,336,475 162,988	2,581,264 62,455	2,802,526 22,118	883,638 78,895	580,034 16,310	2,156,354 27,242	2,343,147 57,749	22,204
Amortization	971,636 18,158,393	43,997 817,338	138,692	123,006	64,647	87,479	40,510	228,102	245,203	*671 *1,522
Depletion	9,184	*2,048	4,122,767 2	3,291,507 *1,865	2,506,759 902	1,239,805	465,394	3,113,843	2,600,979	34,306
Advertising Pension, profit-sharing, stock bonus, and	19,591,504	755,449	5,736,208	2,080,387	2,336,475	*142 1,569,324	*528 1,755,383	*1,934 2,302,076	*1,763 3,056,200	18,558
annuity plans	2,884,159	175,664	775,313	650,538	196,928	181,360	110.570			
Employee benefit programs Net loss, noncapital assets.	7,088,097	345,353	1,958,016	1,738,480	889,966	401,499	110,572 203,803	272,957 718,898	520,825 832,081	*7,675 10,508
Other deductions	226,213 184,539,741	3,590 9,031,913	19,373 45,512,803	52,600 31,430,587	10,859 20,377,118	39,054 12,827,925	9,098 7,322,255	44,864	46,774	*178
otal receipts less total deductions	35,777,097	2,272,903	9,266,272	4,333,683	3,538,544	3,238,148	1,826,670	28,246,918 4,082,315	29,790,223 7,218,561	398,764 78,022
Constructive taxable income from related foreign corporations	364,367	482	102,170	88.408			1			, 0,022
let income	35,011,223	2,266,697	8,297,857	4,407,262	103 3,537,539	9,100 3,233,536	402 1,822,386	154,639 4,231,393	9,062 7,214,552	78,022
ncome subject to tax	23,887,236	1,241,094	7,705,360	3,240,806	1,569,148	2,592,241	1,160,593	2,298,162	4,079,831	35,874
Regular tax	7,733,079 7,553,019	362,629 359,329	2,703,543 2,656,323	1,097,451 1,057,022	441,896 430,338	833,585 826,212	356,418 350,925	730,306	1,207,252	7,569
Recapture of investment credit	3 12,757	_		-1	- 1	-	-	697,933 ([†])	1,174,937	7,556 —
Alternative minimum tax	121,101	610 879	4,289 32,427	2,648 34,853	760 9,426	418 4,123	310 *1,245	2,464 27,342	1,258 10,806	
Environmental tax	25,006	1,059	10,505	4,092	431	2,831	799	27,342	2,723	*12 —
oreign tax credit	277,592 3,154	*6	111,592	37,021 2,764	*342	*5,710	*1,717	114,062	7,143	_
Orphan drug credit		-	-	- 1	-	145	_	244	2	_
eneral business credit	*42 184,933	*29 10,105	65,000	(¹) 24,134	*13 15,864	5,615	2,820	44.240	17.00	_
rior year minimum tax credit	14,221	*168	*4,787	519	399	*3,347	*1,883	44,349 *1,977	17,046 1,141	*230
Footpotos at and at table Control of table										_

RETURNS WITH NET INCOME

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

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

					ry—Continued			
	···			Finance, insuran	ce, and real estate			Maldian and
ttem .	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns with net income	283,023	8,621	14,507	10,005	6,044	46,136	170,292	27,419
	l			000 000 040	1 054 000 125	27,110,280	124,841,777	1,109,872,961
Total assets	8,022,672,255 461,642,113	3,411,103,514 335,957,703	1,166,951,239 41,516,815	328,693,349 10,377,536	1,854,099,135 18,842,653	5,558,185	13,065,742	36,323,480
Notes and accounts receivable :	2,350,820,854	1,792,974,357	196,529,729	103,756,106	116,929,523	8,199,017	11,660,879	120,771,244
Less: Allowance for bad debts	56,654,937	43,290,166	11,052,393	473,103	1,188,405	61,124 *10,180	404,269 9,661,330	185,477 2,361,046
Inventories	17,511,596 688,925,298	133,832 327,470,971	983,663 46,595,184	121,364 35,196,634	4,240,181 150,780,747	586,856	846,982	127,447,924
Tax-exempt securities	208,031,786	65,872,160	9,202,203	852,058	116,201,727	125,555	408,987	15,369,096
Other current assets	479,481,928 18,919,521	137,217,251 2,203,172	51,726,654 5,585,207	83,381,281 1,280,413	150,859,759 4,012,352	1,540,905 432,578	10,793,686 2,380,962	43,962,392 3,024,836
Loans to stockholders	1,122,996,428	205,837,321	621,659,507	8,041,463	260,875,089	100,061	6,091,163	20,391,824
Other investments	2,169,587,797	273,824,452	139,763,513	70,632,252	944,436,136	4,936,556	20,789,511	715,205,375
Depreciable assets	203,939,104	75,157,022	23,017,511	8,380,535	25,131,131	4,820,259	48,712,831 19,341,158	18,719,815 4,910,548
Less: Accumulated depreciation Depletable assets	75,782,914 1,085,051	30,403,917 12,656	9,186,707 10,250	3,344,686 44,821	6,186,131 557,545	2,409,767	19,341,156	264,472
Less: Accumulated depletion	367,432	5,509	7,692	20,088	233,642	_	72,037	28,464
Land	25,402,897	5,105,340	2,026,470	155,946	1,663,028	159,225 2,642,838	13,365,707 937,952	2,927,181 2,250,508
Intangible assets (amortizable)	28,386,961 5,117,312	8,703,119 1,564,032	6,697,993 656,288	3,037,964 391,118	4,116,586 1,035,754	697,524	323,305	449,292
Other assets	383,863,518	255,897,785	42,539,619	7,663,971	64,096,610	1,166,480	6,071,506	6,427,547
				-				4 400
Total liabilities	8,022,672,255	3,411,103,514	1,166,951,239	328,693,349	1,854,099,135	27,110,280	124,841,777	1,109,872,961
Accounts payable	263,349,471	56,451,678	40,382,099	84,101,857	50,591,150	8,787,402	4,985,025	18,050,259
Mortgages, notes, and bonds payable in less than one year	586,225,647	278,182,708	200,965,152	24,419,120	44,349,046	1,612,845	15,965,909	20,730,868
Other current liabilities	3,383,480,619	2,466,077,253	572,682,319	168,030,928	142,926,856	3,650,653	7,618,011	22,494,599
Loans from stockholders	31,098,169	6,361,765	5,556,179	286,225	8,338,661	222,695	8,393,303	1,939,34
Mortgages, notes, and bonds payable in one year or more	484,978,871	129,090,572	214,235,762	15,758,624	49,862,509	2,234,594	38,357,369	35,439,44
Other liabilities	1,516,012,991	175,217,998	40,139,365	14,456,827	1,262,688,356	1,951,965	8,709,480	12,849,000
Capital stock	849,290,799	48,013,711	9,669,980	3,265,980	16,447,879	932,038	9,654,052	761,307,160
Paid-in or capital surplus	1,203,592,256	111,884,609	39,497,958	9,618,421	105,714,773	2,699,785 36,297	14,295,240 652,397	919,881,47 12,008,59
Retained earnings, appropriated	49,399,356 381,589,872	2,292,951 140,292,460	3,844,876 41,511,211	*37,565 9,462,131	30,526,672 148,931,935	4,897,843	12,973,902	23,520,39
Retained earnings, unappropriated	8,391,585	140,232,400	672,119	674,700	-4,271	887,566	5,346,881	814,590
Less: Cost of treasury stock	734,737,382	2,762,190	2,205,780	1,419,030	6,274,430	803,404	2,109,791	719,162,758
Total	1,480,953,600	424,858,195	171,520,747	56,287,484	605,057,224	26,508,486	76,587,038	120,134,427
Total receipts	682,682,438	40,477,165	60,145,037	34,678,578	433,415,911	24,560,428	58,579,341	30,825,977
Business receipts	632,819,471	337,074,966	100,208,101	15,754,425	112,306,983	681,110	3,090,991	63,702,895
Interest on Government obligations:				170.101	0.407.000	04.202	108,421	2,347,135
State and local	18,706,277 27,848,349	8,904,347 10,369,859	720,826 1,615,935	173,194 190,584	6,427,962 8,857,750	24,393 84,562	4,930,507	1,799,150
Rents	542,833	37,276	74,120	1,209	60,168	7,644	140,057	222,359
Net short-term capital gain reduced by net						0.077	152,844	5,148,34
long-term capital loss	8,077,945	219,665	139,330	478,886	1,931,901	6,977	152,644	5,146,34
Net long-term capital gain reduced by net short-term capital loss	16,257,665	2,322,796	1,133,448	758,320	7,039,021	46,482	2,976,195	1,981,40
Net gain, noncapital assets	5,403,886	2,904,647	795,751	145,628	531,043	134,685	594,731 181,149	297,403 906,27
Dividends received from domestic corporations	7,167,850	895,598 307,317	595,408 72,951	792,807 28,616	3,757,855 460,396	38,756 106,933	10,918	373,33
Dividends received from foreign corporations Other receipts	1,360,462 80,086,425	21,344,559	6,019,840	3,285,239	30,268,233	816,515	5,821,882	12,530,15
Total deductions		389,995,932	160,424,191	53,017,331	572,985,033	23,857,854	65,780,667	44,780,221
Cost of sales and operations	384,909,331	484,182	36,040,531	4,670,056	296,439,512 2,237,343	3,310,023 3,313,121	24,827,111 4,145,678	19,137,910 1,020,59
Compensation of officers	25,455,069 4,327,985	100,250,074 1,942,128	1,685,114 834,495	3,028,140 165,230	195,759	136,304	898,654	155,41
Repairs	22,144,750	15,875,310	4,208,567	212,511	1,259,371	102,081	352,405	134,50
Rent paid on business property	17,051,848	6,178,731	1,540,909	1,825,029	4,417,286	995,935	1,586,878	507,08
Taxes paid	23,056,654	6,454,258	1,776,750 84,347,619	960,293	9,409,018 16,310,378	808,290 462,956	2,694,737 4,967,136	953,30 5,261,53
Interest paid	376,561,855 792,821	247,865,105 356,625	84,347,619 70,705	17,347,127 75,913	16,310,378	26,381	72,137	44,75
Amortization	2,520,195	917,800	308,780	, 173,116	602,880	163,884	198,093	155,64
Depreciation	27,124,646	14,709,375	2,326,842	1,005,903	5,323,707	519,820	2,198,249	1,040,75
Depletion	93,808	15,414	1,268	597	18,270 1,397,859	249,352	37,999 1,103,979	20,26 349,99
Advertising Pension, profit-sharing, stock bonus, and	7,787,786	2,380,884	1,791,895	513,822	1,307,609	243,332		
ennuity plans	5,640,840	1,685,493	384,731	399,695	2,395,574	377,726	241,524	156,09
Employee benefit programs	9,155,569	4,271,505	804,410	596,403 11,196	2,229,486 183,833	598,659 13,976	325,771 54,537	329,33 70,63
Net loss, noncapital assets Other deductions	2,630,749 401,587,331	1,969,460 74,864,589	327,111 23,974,463	22,032,300	230,418,455	12,779,347	22,075,780	15,442,39
Total receipts less total deductions	170,112,364	34,862,263	11,096,556	3,270,153	32,072,191	2,650,632	10,806,371	75,354,19
Constructive taxable income from related foreign	1	1						1
corporations	3,872,033	1,527,163	403,081 10,778,811	48,498 3,145,457	1,165,379 26,809,608	45,656 2,671,894	24,988 10,683,589	657,26 73,663,98
Net income	155,238,423 64,565,541	27,485,079 24,619,614	8,322,913	1,668,517	19,570,878	1,381,228	4,478,977	4,523,41
Income subject to tax	22,493,729	8,622,328	2,908,748	631,803	7,007,929	415,726	1,324,426	1,582,76
Regular tax	21,590,981	8,346,563	2,824,601	564,182	6,672,938	413,386	1,271,126	1,498,18
Personal holding company tax	11,387	69	15	*101	4.673	119	5,087 803	6,11
Recapture of investment credit	18,552 732,623	11,428 207,067	728 76,091	345 64,715	4,677 291,833	1,002	41,739	50,17
Alternative minimum tax	84,338	28,815	10,130	2,461	34,515	969	2,761	4,68
Foreign tax credit	2,083,999	931,216	141,139	15,760	611,272	*40,666	27,827	316,11
U.S. possessions tax credit	12,219	_	12,123	-	_	-	96	-
Orphan drug credit	1	14	_	139	416	<u>5</u>	*213	*43
Nonconventional source fuel credit	1,216 181,614	70,397	18,227	11,324	56,313	3,134	8,892	13,32
Prior year minimum tax credit	261,366	174,137	19,311	*2,964	52,696	*1,157	5,721	5,37

RETURNS WITH NET INCOME

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

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

	<u> </u>			Major indu	stry—Continued	<u></u>	-	
Item				Services		·		$\overline{}$
шет	Total	Hotels and other lodging places	Personal services	Business services	Auto repair, miscellaneous repair services	Amusement and recreation services	Other services	Nature of busines not alloca
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns with net income	525,229	10,142	40,986	187,456	66,261	38,707	181,677	4,34
Total assets	316,501,515	22,945,708	13,076,049	100 007 070				1,0
Cash	20 402 750	1,455,264	1,334,936	108,087,979	30,640,246	63,296,801	78,454,731	638,90
Notes and accounts receivable	60 070 007	1,800,495	1,926,449	11,601,136 29,181,927	2,278,927 6,133,918	3,512,190 8,471,938	8,300,298	125,43
Less: Allowance for bad debts	2,357,076 14,293,593	109,477	61,119	712,719	103,337	316,925	14,858,310 1,053,498	130,43
Investments in Government obligations	1,366,017	281,955 43,933	895,254	4,360,181	2,708,744	4,380,848	1,666,610	*63,53
iax-exempt securities	715,622	*11,040	*162,158 *102,596	411,254 348,356	130,911	*56,366	561,395	,
Other current assets	21,932,337	860,459	641,656	10,181,208	*7,790 1,220,733	*87,649 4,932,879	158,191	
Loans to stockholders Mortgage and real estate loans	4,806,010	217,463	170,404	1,895,646	368,108	583,458	4,095,403 1,570,931	53,59 *40,77
Other investments	1,451,184 50,533,139	351,437	38,932	633,905	51,895	172,708	202,306	*27,20
Depreciable assets	159,303,210	4,507,178 14,415,841	1,378,362 8,901,716	16,242,911	1,566,275	14,327,490	12,510,924	15,32
Less: Accumulated depreciation	76,126,496	5,706,457	4,996,878	44,101,075	24,958,354	25,419,187	41,507,037	240,37
Depletable assets	92,658	*7,851	*14,582	23,408,197 29,094	10,759,942	12,694,257	18,560,766	129,54
Less: Accumulated depletion	34,800	*1,939	*2,172	*12,053	*2,442	*13,372 *4,516	*25,317	*45
Land	7,673,054	1,741,624	488,483	1,009,294	715,081	1,561,172	*14,001 2,157,400	*39,00
Less: Accumulated amortization	15,448,252 3,642,083	297,531	703,836	6,986,198	794,007	3,923,037	2,743,644	*28,18
Other assets	30,191,107	122,428 2,893,940	233,916 1,610,771	1,629,919	129,167	829,355	697,297	1,21
	1	2,000,040	1,010,771	6,868,683	695,628	9,699,561	8,422,526	5,59
otal fiabilities	316,501,515	22,945,708	13,076,049	108,087,979	20.040.000		1	
Accounts payable	27,755,028	1,088,879	801,672		30,640,246	63,296,801	78,454,731	638,90
Mortgages, notes, and bonds navable in less		1,000,079	001,672	12,865,067	2,900,789	5,743,670	4,354,952	142,79
than one year	26,817,545	914,705	585,432	11,299,353	5,929,417	3,459,623	4 630 016	100.0
Other current liabilities Loans from stockholders	39,095,148	1,675,581	1,392,192	15,254,766	2,689,304	7,948,882	4,629,015 10,134,422	*30,31 24,10
Mongages, notes, and bonds payable in one	8,400,983	766,540	483,335	2,942,295	804,197	1,192,075	2,212,541	*24,67
year or more	77,633,527	9,949,611	2,844,280	20 502 054				- 1,01
Other liabilities	26,418,179	1,158,754	1,232,382	20,593,054 7,479,818	9,019,291 1,361,924	10,223,487	25,003,804	138,59
Capital stock	16,622,118	2,115,707	729,581	5,640,707		10,370,332	4,814,968	*87,54
raid-in or capital surplus	40,150,387	2,764,701	1,200,911	12,103,079	1,119,222 1,390,825	3,276,108 11,089,229	3,740,794	19,24
Retained earnings, appropriated Retained earnings, unappropriated	591,476	25,265	215,157	194,062	*4,714	*52,782	11,601,642 99,497	*62,94
lotal retained earnings. S Corporations	45,727,987 13,636,150	2,512,939	3,416,900	16,392,129	4,400,656	9,558,103	9,447,259	*9: 113,20:
Less: Cost of treasury stock	6,347,012	589,750 616,725	802,811 628,604	5,558,226	1,470,508	1,468,171	3,746,684	4,96
		3.0,720	020,004	2,234,578	450,601	1,085,659	1,330,847	*9,58
tal receipts	486,781,751	19,542,512	24,605,208	195,169,677	40.000.000		1 1	
Business receipts	450,457,932	17,282,007	23,358,408		48,969,523	57,191,607	141,303,225	1,351,42
Interest	5,532,310	351,383	25,356,408	182,758,031 1,882,097	45,437,572 626,353	46,876,846	134,745,067	1,268,092
Interest on Government obligations:				1,002,007	020,333	1,297,028	1,119,668	12,994
State and local	291,183	2,195	20,957	188,953	1,752	14,410	62,916	
noyaities	5,128,525 3,327,189	421,897 422,314	173,404	2,405,470	883,612	605,884	638,257	*9.650
Net short-term capital gain reduced by net	0,027,100	422,314	114,856	579,392	*12,905	2,157,442	40,280	*41
long-term capital loss	178,502	17,563	*12,608	41,987	*22,812	55,195	00.007	
Net long-term capital gain reduced by net short-term capital loss					22,012	33,195	28,337	_
Net gain, noncapital assets	3,878,638 2,265,022	280,175	72,912	583,868	187,487	2,358,109	396,087	*28,500
Dividends received from domestic corporations	327,931	79,517 36,262	63,665	638,165	855,249	264,781	363,645	*8,561
Dividends received from foreign corporations	401,773	*38.073	33,047 16,548	107,343 165,694	6,244	61,794	83,241	*1,641
Other receipts	14,992,746	611,126	483,021	5,818,677	*10,778 924,759	144,926 3,355,191	25,755	
al deducation				-,-,-,-,-,	024,733	3,333,191	3,799,972	21,947
al deductions	453,308,536	18,092,576	22,770,492	183,022,672	46,791,338	50,668,019	131,963,440	4 000 10-
Cost of sales and operations	181,456,794	7,636,321	8,837,106	84,345,786	21,962,172			1,259,401
Compensation of officers	31,140,109	350,197	1,331,841	12,123,936	2,393,929	18,825,536 2,044,119	39,849,872 12,896,088	825,999
ad debts	3,676,836 2,307,944	332,980	252,393	968,906	538,843	484,616	1,099,097	63,735 10,201
ent paid on business property	15,847,594	72,908 721,971	87,815 1,089,990	672,149	135,353	265,928	1,073,790	*2,608
axes paid	15,228,811	867,933	i i	5,398,449	2,022,122	1,420,825	5,194,235	18,826
nterest paid	12,777,505	1,069,044	904,801 469,752	5,887,025 3,688,109	1,596,450	1,350,148	4,622,452	31,649
ontributions or gifts	231,749	9,368	17,404	75,330	1,490,941 16,989	3,053,850	3,005,810	11,632
mortizationepreciation	2,436,107	28,975	77,464	420,802	72,386	42,865 1,533,980	69,794 302,500	*732 *139
enletion	19,153,289	871,090	996,632	6,483,919	3,646,952	3,258,363	3,896,333	25,117
epletion	8,950		*35	2,030	•68	1,507	*5,310	20,117
erision, prolit-snaring, stock bonus, and	7,746,555	373,552	536,372	3,537,452	535,839	1,529,979	1,233,361	9,370
annuity plans	3,564,819	62,776	137,450	1,385,675	54440			
inployee penetit programs	5,825,881	191,496	219,922	2,112,575	514,413 487,173	209,472	1,255,033	*4,778
et loss, noncapital assets	264,462	6,627	9,440	147,091	28,268	287,689 46,280	2,527,026 26,757	*8,040
receipts less total deductions	151,641,131	5,497,337	7,802,074	55,773,436	11,349,440	16,312,862	54,905,981	*55 246,520
structive taxable income from related foreign	33,473,215	1,449,936	1,834,716	12,147,005	2,178,185	6,523,588	9,339,784	92,025
rporations	659,799	85,277	15.000	,			2,223,704	32,023
income	33,839,910	85,277 1,533,018	15,308 1,829,067	401,497	522	129,847	27,348	_
The subject to tax	17,944,688	939,244	992,343	12,357,627 6,334,911	2,176,956	6,639,025	9,304,217	92,025
me tax, total 2	5,726,881	316,264	294,936	1,993,637	1,046,125	4,869,817	3,762,249	66,937
guiar tax	5,561,636	306,456	288,853	1,993,637	303,880 265,586	1,644,591 1,626,451	1,173,573	17,200
ersonal holding company taxersonal holding company taxersonal holding company tax	12,413	- 1	-	1,527,505	200,000	1,626,451	1,146,705 *23	16,837
ternative minimum tax	8,488 132,935	859	232	2,726	201	620	3,850	(¹)
nvironmental tax	132,935	7,686 1,201	4,967	54,850	37,379	9,545	18,508	*358
ign tax credit	546,619		881	5,082	761	5,582	2,961	*4
possessions tax credit	15,936	51,545 7,120	13,562	232,721	*141	220,484	28,164	_
ian drug credit]	7,120	_	6,722	-	332	1,762	199
Conventional source fuel credit	*912		_	_	=	- 1	[_
eral business credit	267,402	8,663	3,919	84,061	30,799	114,064	*912 25,896	
	24,099	*148	*4,080	10,787	1,764	*1,179	6,139	_

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

Less than \$500 per return.

Less than \$500 per return.

2 Also includes excess net passive income tax (Form 1120S), branch tax (Form 1120F), tax from Part II (Form 1120-REIT), tax from Part III (Form 1120-REIT), tax from Part III (Form 1120-REIT), tax from Part IV (Form 1120-REIT), tax from Part IV (Form 1120-REIT), tax from Part IV (Form 1120-REIT), tax from Part IV (Form 1120-REIT), tax from Part III (Form 1120-R

RETURNS OF ACTIVE CORPORATIONS

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

İ	Total			Size of total assets	enco con	\$500,000
item ·	returns of active corporations	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	3,627,863	209,208	1,833,773	617,139	364,017	249,674
tal assets	17,647,120,286	_	58,373,473	99,794,218	128,716,039	176,219,089
Cash	823,705,622	_	12,828,058	16,913,348	18,122,585	21,772,315
Notes and accounts receivable	4,195,999,662	-	6,621,823	15,581,364	22,134,915	35,090,931 424,998
Less: Allowance for bad debts	104,026,839	_	73,680	184,106	208,927 21,164,493	32,028,309
nventories	879,318,508	_	7,147,587 35,762	15,376,542 149,354	300,695	460,233
nvestments in Government obligations	927,940,976		i i		235,119	345,379
fax-exempt securities	333,792,829	_	11,865	82,148 4,580,821	6,126,496	8,393,817
Other current assets	1,025,760,249	_	2,487,683 4,012,398	4,940,242	4,990,207	4,058,787
oans to stockholders	81,223,634 1,610,211,866	_	331,449	1,150,714	1,970,490	2,035,403
Mortgage and real estate loans	3,970,942,298	_	1,561,822	4,313,424	6,628,204	9,592,578
Other investments Depreciable assets	4,069,775,039	_	56,038,544	68,418,651	83,557,733	99,530,497
Less: Accumulated depreciation	1,718,268,625	_	38,495,273	42,307,255	50,542,847	57,320,522
Depletable assets	134,392,549	_	248,680	392,373	256,496	408,352
Less: Accumulated depletion	56,491,222		161,848	152,958	98,980	174,834
and	191,299,047	_	1,629,139	4,385,973	7,698,411 2,870,342	12,424,825 3,552,871
ntangible assets (amortizable)	438,136,945	_	2,223,685	3,027,241 1,283,541	1,250,150	1,286,112
Less: Accumulated amortization	82,406,932 925,814,680		1,109,758 3,035,536	4,409,882	4,760,755	5,731,257
	17 647 100 286	· <u>·</u>	58,373,473	99,794,218	128,716,039	176,219,089
tal flabilities	17,647,120,286	_	8,687,857	13,560,035	17,495,925	25,226,202
Accounts payable	1,090,421,687 1,601,540,823	_	7,784,843	10,582,863	16,614,713	20,223,500
Mortgages, notes, and bonds payable in less than one year Other current liabilities	5,141,333,387	_	7,019,486	8,017,701	9,351,234	13,081,422
oans from stockholders	247,166,196	_	22,640,204	18,488,253	16,523,324	16,605,918
Mortgages, notes, and bonds payable in one year or more	2,490,067,919	`	13,356,882	21,899,370	28,344,410	38,496,788 5,226,395
Other liabilities	2,473,885,302	-	3,633,662	3,440,134	3,642,092	
Capital stock	1,477,273,520	_	13,951,478	12,112,094	12,960,955	15,884,475 15,248,042
Paid-in or capital surplus	2,595,241,587	_	10,498,363	9,287,024	10,786,158 364,015	546,767
Retained earnings, appropriated	75,039,921	_	128,318	161,272 9,283,819	14,182,106	25,383,575
Retained earnings, unappropriated	1,335,773,741	_	- 11,332,582 - 15,434,757	-3,461,170	2,183,453	5,634,753
Total retained earnings, S Corporations	111,613,230 992,237,024	, , , , , ,	2,560,280	3,577,176	3,732,346	5,338,748
tal receipts	10,934,973,405	217,765,745	314,115,671	306,033,231	318,666,631	390,035,804
Business receipts	9.427.277.533	119,658,265	306,814,460	298,539,600	309,844,175	377,212,890
Interest	930,912,502	79,814,279	618,402	1,124,464	1,339,407	1,882,457
Interest on Government obligations:					13,662	29,443
State and local	36,278,852	181,137	1,852	12,134 985,635	1,433,036	1,779,623
Rents	102,685,563	1,361,433	637,454 105,922	35,283	62,535	86,486
Royalties	26,810,742	393,178	105,522	·		00.000
loss	10,759,508	112,300	38,172	52,663	42,772	63,035
Net long-term capital gain reduced by net short-term capital	00.474.044	2 270 560	894,910	369,368	588,828	684,695
loss	62,471,314 34,997,162	3,378,569 1,465,802	688,712	633,931	578,995	777,319
Net gain, noncapital assets	15,480,200	667,171	17,122	52,495	91,425	111,789
Dividends received from domestic corporations	33,503,834	781,104	*27	*213	*1,304	*6,426
Other receipts	253,796,196	9,952,507	4,298,636	4,227,444	4,670,491	7,401,641
tal deductions	10,544,705,529	215,647,581	312,606,946	304,316,771	316,818,895	386,255,146
Cost of sales and operations	6,317,467,181	74,569,670	140,283,144	167,650,150	189,940,828 19,369,331	244,265,145 19,680,854
Compensation of officers	197,766,376	2,749,986	32,051,772	23,488,638 2,536,471	2,696,538	2,867,78
Repairs	90,044,129	1,724,683	2,741,842 778,560	761,405	1,034,192	1,223,27
Bad debts	68,805,675	3,187,880 3,888,103	14,381,914	10,071,184	8,700,055	8,838,90
Rent paid on business property	173,079,979		9,375,887	8,813,618	8,510,966	10,031,54
Taxes paid	236,145,632	3,939,392 74,123,238	2,800,632	3,830,483	4,539,238	5,978,55
Interest paid	831,521,305 4,892,920	48,884	41,582	59,569	64,862	94,57
Contributions or gifts	25,569,136	521,715	337,921	406,093	409,681	417,58
	337 302 354	3,926,034	6,069,432	7,039,908	7,562,300	8,681,25
■ +					21,694	30,81
Depreciation	9.251 107	55,395	36,342	13,744		
Depreciation Depletion	9,251,107 124,432,075	55,395 2,408,531	36,342 5,074,400	2,969,926	2,866,898	
Depreciation	124,432,075 44,159,248	55,395 2,408,531 357,011	36,342 5,074,400 1,488,243	2,969,926 1,352,200	1,222,935	1,593,67
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans Employee benefit programs	124,432,075 44,159,248 109,561,360	55,395 2,408,531 357,011 1,417,072	36,342 5,074,400 1,488,243 1,703,701	2,969,926 1,352,200 1,751,669	1,222,935 1,782,684	1,593,67 2,524,33
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets.	124,432,075 44,159,248 109,561,360 21,121,221	55,395 2,408,531 357,011 1,417,072 6,183,434	36,342 5,074,400 1,488,243 1,703,701 401,508	2,969,926 1,352,200	1,222,935	1,593,67 2,524,33 230,57
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets. Other deductions	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065	2,969,926 1,352,200 1,751,669 177,041 73,394,673	1,222,935 1,782,684 179,449 67,917,246	1,593,67 2,524,33 230,57 76,208,50
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions Interceirist less total deductions	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163	36,342 5,074,400 1,488,243 1,703,701 401,508	2,969,926 1,352,200 1,751,669 177,041	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482	1,593,67 2,524,33 230,57 76,208,50 3,780,65
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions tal receipts less total deductions onstructive taxable income from related foreign corporations.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 — 1,704,326	1,222,935 1,782,684 179,449 67,917,246 1,847,736 *482 1,834,208	1,593,67 2,524,33 230,57 76,208,50 3,780,65
Depreciation Oepletion Advertising Pension, profil-sharing, stock bonus, and annuity plans	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 — 1,470,913 13,295,911	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 — 1,704,326 10,124,776	1,222,935 1,782,684 179,449 67,917,246 1,847,736 *482 1,834,208 9,729,492	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions tal receipts less total deductions onstructive taxable income from related foreign corporations. et income (less deficil)	124,432,075 44,159,248 109,561,360 21,121,221 1,953,565,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets. Other deductions tal receipts less total deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413	3,587,75 1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions antal receipts less total deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income. Deficit Come subject to tax	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181	1,22,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233	1,593,67 2,524,33 230,57 76,208,50 3,780,65 11,959,07 8,217,40 5,569,07 1,291,37
Depreciation	124,432,075 44,159,248 109,561,360 21,121,221 1,953,565,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,486	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687	1,22,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions attal receipts less total deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income. Deficit come subject to tax come tax, total Regular tax. Personal holding company tax.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 873	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687	1,22,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions anstructive taxable income from related foreign corporations. et income (less deficit) Net income. Deficit come ax joint ax according to tax come tax joint ax according to tax come tax joint ax according to tax Personal holding company tax. Personal holding company tax.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,565,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033 3,445	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 1873 1,409	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687	1,222,935 1,782,684 179,449 67,917,246 1,847,736 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 2,00 22,17
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income. Deficit come subject to tax come subject to tax Personal holding company tax Recapture of investment credit.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 334,889 3,540,918	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033 3,445 76,188	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 873 1,409	2,969,926 1,352,200 1,751,669 1,77,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 499	1,22,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233 867,233 854,695 4,134 770	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 2,00 22,17
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions utal receipts less total deductions onstructive taxable income from related foreign corporations. et income (Bess deficit) Net income. Deficit come subject to tax come tax, total Regular tax Personal holding company tax. Recapture of investment credit Alternative minimum tax Environmental tax.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889 3,540,918 471,779	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033 3,445 76,188 8,763	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 1873 1,409 1,743 1,333	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 499 632 4,152	1,222,935 1,782,684 179,449 67,917,246 1,847,736 1,847,736 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695 1,134 770 6,123	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 2,00 22,17
Depreciation Depletion Advertising Pension, profil-sharing, stock bonus, and annuity plans. Employee benefit programs Net loss, noncapital assets. Other deductions anstructive taxable income from related foreign corporations. et income (less deficit) Net income. Deficit come subject to tax come tax total Regular tax. Personal holding company tax. Recapture of investment credit Alternative minimum tax Environmental tax. Persign tax credit.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,565,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889 3,540,918 471,779 23,996,821	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 1873 1,409 1743 133 (1)	2,969,926 1,352,200 1,751,669 177,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 499 632 4,152	1,222,935 1,782,684 179,449 67,917,246 1,847,736 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695 1,134 770 6,123	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,66 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 1,265,99 22,17 7
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets. Other deductions Ital receipts less total deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income. Deficit come subject to tax come tax, total Regular tax. Personal holding company tax. Recapture of investment credit Alternative minimum tax. Environmental tax. preign tax credit. S. possessions tax credit.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889 3,540,918 471,779 23,966,821 2,793,603	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033 3,445 76,188 8,763	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 *873 1,409 *743 *33 (¹)	2,969,926 1,352,200 1,751,669 1,77,04,73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 499 632 4,152 777 3,123	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695 4,134 770 6,123 50	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,65 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 2,02 22,17 4,91
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets. Other deductions stal receipts less total deductions sonstructive taxable income from related foreign corporations. et income (less deficit) Net income. Deficit come subject to tax come tax, total Regular tax. Personal holding company tax. Recapture of investment credit Alternative minimum tax Environmental tax oreign tax credit S. possessions tax credit. Torban drug credit.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,565,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889 3,540,918 471,779 23,996,821	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 — 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 1873 1,409 1,40	2,969,926 1,352,200 1,751,669 1,77,041 73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 4,99 632 4,152 77 *3,123 121	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695 4,134 770 6,123 50 1794 104 —	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,741,65 11,959,07 8,217,40 5,569,07 1,291,37 1,265,99 35 2,02 22,17 4,91 72
Depreciation Depletion Advertising Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net loss, noncapital assets. Other deductions Ital receipts less total deductions onstructive taxable income from related foreign corporations et income (less deficit) Net income. Deficit come subject to tax come tax, total Regular tax. Personal holding company tax. Recapture of investment credit Alternative minimum tax. Environmental tax. preign tax credit. S. possessions tax credit.	124,432,075 44,159,248 109,561,360 21,121,221 1,953,585,833 390,267,875 35,100,199 389,010,675 556,332,401 167,321,725 371,054,512 127,754,021 123,236,461 25,618 354,889 3,540,918 471,779 23,996,821 2,793,603 14,190	55,395 2,408,531 357,011 1,417,072 6,183,434 36,546,553 2,118,163 1,372,300 3,309,326 13,704,199 10,394,873 9,002,168 3,127,585 3,006,033	36,342 5,074,400 1,488,243 1,703,701 401,508 95,040,065 1,508,725 1,470,913 13,295,911 11,824,998 2,450,519 403,434 400,466 *873 1,409 *743 *33 (¹)	2,969,926 1,352,200 1,751,669 1,77,04,73,394,673 1,716,460 1,704,326 10,124,776 8,420,450 4,024,342 685,181 678,687 499 632 4,152 777 3,123	1,222,935 1,782,684 179,449 67,917,246 1,847,736 482 1,834,208 9,729,492 7,895,285 4,476,413 867,233 854,695 4,134 770 6,123 50	1,593,67 2,524,33 230,57 76,208,50 3,780,65 3,781,65 3,741,69 8,217,40 5,569,07 1,291,37 1,265,99 2,02 22,17 7

RETURNS OF ACTIVE CORPORATIONS

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

			Si	ize of total assets—Con	tinued	 _	
ltem	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	261,895	38,236	24,810	10,781	7,276	5,604	5,450
Total assets	548,078,126	265,542,278	386,563,232	379,638,611	515,157,094	883,741,291	14,205,296,834
Cash Notes and accounts receivable	51,205,608 117,139,037	20,826,497 59,826,810	27,867,520	23,806,748	29,367,887	41,696,333	559,298,723
Less: Allowance for bad debts	1,803,425	1,095,276	94,249,443 2,068,103	104,565,218 2,349,702	143,458,644 3,617,362	213,022,139 6,031,305	3,384,309,339 86,169,956
Inventories Investments in Government obligations	121,028,446	53,786,899	61,100,815	39,733,865	38,920,683	57,087,612	431,943,258
Tax-exempt securities	2,888,591 1,153,714	3,318,341 1,087,506	16,211,553 2,900,423	28,146,638 5,595,262	44,537,281 12,501,721	67,777,286 18,248,757	764,115,243 291,630,935
Other current assets	29,014,079	15,072,958	21,330,273	20,304,546	22,793,495	41,485.022	854,171,059
Loans to stockholders	7,667,155	2,600,532	2,197,120	1,914,696	1,939,030	3,779,772	43,123,695
Mortgage and real estate loansOther investments	6,091,025 33,895,966	2,864,475 22,332,537	6,593,380 43,504,493	16,650,390 48,347,392	43,087,736 78,470,951	101,969,731	1,427,467,074
Depreciable assets	258,714,112	114,622,588	143,463,767	107,607,191	111,721,547	166,374,027 171,829,115	3,555,920,902 2,854,271,293
Less: Accumulated depreciation	134,182,071	54,259,296	64,402,888	45,469,922	45,667,121	65,289,123	1,120,332,307
Depletable assets	1,654,817 579,496	1,797,603 858,751	2,883,227 1,359,155	2,849,036 1,256,285	3,263,133	4,608,638	116,030,194
Land	31,194,838	11,878,037	13,530,447	9,689,178	1,188,725 8,778,893	1,641,663 12,532,112	49,018,528 77,557,193
Intangible assets (amortizable)	9,888,585 3,568,401	6,214,308	8,495,991	9,706,181	14,329,273	28,139,959	349,688,510
Other assets	16,675,546	2,116,664 7,643,175	2,352,944 12,417,871	2,131,839 11,930,019	3,063,988 15,524,018	4,771,139 32,924,017	59,472,395 810,762,603
Total liabilities	548,078,126	265,542,278	386,563,232	379,638,611	515,157,094	883,741,291	14,205,296,834
Accounts payable	83,557,271	37,140,194	44,205,902	31,453,258	31,784,197	48,300,878	749,009,969
Mortgages, notes, and bonds payable in less than one year. Other current liabilities	92,512,137 47,840,703	46,043,894 28,169,231	54,095,478 73,208,412	35,093,861 121,864,960	38,399,530	55,508,671	1,224,681,333
Loans from stockholders	34,791,759	10,401,347	9,790,551	5,855,640	203,445,831 5,496,930	331,376,250 8,407,002	4,297,958,156 98,165,269
Mortgages, notes, and bonds payable in one year or more Other liabilities	114,687,888	55,914,498	74,066,467	65,079,106	71,485,805	130,419,606	1,876,317,098
Capital stock	19,522,314 37,056,350	11,164,630	18,497,824	19,902,868	25,718,198	55,858,716	2,307,278,469
Paid-in or capital surplus	48,969,054	17,509,610 26,748,972	23,503,602 47,009,337	20,884,373 51,781,625	27,208,420 81,151,329	62,969,883 150,242,841	1,233,232,280 2,143,518,843
Retained earnings, appropriated	1,145,057	450,134	678,003	823,163	1,552,873	2,911,312	66,279,007
Retained earnings, unappropriated	45,802,517 36,940,093	14,712,730 21,599,240	19,526,630 27,222,193	16,999,925 13,756,754	24,524,109	45,586,787	1,131,104,128
Less: Cost of treasury stock	14,747,015	4,312,201	5,241,168	3,856,921	10,674,766 6,284,892	7,747,425 15,588,078	4,750,482 926,998,200
otal receipts	1,169,509,547	505,641,183	558,213,868	385,450,722	368,918,334	567,476,613	5,833,146,057
Business receipts	1,136,097,227 5,090,175	487,998,253 3,182,969	532,518,636 8,142,764	357,251,897 13,512,758	328,755,631 23,762,164	497,836,861 42,428,678	4,674,749,638
Interest on Government obligations:				10,512,738	25,702,104	42,420,076	750,013,985
State and local	129,607 5,186,669	124,689 2,564,540	360,263 3,185,838	679,346	1,368,959	2,612,934	30,764,827
Royalties	503,621	132,809	379,687	2,237,324 364,618	2,197,230 641,187	4,241,180 981,981	76,875,601 23,123,434
Net short-term capital gain reduced by net long-term capital loss	155.000	00.005	· ·				
Net long-term capital gain reduced by net short-term capital	155,266	89,295	196,760	296,379	421,095	947,326	8,344,444
loss	2,012,958 2,329,063	1,124,956 1,064,573	1,463,407 1,387,618	1,543,398 822,864	1,595,394 1,131,386	2,866,516	45,948,315
Dividends received from domestic corporations	355,811	218,449	279,912	339,719	364,277	1,322,011 564,836	22,794,886 12,417,194
Dividends received from foreign corporations	38,215 17,610,935	44,660 9,095,990	124,415 10,174,568	165,379 8,237,041	351,252 8,329,760	846,201 12,828,088	31,144,638 156,969,095
otal deductions	1,156,548,054	498,338,377	547,987,660	376,148,783	356,462,480	546,269,326	
Cost of sales and operations	826,178,674	369,617,082	395,389,948	264,892,929	234,412,257	354,269,542	5,527,305,510 3.055.997.811
Compensation of officers	37,354,850	11,028,237	9,894,825	5,471,671	4,503,839	5,405,540	26,766,834
Repairs	5,918,845 3,701,506	2,124,237 1,584,996	2,316,936	1,716,132	1,712,161	2,781,019	60,907,485
Rent paid on business property	17,285,146	5,850,511	2,015,609 6,662,009	1,942,108 4,653,052	2,052,918 5,259,064	3,004,665 7,676,433	47,518,558 79,813,603
Taxes paid	22,690,694	8,837,803	10,270,152	6,506,784	6,737,642	10,253,966	130,177,180
Interest paid	19,928,178 224,905	9,839,418 94,709	14,323,081	15,318,546	21,846,315	38,195,183	620,798,443
Amortization	1,223,827	806,273	152,041 1,071,140	137,712 1,088,498	143,383 1,159,657	274,799 2,350,566	3,555,898 15,776,176
Depreciation	22,026,047	9,749,574	12,345,823	8,756,567	9,343,398	14,780,191	227,021,822
Depletion	189,351	134,655	213,863	247,517	342,145	408,284	7,557,304
Pension, prolit-sharing, stock bonus, and annuity plans	10,470,126 3,728,769	4,170,032 1,304,909	4,963,350 1,643,698	3,628,113 1,046,597	3,915,690 1,105,805	6,414,491 1,859,945	73,962,761 27,455,461
Employee benefit programs	7,231,913	3,365,501	4,164,898	2,949,017	3,459,573	5,997,412	73,213,588
Net loss, noncapital assets	607,300 177,787,923	322,535 69,507,905	484,713 82,075,573	376,419	451,938	703,021	11,003,286
otal receipts less total deductions	12,961,493	7,302,806	10,226,208	57,417,121 9,301,940	60,016,695 12,455,854	91,894,270 21,207,287	1,065,779,302
onstructive taxable income from related foreign corporations.	*50,935	51,152	69,936	95,206	231,785	676,756	305,840,547 32,551,644
let income (less deficit)	12,877,814 33,053,966	7,229,251	9,910,703	8,717,560	11,318,118	19,269,427	307,627,364
Deficit	20,176,152	15,684,833 8,455,582	20,228,045 10,317,341	16,295,152 7,577,591	18,655,095 7,336,977	29,939,161 10,669,734	363,662,698 56,035,334
come subject to tax	14,494,429	7,099,013	9,718,570	9,212,350	11,333,669	19,045,354	274,628,612
ncome tax, total	4,433,038	2,452,937	3,402,799	3,243,646	4,002,108	6,725,906	97,118,783
Regular tax	4,298,192 5,992	2,371,570 *535	3,283,377 *348	3,126,843 *170	3,854,662 2,316	6,482,194	93,613,746
Recapture of investment credit	7,433	6,260	6,272	6,079	2,316 4,930	353 8,286	10,040 307,348
Alternative minimum tax	111,029	69,373	104,474	97,086	114,456	194,169	2,740,950
preign tax credit	456 24,414	967	3,780	7,423	10,742	22,271	417,145
S. possessions tax credit	20,340	31,670 40,658	62,599 123,101	67,829 212,170	194,479 274,890	406,474 331,159	22,354,079 1,713,123
rpnan drug credit	~ _	-		-	_	-	14,190
onconventional source fuel crediteneral business credit	106,463	*209 50,315	*611 66,437	*1,420 60,995	722 81,699	506 144,735	79,275 3,216,082
rior year minimum tax credit	34,153	16,163	19,875	21,042	20,762	41,154	662,493
otal income tax after credits	4,247,668	2,313,921	3,130,176	2,880,190			

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

1 Less than \$500 per return.

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

RETURNS WITH NET INCOME

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

	Total returns			Size of total assets	т	
ltem	with net income	Zero assets	- \$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
lumber of returns	1,921,805	76,869	894,700	355,819	213,338	154,992
otal assets	13,857,022,413	_	31,034,117	58,135,832	75,831,636	109,735,832
Cash	670,047,815	-	8,111,071	12,015,736	13,385,169	16,294,853
Notes and accounts receivable	3,513,494,020	-	3,559,805	9,806,350	14,421,179 93,020	24,666,933 260,883
Less: Allowance for bad debts	77,660,240	-	28,878	139,839 8,680,972	13,327,680	21,246,774
Inventories	628,963,595	- 1	3,648,921 20,477	54,484	183,973	364,306
Investments in Government obligations	721,195,231	-	*9.888	46,188	129,599	251,097
Tax-exempt securities	238,889,691	_	•	2,667,966	3,288,133	4.790.352
Other current assets	774,093,522	-	1,325,391	3,227,662	2,995,430	2,430,010
Loans to stockholders	56,236,437	_	2,482,823 93,186	545,328	1,046,768	1,287,488
Mortgage and real estate loans	1,166,899,143 3,310,822,735		815,875	2,510,949	3,663,320	5,767,198
Other investments	3,152,393,374	_	30,194,177	37,597,908	46,391,058	59,305,24
Depreciable assets	1,375,900,875	_	21,714,939	24,555,910	29,886,525	37,121,25
	107,802,325	_	64,425	252,203	108,318	211,206
Depletable assets	46,966,340	_	*39,280	94,826	24,661	91,630
Less: Accumulated depletion	108,867,649	_	661,255	2,124,780	3,558,970	6,444,433
Intangible assets (amortizable)	257,448,390	_	994,208	1,496,136	1,269,822	1,636,81
Less: Accumulated amortization	58,751,946	-	517,897	715,741	536,911	676,43
Other assets	709,147,888	-	1,353,613	2,615,486	2,603,337	3,189,319
otal liabilities	13,857,022,413		31,034,117	58,135,832	75,831,636	109,735,832
	846,657,437	_ _	3,580,415	6,735,007	9,918,519	16,125,00
Accounts payable	1,155,479,048	=	3,127,108	4,913,548	6,501,090	10,732,35
Other current liabilities	3,944,319,520	_	3,144,846	4,292,337	5,156,869	8,165,25
Loans from stockholders	110,232,242	_	6,127,037	6,333,006	5,849,761	6,427,00
Mortgages, notes, and bonds payable in one year or more	1,664,238,151	. –	5,346,531	9,190,754	· 12,351,656 1,581,883	17,050,38 2,718,25
Other liabilities	2,122,319,135	-	1,009,901	1,388,211		
Capital stock	1,175,868,027	_	5,249,411	6,368,569	6,593,031	8,612,01 6,375,50
Paid-in or capital surplus	2,006,408,591	_	2,942,311	3,687,622	3,678,672	392.03
Retained earnings, appropriated	59,989,072	_	73,106	102,256 14,084,617	206,387 20,002,970	26,990,98
Retained earnings, unappropriated	1,494,381,649	_	1,479,142 348,870	3,251,246	6,551,974	10,268,05
Total retained earnings, S Corporations	145,426,508 868,296,967		1,394,560	.2,211,341	2,561,177	4,121,03
			400 700 007	195,350,086	211,890,377	280,569,21
otal receipts	8,483,467,360	135,135,450 82,992,501	186,762,627 181,642,721	190,387,795	205.819.520	272,324,38
Business receipts	7,289,721,032 737,181,382	40,346,330	372,704	827,013	1,002,013	1,352,15
Interest	737,101,302	40,040,000	0.2,757	1		
Interest on Government obligations:	22,295,472	117,013	. •723	8,685	7,905	20,59
State and local	82,629,324	675,978	408,455	580,721	983,771	1,229,83
Royalties	23,143,356	261,178	*95,965	16,158	54,789	64,37
Net short-term capital gain reduced by net long-term capital	9,911,230	109,297	*27,143	42,401	38,521	44,86
loss Net long-term capital gain reduced by net short-term capital	9,911,230					
loss	53,035,126	2,783,350	759,531	267,150	422,388 419,196	555,91 616,89
Net gain, noncapital assets	27,896,247	1,306,964	534,651	458,371 47,769	73.032	101,32
Dividends received from domestic corporations	13,600,137	651,523	13,322	*213	1,304	6,42
Dividends received from foreign corporations	31,947,400	760,419 5,130,897	2,907,385	2,713,810	3,067,938	4,252,43
Other receipts	192,106,655	5,130,697	2,507,500			1
Total deductions	7,938,753,809	122,675,156	173,430,033	185,216,626	202,152,521	268,547,47
Cost of sales and operations	4,842,626,863	53,068,042	78,068,671	102,385,934	124,777,204	175,951,00
Cost of sales and operations Compensation of officers	140.876.010	1,732,719	18,843,132	15,036,179	12,855,401	14,148,68
Repairs	73,815,486	884,117	1,439,430	1,567,782	1,732,323	1,779,63 698,17
Bad debts	40,980,439	1,087,697	340,807	460,658	468,085	5,826,03
Rent paid on business property	118,405,586	1,994,164	7,404,998	5,852,850	5,139,351	
Taxes paid	184,678,100	2,473,787	5,236,342	5,522,157	5,351,143 2,253,021	6,879,05 3,146,15
Interest paid	582,661,891	35,385,755	1,317,601	1,895,373 56,371	63,694	88,0
Contributions or gifts	4,810,072	48,427 218,062	33,484 134,562	217,549	168,087	195,10
Amortization	13,977,396 258,133,384	2.086.756	3,237,530	4,049,218	4,513,173	5,391,7
Depreciation		_,,	21,352	6,316	15,662	37,96
Depletion	7,738,005	28,886 1,880,346	3,219,318	1,723,787	1.763.372	2,401,2
Advertising	. 93,124,058 36,637,237	253,266	798,356	889,554	857,691	1,253,20
Pension, profit-sharing, stock bonus, and annuity plans	87,488,593	766,992	1,039,337	1,179,352	1,037,280	1,717,9
Employee benefit programs	5,237,091	614,915	120,593	45,540	31,962	97,6
Other deductions	1,447,563,599	20,151,226	52,174,520	44,328,007	41,125,072	48,935,8
otal receipts less total deductions	544,713,551	12,460,294	13,332,594	10,133,460	9,737,856	12,021,7
otal receipts less total deductions	33,977,958	1,360,918	_	· —	I	
Vet income	556,332,401	13,704,199	13,295,911	10,124,776	9,729,602	12,001,1 5,571,2
ncome subject to tax	370,727,346	9,002,048	2,450,519	4,022,891	4,476,148 864,894	1,287,0
ncome tax, total	127,060,118	3,118,071	403,381	681,691 677,731	854,596	1,267,49
Regular tax	123,111,302	3,006,001	400,466 *873	*499	*4,134	3:
Personal holding company tax	23,596	2,936	*1,363	*124	570	1,5
Recapture of investment credit	325,789 3,035,446	70,427	*742	2,418	5,309	17,0
Alternative minimum tax	3,035,446 467,761	8,727	*33	*77	*50	
Environmental tax	1		()	*3,123	*794	8,0
Foreign tax credit	23,992,681 2,793,603	846,445 77,112	102	121	104	7
U.S. possessions tax credit	2,793,603	1 ",112	1 –	"-	1 -	
Orphan drug credit	82,792	•20	(1)	_	-	1 :
Nonconventional source fuel credit	3,879,775	43,006	17,539	19,863	33,565	41,9
Prior year minimum tax credit	836,616	15,539	*11	*1,643	*755	3,0
Total income tax after credits	95,460,461	2,135,949	385,730	656,942	829,676	1,233,2

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

RETURNS WITH NET INCOME

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars

	_		Siz	te of total assets—Con	tinued	-	
Item	\$1,000,000	\$5,000,000	\$10,000,000	\$25,000,000	\$50,000,000	\$100,000,000	\$250,000,000
	under \$5,000,000	under \$10,000,000	under \$25,000,000	under \$50,000,000	under \$100,000,000	under \$250,000,000	or more
= -	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	165,368	24,197	15,944	7,307	5,232	4,064	3,974
Total assets	345,586,910	168,841,997	273,211,104	259,521,748	373,799,688	643,621,488	11,517,702,060
Cash	39,051,247	15,651,376	21,171,673	18,011,769	23,154,743	32,840,203	470,359,976
Notes and accounts receivable	85,838,051	43,935,351	73,567,818	78,628,857	114,024,661	167,859,434	2,897,185,581
Less: Allowance for bad debts	1,103,693 79,835,253	686,915 36,377,377	1,364,886 44,050,267	1,537,482 27,202,824	2,417,719 27,199,630	4,294,575 40,050,023	65,732,351
Investments in Government obligations	2,199,113	2,675,817	12,433,912	22,977,270	37,620,752	56,421,076	327,343,875 586,244,053
Tax-exempt securities	798,806	797,431	2,195,775	4,158,707	7,974,876	11,871,458	210,655,867
Other current assets	17,750,407	9,547,411	15,083,790	13,724,810	16,242,848	29,336,217	660,336,197
Loans to stockholders	4,454,237	1,507,944	1,153,603	1,095,459	1,008,627	1,492,610	34,388,034
Mortgage and real estate loans	3,537,396	1,594,037	4,150,211	11,400,222	32,270,677	76,570,379	1,034,403,450
Other investments	20,774,181 156,338,860	14,104,314 67,910,314	30,268,291 100,820,216	33,479,480	58,971,118	128,478,813	3,011,989,196
Less: Accumulated depreciation	90,277,816	35,910,465	50,741,576	67,557,017 31,857,446	70,737,771 31,718,126	113,470,603 46,450,743	2,402,070,202 975,666,077
Depletable assets	895,144	750,751	1,209,936	1,608,890	1,932,707	2,511,114	98,257,631
Less: Accumulated depletion	354,064	358,698	517,951	845,776	785,541	825,703	43,028,209
Land	14,634,373	5,250,434	5,775,002	4,680,304	4,419,841	6,887,835	54,430,422
Intangible assets (amortizable)	4,396,979	2,365,416	3,876,506	3,827,411	5,819,736	11,082,506	220,682,856
Less: Accumulated amortization	1,835,250 8,653,687	871,124 4,201,226	1,134,326 11,212,843	929,329 6,338,762	1,164,641 8,507,729	2,030,247 18,350,482	48,340,048 642,121,404
			11,212,040	0,000,702	0,507,729	10,550,462	042,121,404
Total liabilities	345,586,910	168,841,997	273,211,104	259,521,748	373,799,688	643,621,488	11,517,702,060
Accounts payable Mortgages, notes, and bonds payable in less than one year.	56,711,000 47,506,135	25,968,427 24,850,962	33,882,788	21,135,939	21,481,156	33,246,663	617,872,518
Other current liabilities	47,506,135 31,316,770	24,850,962 18,941,254	33,590,513 51,206,970	19,068,661 91,540,584	21,255,124 163,013,331	29,595,704 259,894,291	954,337,844 3,307,647,009
Loans from stockholders	13,902,539	3,647,873	3,608,147	1,920,239	2,169,938	3,769,370	56,477,328
Mortgages, notes, and bonds payable in one year or more	50,524,424	24,151,018	38,806,393	28,931,198	33,091,126	62,110,217	1,382,684,451
Other liabilities	9,901,424	6,003,894	13,194,797	13,020,544	15,698,054	39,786,523	2,018,015,645
Capital stock	20,286,472	9,997,488	14,733,054	12,205,383	18,458,984	44,115,964	1,029,247,657
Paid-in or capital surplus	17,215,582	9,666,618	22,897,457	27,142,493	52,617,890	108,269,848	1,751,914,592
Retained earnings, appropriated	893,706 65,747,612	351,245 26,612,011	904,550 41,551,804	668,614 33,056,699	1,302,900	2,366,396	52,727,874 1,159,716,333
Total retained earnings, S Corporations	41,618,403	21,693,339	25,968,192	13,489,247	39,313,561 10,631,284	65,825,911 7,132,562	4,473,340
Less: Cost of treasury stock	10,037,157	3,042,132	7,133,561	2,657,853	5,233,659	12,491,961	817,412,532
Total receipts	849,209,998	371,331,287	428,680,720	277,194,357	269,115,487	416,368,068	4,861,859,691
Business receipts	826,608,530	359,475,750	409,693,397	256,235,679	238,181,089	362,835,504	3,903,524,165
Interest	3,527,086	2,078,380	5,867,446	10,411,441	19,183,978	33,999,949	618,212,883
Interest on Government obligations:							
State and local	92,225	97,005	240,569	430,586	843,490	1,470,754	18,965,919
Rents	3,305,985 306,749	1,401,785 98,890	2,094,361 454,871	1,290,980 225,236	1,236,946 495,796	2,615,949 679,709	66,804,558 20,389,644
Net short-term capital gain reduced by net long-term capital	300,743	30,030	454,671	225,230	495,796	6/9,709	20,369,644
loss	124,876	62,110	177,458	274,949	394,157	908,897	7,706,552
loss	1,616,993	955,511	1,217,695	1,191,351	1,300,005	2,370,620	39,594,615
Net gain, noncapital assets	1,757,195	813,694	1,002,941	595,241	748,803	938,914	18,703,385
Dividends received from domestic corporations	320,168	201,057	248,411	305,430	322,287	458,587	10,857,225
Dividends received from foreign corporations Other receipts	32,334 11,517,857	43,953 6,103,152	251,907 7,431,664	137,942 6,095,523	306,251 6,102,685	740,477 9,348,708	29,666,147 127,434,600
	1,011,007	0,100,102	7,101,001	0,000,020	0,102,000	0,540,760	127,434,000
otal deductions	816,142,759	355,608,795	408,094,819	260,373,205	249,684,711	385,433,442	4,511,394,272
Cost of sales and operations	594,081,379	270,868,406	300,489,932	187,692,731	169,574,458	256,555,479	2,529,113,621
Compensation of officers	28,861,578	8,668,390	7,400,376	4,131,135	3,372,327	3,826,325	21,999,759
Repairs	4,098,824 2,217,311	1,415,262 890,612	1,633,608 1,101,214	1,245,969 824,190	1,147,894 993,618	1,961,251	54,909,397
Rent paid on business property	11,291,453	3,679,432	4,098,443	2,844,264	3,129,036	1,398,087 4,828,032	30,499,988 62,317,532
Taxes paid	16,047,730	6,236,879	7,413,468	4,806,680	4,940,916	7,689,718	112,080,227
Interest paid	10,213,097	5,031,936	8,858,155	9,235,886	14,335,062	24,512,301	466,477,547
Contributions or gifts	214,079	94,629	139,268	137,063	147,190	261,593	3,526,262
Amortization Depreciation	540,331	393,633 6,146,908	485,754	427,971	434,796	881,118	9,880,429
	14,154,318		8,071,836	5,456,435	5,842,778	9,689,367	189,493,346
Depletion	134,939 6,395,899	82,881 2,813,265	148,395 4,147,148	139,314	240,217 2,803,834	322,074	6,560,004
Pension, profit-sharing, stock bonus, and annuity plans	3,196,541	1,130,018	4,147,148 1,512,866	2,406,463 856,066	2,803,834 884,897	4,407,167 1,512,599	59,162,186 23,492,185
Employee benefit programs	5,001,849	2,295,494	3,167,102	2,116,096	2,361,837	4,254,029	62,551,267
Net loss, noncapital assets	145,664	53,215	131,373	87,388	118,818	240,581	3,549,382
Other deductions	119,547,766	45,807,836	59,295,879	37,965,555	39,357,033	63,093,722	875,781,142
otal receipts less total deductions	33,067,239	15,722,492	20,585,901	16,821,152	19,430,776	30,934,626	350,465,419
Constructive taxable income from related foreign corporations . Net income	*50,935 33,022,257	50,739 15,676,208	189,684 20,513,319	72,587	204,977	568,197	31,479,898
ncome subject to tax	14,467,778	7.089.437	9,898,244	16,462,914 9,357,556	18,792,264 11,406,466	30,030,388 19,151,045	362,979,398 273,833,922
ncome tax, total	4,395,018	2,432,961	3,490,064	3,276,487	4,004,728	6,725,603	96,380,124
Regular tax	4,288,690	2,367,691	3,350,708	3,175,923	3,878,493	6,516,185	93,327,320
Personal holding company tax	5,853	*535	*348	*169	1,892	331	8,608
Recapture of investment credit Alternative minimum tax	5,910 91,310	4,101 56,875	6,984	5,388	4,489	6,535	285,850
Environmental tax	432	56,875 919	126,089 4,306	84,895 7,459	93,912 10,921	165,921 22,348	2,320,533 412,417
oreign tax credit	24,414	28,573	81,304	67,835	199,086	408,715	22,324,382
S. possessions tax credit	20,660	40,339	123,101	236,705	250,355	408,715 331,159	1,713,123
Proban drug credit							14,190
Aprian drug credit			****	*1,420	758	470	70.075
lonconventional source fuel credit		*209	*611				79,275
Orphan drug credit Jonconventional source fuel credit Jeneral business credit Prior year minimum tax credit	106,463 34,153	*209 50,006 16,163	70,144 19,914	60,771 21,130	82,754 21,336	146,897 40,995	3,206,769 661,887

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

1 Less than \$500 per return.

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

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

	Total returns					 :		otal assets					
Industrial division, item	of active corporations	Zero assets	\$1 Under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industries													
umber of returns	3,627,863	209,208	1,833,773	617,139	364,017	249,674	261,895	38,236	24,810	10,781	7,276	5,604	5,
tal assets	17.647.120.286	_	58,373,473	99,794,218	128,716,039	176,219,089	548,078,126	265,542,278	386,563,232	379,638,611	515,157.094	883,741,291	14,205,296,
otes and accounts receivable, net	4,091,972,823	_	6,548,143	15,397,258	21,925,988	34,665,933	115,335,612	58,731,534	92,181,340	102,215,516	139,841,282	206,990,834	3,298,139,
ventories	879,318,508		7,147,587	15,376,542	21,164,493	32,028,309	121,028,446	53,786,899	61,100,815	39,733,865	38,920,683	57,087,612	431,943, 2,469,215,
ash, Government obligations and other current assets	3,111,199,676	-	15,363,368	21,725,671	24,784,895	30,971,744	84,261,992	40,305,302	68,309,769	77,853,194	109,200,384	169,207,398 272,123,530	5,026,511
ther investments and loans	5,662,377,798	_	5,905,669	10,404,380	13,588,901	15,686,768 99,530,497	47,654,146 258,714,112	27,797,544 114,622,588	52,294,993 143,463,767	66,912,478 107,607,191	123,497,717 111,721,547	171,829,115	2,854,271
epreciable assets	4,069,775,039	-	56,038,544	68,418,651	83,557,733 50,542,847	57,320,522	134,182,071	54,259,296	64,402,888	45,469,922	45,667,121	65,289,123	1,120,332
Less: Accumulated depreciation	1,718,268,625	- 1	38,495,273	42,307,255		14,925,102	38,590,343	16,914,533	21,197,566	18,856,271	22,118,586	38,867,907	434,784
ther capital assets less reserves	624,930,387 2.691,962,510	_	2,829,898 16,472,700	6,369,088 24,142,898	9,476,119 34,110,638	45.449.702	176,069,408	83.184.088	98,301,380	66,547,119	70,183,727	103.809,549	1,973,691
counts and notes payable	5,141,333,387	_	7,019,486	8.017.701	9.351,234	13,081,422	47,840,703	28,169,231	73,208,412	121,864,960	203,445,831	331,376,250	4,297,958
ther current liabilitieslortgages, notes, and bonds payable in one year or more.	2,490,067,919	_	13,356,882	21,899,370	28.344,410	38,496,788	114,687,888	55,914,498	74,066,467	65,079,106	71,485,805	130,419,606	1,876,317
et worth	4,602,704,975	_	-4,749,460	23,805,863	36,744,341	57,358,864	155,166,056	76,708,485	112,698,597	100,388,919	138,826,605	253,870,170	3,651,886
otal receipts	10,934,973,405	217.765.745	314,115,671	306.033.231	318,666,631	390,035,804	1,169,509,547	505,641,183	558,213,868	385,450,722	368,918,334	567,476,613	5,833,146
usiness receipts	9,427,277,533	119,658,265	306,814,460	298,539,600	309,844,175	377,212,890	1,136,097,227	487,998,253	532,518,636	357,251,897	328,755,631	497,836,861	4,674,749
ost of sales and operations	6,317,467,181	74,569,670	140,283,144	167,650,150	189,940,828	244,265,145	826,178,674	369,617,082	395,389,948	264,892,929	234,412,257	354,269,542	3,055,997
axes paid	236,145,632	3,939,392	9,375,887	8,813,618	8,510,966	10,031,549	22,690,694	8,837,803	10,270,152	6,506,784	6,737,642	10,253,966 38,195,183	130,177 620,798
nterest paid	831,521,305	74,123,238	2,800,632	3,830,483	4,539,238	5,978,550	19,928,178	9,839,418	14,323,081 12,345,823	15,318,546 8,756,567	21,846,315 9,343,398	38,195,183 14,780,191	227,021
Depreciation	337,302,354	3,926,034	6,069,432	7,039,908	7,562,300	8,681,259	22,026,047	9,749,574	1,643,698	1.046,597	1,105,805	1,859,945	27,455
ension, profit-sharing, stock bonus, and annuity plans	44,159,248	357,011	1,488,243	1,352,200	1,222,935 1,782,684	1,593,676 2,524,330	3,728,769 7,231,913	1,304,909 3,365,501	4,164,898	2,949,017	3,459,573	5,997,412	73,213
mployee benefit programs	109,561,360 389,010,675	1,417,072 3,309,326	1,703,701 1,470,913	1,751,669 1,704,326	1,834,208	3,741,666	12.877.814	7,229,251	9,910,703	8,717,560	11,318,118	19,269,427	307,627
let income (less deficit)	371,054,512	9,002,168	2,450,519	4,024,342	4.476.413	5,569,072	14,494,429	7,099,013	9,718,570	9,212,350	11,333,669	19,045,354	274,628
ncome tax, total	127,754,021	3,127,585	403,434	685,181	867,233	1,291,371	4,433,038	2,452,937	3,402,799	3,243,646	4,002,108	6,725,906	97,118
Alternative minimum tax	3,540,918	76,188	743	4,152	6,123	22,175	111,029	69,373	104,474	97,086	114,456	194,169	2,740
Environmental tax	471,779	8,763	*33	•77	*50	*73	456	967	3,780	7,423	10,742	22,271	417
oreign tax credit	23,996,821	846,445	(1)	*3,123	*794	4,915	24,414	31,670	62,599	67,829	194,479	406,474	22,354
J.S. possessions tax credit	2,793,603	77,112	102	121	104	723	20,340	40,658	123,101	212,170	274,890	331,159	1,713
Orphan drug credit	14,190	. –	-	-	-		_	.209	*611	*1,420	722	506	79
Ionconventional source fuel credit	82,792	*20	17.500	40.000	22.505	*29 41,998	106,463	50,315	66,437	60,995	81,699	144,735	3.216
General business credit	3,882;728	43,033	17,539	19,866	33,565 *748	3.097	34,153	16,163	19,875	21,042	20,762	41,154	662
Prior year minimum tax credit	836,681 96,147,206	15,539 2,145,436	385,782	660,429	832.021	1.240.609	4,247,668	2.313,921	3,130,176	2,880,190	3,429,556	5,801,878	69.079
i i													
Agriculture, Forestry, and Fishing	123,195	7,166	48,769	23,770	19,333	14,152	8,841	695	272	101	52	35	
otal assets	63,413,253	7,100	1,657,774	3,845,494	6,959,467	10,060,419	16,067,836	4,781,626	4,024,387	3,553,453	3,612,621	5,710,858	3,139
Votes and accounts receivable, net	6,215,720	} _	95,800	310,646	500,319	643,006	1,432,519	606,543	496,119	513,659	483,439	783,374	350
nventories	7,188,371	_	63,445	180,607	317,300	799,784	1,604,763	694,520	460,687	679,234	582,326	1,087,991	717
Cash, Government obligations and other current assets	7,299,647	_	340,348	702,870	1,014,576	1,152,252	1,382,280	622,169	417,640	456,393	390,245	513,827	307 738
Other investments and loans	7,780,842	_	235,068	366,910	918,820	927,121	1,687,350	462,998	591,064 2,316,012	374,294 1,927,841	565,776 1,648,324	912,763 2,438,351	1,652
Depreciable assets	44,390,053	_	2,467,746	4,319,148	6,624,975	7,516,279	10,799,498	2,679,686 1,434,672	1,067,468	816,960	771,413	967,272	875
Less: Accumulated depreciation	27,177,737	_	1,864,732	2,932,064	4,506,495	5,123,872	6,817,253 5,132,357	997.159	707,935	297,268	487,053	682,850	167
Other capital assets less reserves	14,802,664	-	217,077	761,091	1,832,113	3,520,430 1,556,311	3.315.235	1,176,369	924,884	783,187	972,183	1,486,720	455
Accounts and notes payable	13,218,769 2,863,450	_	525,379 70,416	888,878 116,039	1,133,686 157,047	293,291	623,599	206,926	262,059	250,330	352,269	345,859	185
Mortgages, notes, and bonds payable in one year or more.	16,694,788	1 -	472,289	980,489	1,976,235	2,515,502	4,689,199	1,398,092	1,210,442	869,672	802,566	1,296,192	484
Net worth	21.097.129	_	- 280,930	658,253	2,428,117	4,532,520	5,412,489	1,175,621	1,049,684	1,180,213	1,096,182	2,128,885	1,716
otal receipts	86,627,044	809.903	6.464,730	7,260,859	12.985.250	10.370.555	18,412,545	5,413,534	5,715,845	4,526,997	4,975,205	5,605,014	4,086
Business receipts	81,159,501	684.163	6.068.061	6.738.719	12,407,758	9,561,679	17,134,135	5,065,482	5,427,071	4,316,259	4,614,551	5,311,948	3,829
Cost of sales and operations	57,275,674	356,599	2,912,960	3,818,959	9,419,039	6,191,677	12,540,749	3,740,906	4,345,495	3,509,415	3,820,273	4,381,879	2.23
axes paid	1,761,909	22,011	181,393	181,737	250,377	272,066	389,646	106,667	98,443	64,983	59,485	74,871 223,717	60
nterest paid	2,788,784	65,573	141,200	189,560	260,564	417,825	735,281	205,928	195,057 210,358	138,299 136,878	152,732 138,234	166,540	146
Depreciation	3,613,282	87,709	256,174	399,957	475,575	558,715	826,212	210,234				17,184	'7
Pension, profit-sharing, stock bonus, and annuity plans	166,327	5,852	*1,743	*11,680	18,925	23,180	39,047	15,361	10,775 14,193	5,626 17,504	8,175 23,277	18,927	7
mployee benefit programs	349,422	*1,106	9,601	32,367	28,882	35,955	71,333 195,485	19,160 26,948	-25.679	122,651	155,779	124,879	390
Net income (less deficit)	1,550,580	13,784	53,947	114,858 155,466	90,366 192,164	286,709 293,344	381,174	134,461	47,767	116,882	161,175	177,975	38
ncome subject to tax	2,149,977 605,850	35,552 7,790	72,456 11,141	27,874	31,737	61,102	103,155	46,923	17,205	41,467	57,475	66,319	133
ncome tax, total	17,256	158	1 11,141	*259] 31,737	306	1,443		1,013	1,646	2,431	5,453	
Environmental tax	1,233	9	1 =		_	-	3	*49	*33	106	225	280	1
Foreign tax credit	*14,048	_		l	•14	*31	-	_	-	*2,022	9	68	1
J.S. possessions tax credit	2,743	_	-	· –	1 =	1 -	2,443	-	-	300		-	1
Orphan drug credit		_	_	_	_	_	_	-	_	-	-	l –	i
Nonconventional source fuel credit	I –	_	-	-	-	-	-	-	-	1	1 _ =	1	1
General business credit	27,613	*821	*1,532	*980	2,594	3,690	5,530		*425	*1,090	5,474	1,373	
Prior year minimum tax credit	3,863	1 -	-	_	29,129	57,382	*65 95,117	46,506	*298 16,482	*131 37,924	186 51,805	64,878	111
Total income tax after credits	557,583	6.969	9,609	26,894									

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

	Total returns						Size of	otal assets					
Industrial division, item	of active corporations	Zero assets	\$1 Under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining							1	<u> </u>		 ` ´ 		(1-)	(.5)
Number of returns	41,631	3,160	19,594	7,119	4,132	3,095	2,878	751	441	177	123	74	87
otal assets	236,339,172	-	573,298	1,086,323	1,473,669	2,121,571	6.293,741	5,304,656	6,760,619	6,487,609	10,332,965	12,496,700	183,408,023
otes and accounts receivable, net	19,765,052	-	77,010	232,675	269,345	369,081	1,011,403	712,596	1,007,171	955,121	1,515,236	1,823,311	11,792,10
ash, Government obligations and other current assets	6,342,748 16,152,798	_	*8,919	*3,945	54,387	55,227	176,937	208,556	282,478	242,314	473,119	752,253	4,084,613
Other investments and loans	103,302,597		122,341 107,531	217,076 153,121	315,425 150,343	554,414	1,213,284	1,078,209	1,322,288	949,549	1,264,480	1,437,760	7,677,97
Depreciable assets	101,810,298	_	681,599	1,324,528	1,926,544	253,543 1,917,025	908,850 4,484,108	855,268	781,482	1,045,715	1,804,688	1,956,593	95,285,46
Less: Accumulated depreciation	50,503,967	-	532,483	987,662	1,447,405	1,396,320	2,947,648	3,025,504 1,983,195	3,995,176 2,470,992	3,337,785 1,815,346	7,091,183 4,263,770	7,432,374	66,594,470
Other capital assets less reserves	28,527,508	i –	62,914	101,786	173,119	289,420	1,110,554	1,124,932	1,522,254	1,514,999	2,065,185	3,875,407	28,783,73
counts and notes payable	25,363,055		488,989	338,337	2,478,532	489,728	1,794,001	1,259,514	1,610,969	1,004,655	1,501,842	2,327,690 1,582,079	18,234,65 12,814,40
hther current liabilities fortgages, notes, and bonds payable in one year or more.	9,702,628 52,613,170	_	51,603	41,745	66,890	153,382	484,149	468,775	562,003	327,779	702,961	706.540	6,136,80
et worth	126,413,627	_	280,558	182,899	319,949	444,434	1,195,099	1,025,423	1,263,837	1,478,252	2,503,243	2,522,711	41,396,76
otal receipts	102.378.796	1,626,952	-541,444	285,492	-1,796,634	790,733	1,683,200	1,796,637	2,439,842	2,826,775	4,414,324	6,333,425	108,181,27
usiness receipts	87,977,574	1,452,504	1,220,577 1,076,738	1,616,330 1,461,520	2,623,318 2,491,351	2,772,248 2,532,409	6,972,274	3,918,222	5,252,689	4,041,987	6,941,417	9,027,997	56,364,78
ost of sales and operations	56,658,030	960,737	529,852	393,745	1,122,031	1,197,776	6,413,464 4,142,852	3,392,549	4,690,380	3,500,799	6,024,770	8,177,016	46,764,07
ixes paid	3,176,818	27,101	38,188	59,486	115,724	167,235	4,142,852 260,054	2,001,992 126,117	3,140,855 168,369	2,211,839	4,101,606	5,490,107	31,364,63
terest paid	6,529,206	76,760	28,040	31,054	42,633	60,705	187,840	150,386	203,325	125,613 173,723	324,738 265,817	252,415	1,511,77
epreciation	5,588,990	106,787	45,488	90,491	158,240	137,716	300,880	251,774	269,632	236,404	331,620	366,904 456,671	4,942,01
ension, profit-sharing, stock bonus, and annuity plans	340,322	5,139	*641	*1,934	*2,987	*5,935	31,901	12,337	22,787	14,579	17,793	35,993	3,203,28 188,29
nployee benefit programs et income (less deficit)	801,760	10,157	*10,936	*4,679	27,557	20,542	45,621	32,735	40.031	21.087	47,140	92.643	448.63
come subject to tax	3,144,686 4,469,841	- 109,708	-71,448	- 13,674	-77,312	-58,570	40,838	-77,035	77,228	63,070	350,663	425,990	2,594,64
come tax, total	1,771,670	22,705 9,619	40,681 6,292	37,304 5,973	18,706	60,701	134,198	118,782	136,219	105,971	423,660	367,953	3,002,96
Alternative minimum tax	268,102	2.116	0,292	5,973	3,121 *174	18,938	47,996	47,610	59,932	47,001	172,972	153,273	1,198,94
Environmental tax	9,225	*59	_	_	174	1,467	5,506 *11	8,028 *36	13,505	10,717	15,647	27,059	183,88
preign tax credit	573,027	1,284	l _] []	5	*80		164	218	766	864	7,100
S. possessions tax credit	_			1 =	'		80	*6,540	*1,399	*149	58,132	21,364	484,072
rphan drug credit] -	_		_	_	_	_	_	_	- 1	- 1	- [-
onconventional source fuel credit	27,993	_	_	_	- '	l _		_	*169	*499	231	386	26.708
eneral business credit ior year minimum tax credit	58,341	*40	*39	*324	*346	*902	*1,272	*621	2,924	*1.771	6,374	4,259	39,468
tal income tax after credits	31,834 1,080,476	9	l .		- I	_	*1,515	*401	*964	*13	996	1,913	26,023
	1,080,476	8,287	6,253	5,649	2,775	18,031	45,128	40,048	54,475	44,570	107,240	125,351	622,670
Construction													
imber of returns	393,103	16,283	206,748	62,853	44,244	28,114	29,299	3,381	1,522	367	163		
tal assets	249,711,210	_	6,266,876	10,397,585	15,793,726	20,315,897	60,198,802	23,574,640	22,378,699	12.381.829		86	43
otes and accounts receivable, net	67,193,557	_	933,741	2,337,039	4,053,206	5,791,480	18,234,392	7,817,129	7,212,624	3,803,129	11,030,572 3,053,462	15,204,873	52,167,712
ventories	34,156,301	_	403,094	1,181,380	2,233,896	3,320,221	10,866,965	3,769,988	3,269,698	1,935,776	1,345,941	4,459,968 2,104,551	9,497,388 3,724,792
ash, Government obligations and other current assets	52,977,169 38,826,057		1.709.560	2,533,480	3,742,809	4,622,459		6,155,646	5,680,468				3,724,792
epreciable assets						4,022,439	14,146,804			2.849.569		2 898 236	5 880 020
	00,020,007	- 1	720,756	1,093,690	1,375,215	1,354,537	14.146,804 3,973,447	1,554,193	1,657,829	2,849,569 1,107,035	2,758,118 1,259,966	2,898,236	5,880,020
Less: Accumulated depreciation	91,446,213	~	720,756 6,475,841	1,093,690 7,235,338	1,375,215 9,751,981	1,354,537 10,249,548	3,973,447 22,589,115	1,554,193 7,326,238	1,657,829 7,442,628	2,849,569 1,107,035 4,078,824	1,259,966 3,504,482	2,898,236 1,674,393 3,544,935	23,054,999
ther capital assets less reserves	91,446,213 54,107,667	- - -	720,756 6,475,841 4,333,705	1,093,690 7,235,338 4,643,501	1,375,215 9,751,981 6,245,955	1,354,537 10,249,548 6,469,459	3,973,447 22,589,115 13,502,192	1,554,193 7,326,238 4,486,299	1,657,829 7,442,628 4,142,309	1,107,035 4,078,824 2,252,026	1,259,966	2,898,236 1,674,393	
ther capital assets less reserves	91,446,213 54,107,667 9,340,920	- - -	720,756 6,475,841 4,333,705 210,694	1,093,690 7,235,338 4,643,501 392,735	1,375,215 9,751,981 6,245,955 520,541	1,354,537 10,249,548 6,469,459 841,689	3,973,447 22,589,115 13,502,192 2,292,133	1,554,193 7,326,238 4,486,299 939,389	1,657,829 7,442,628 4,142,309 686,857	1,107,035 4,078,824 2,252,026 520,626	1,259,966 3,504,482 1,798,902 437,204	2,898,236 1,674,393 3,544,935	23,054,999 9,247,284 4,823,692
Less: Accumulated depreciation ther capital assets less reserves counts and notes payable ther current liabilities	91,446,213 54,107,667 9,340,920 76,786,152		720,756 6,475,841 4,333,705 210,694 2,514,247	1,093,690 7,235,338 4,643,501 392,735 3,111,241	1,375,215 9,751,981 6,245,955 520,541 4,889,501	1,354,537 10,249,548 6,469,459 841,689 6,842,733	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248	1,554,193 7,326,238 4,486,299 939,389 8,080,021	1,657,829 7,442,628 4,142,309 686,857 7,995,495	1,107,035 4,078,824 2,252,026 520,626 4,177,334	1,259,966 3,504,482 1,798,902 437,204 3,385,810	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973	23,054,999 9,247,284 4,823,692 1,543,000 9,010,549
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities ongrages, notes, and bonds payable in one year or more.	91,446,213 54,107,667 9,340,920	- - -	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393	23,054,999 9,247,284 4,823,692 1,543,000 9,010,549 6,920,461
Less: Accumulated depreciation ther capital assets less reserves counts and notes payable ther current liabilities ortgages, notes, and bonds payable in one year or more, at worth	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584	1 - 1	720,756 6,475,841 4,333,705 210,694 2,514,247	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908	23,054,999 9,247,284 4,823,692 1,543,000 9,010,549 6,920,461 16,325,443
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities ortgages, notes, and bonds payable in one year or more, at worth. lat receipts.	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077	11111	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343	23,054,999 9,247,284 4,823,692 1,543,000 9,010,549 6,920,461 16,325,443 13,460,694
Less: Accumulated depreciation ther capital assets less reserves counts and notes payable ther current liabilities origages, notes, and bonds payable in one year or more, at worth tal receipts. ssiness receipts	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544	6,804,751 6,506,984	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 - 608,857	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451 49,264,081	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322	23,054,998 9,247,284 4,823,692 1,543,000 9,010,548 6,920,461 16,325,443 13,460,694 44,950,907
Less: Accumulated depreciation ther capital assets less reserves counts and notes payable ther current liabilities ortgages, notes, and bonds payable in one year or more, at worth tal receipts usiness receipts sit of sales and operations.	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469	6,804,751 6,506,984 5,007,405	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,246,628 45,763,028 28,105,143	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796	23,054,998 9,247,284 4,823,692 1,543,000 9,010,549 6,920,443 13,460,694 44,950,907 41,231,048
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities orgages, notes, and bonds payable in one year or more, at worth tal receipts siness receipts st of sales and operations wes paid	91,446,213 54,107,667 9,340,920 76,766,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770	6,804,751 6,506,984 5,007,405 130,103	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,246,628 45,763,028 28,105,143 1,343,092	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451 49,264,081 48,512,243	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548	23,054,995 9,247,284 4,823,692 1,543,000 9,010,545 6,920,461 16,325,443 13,460,694 44,950,907 41,231,048 33,187,451
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities ortgages, notes, and bonds payable in one year or more, at worth tal receipts sisness receipts st of sales and operations, wes paid erest paid	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122	6,804,751 6,506,984 5,007,405 130,103 98,432	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 222,665	23,054,99\$ 9,247,284 4,823,692 1,543,000 9,010,549 6,920,461 13,460,694 44,950,907 41,231,048 33,187,451 350,315
Less: Accumulated opereciation her capital assets less reserves counts and notes payable her current liabilities orgages, notes, and bonds payable in one year or more, at worth tal receipts usiness receipts st of sales and operations wes paid erest paid erest paid spreciation	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,292	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,659 36,623,004 756,548 394,797 658,479	1,657,829 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548	23,054,998 9,247,284 4,823,692 1,543,000 9,010,548 6,920,461 13,460,694 44,950,907 41,231,048 33,187,457 350,318 2,328,823
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts st of sales and operations ees paid erest paid preciation nsion, profit-sharing, stock books and appuits place.	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 100,955	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 6,984,51 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659	1,554,193 7,326,238 4,486,229 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.995 18.304.827 247.621 331.811 49.345	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 22,665 422,584	23,054,998 9,247,28 4,823,692 1,543,000 9,010,548 6,920,461 16,325,443 13,460,694 44,950,907 41,231,048 33,187,451
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities orgages, notes, and bonds payable in one year or more, at worth tal receipts usiness receipts ses paid preciation preciation nsion, profit-sharing, stock bonus, and annuity plans uployee benefit programs at income (less deficit)	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097	6.804.751 	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 26,757,194 1,109,012 377,561 883,357 108,955	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883	1,364,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 49,264,081 49,264,081 49,264,081 492,018 970,292 254,777 440,040	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 687,830 687,830 687,830 139,697 139,697	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303 247,621 331,811 49,345 114,144	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,566,796 19,873,548 222,665 422,584 263,421 54,944 81,562	23,054,99 9,247,284 4,823,60 1,543,000 9,010,545 6,920,461 13,460,694 44,950,461 33,187,451 350,3187,451 350,3187,451 350,3187,451 350,3187,451 350,3187,451 350,3187,451 350,3187,451
Less: Accumulated depreciation her capital assets less reserves Counts and notes payable her current liabilities. ortgages, notes, and bonds payable in one year or more. at worth. at receipts. siness receipts st of sales and operations. ees paid. preciation nsion, profit-sharing, stock bonus, and annuity plans. polyoee benefit programs. t income (less deficit).	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278	6.804,751 6.506,984 5.007,405 130,103 98,432 140,808 7,268 38,285 -10,111	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743 469,100	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,791 3,457,237 40,049,160 39,696,621 1,109,012 377,561 883,357 108,955 236,404 517,224	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491	1,364,537 10,249,548 6,469,459 841,689 841,689 2,296,065 2,772,394 6,598,451 49,264,081 49,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,664,455 2,863,228 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 137,923 245,579 1,173,328	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 667,830 450,439 630,397 139,687 160,793 1,211,840	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1,778.662 1.820.233 3.113,542 22.036.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753 491,744	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784	23,054,99; 9,247,284 4,823,692 1,543,000 9,010,549 6,920,461 13,460,694 44,950,907 41,231,046 33,187,451 350,315 2,328,823 917,641 234,768 300,740
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities. prigages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts sisiness receipts sist of sales and operations wes paid preciation nsion, profit-sharing, stock bonus, and annuity plans niployee benefit programs it income (less deficit) come tax, total	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260	6.804.751 	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 108,955 236,404 517,224 595,025	1,375,215 9,751,981 6,245,995 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,559 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 667,830 450,439 630,397 139,697 160,793 1,211,840 791,244	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303 247,621 331,811 49,345 114,144 508,032 399,348	1.259.966 3.504.482 1.798.902 437.204 3.385.810 1.861.053 1.931.123 2.908.725 17.760.517 17.217.471 14.842.560 261.354 254.405 264.445 44.969 65.753 491.744 358.390	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198	23,054,999 9,247,28- 4,823,600 9,010,544 13,460,694 44,950,907 41,231,049 33,187,457 3,50,318 2,328,823 917,641 234,766 300,744 740,188
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities orgages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts sist of sales and operations wes paid preciation nerion, profit-sharing, stock bonus, and annuity plans ployee benefit programs it income (less deficit) come subject to tax come tax, total	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,280 2,327,882 89,550	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 10,111 100,145 36,101 44,255	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743 469,100	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,791 3,457,237 40,049,160 39,696,621 1,109,012 377,561 883,357 108,955 236,404 517,224	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449	1,364,537 10,249,548 6,469,459 841,689 841,689 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790	3,973,447 22,589,115 13,502,192 2,292,193 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 1,4659 1,	1,554,193 7,326,238 4,486,299 939,339 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 160,793 1,211,840 791,244 276,042	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303 247,621 331,811 49,345 114,144 508,032 399,348 141,357	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753 491,744 358,390 124,964	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198 106,631	23,054,99; 9,247,28- 4,823,69; 1,543,000 9,010,549- 6,920,46* 13,460,694 44,950,907 41,231,048 33,187,45* 350,318 2,328,825 917,641 234,768 300,744 740,188 947,678 333,892
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities ortgages, notes, and bonds payable in one year or more. at worth lat receipts siness receipts siness receipts sst of sales and operations wes paid erest paid preciation nsion, profit-sharing, stock bonus, and annuity plans nployee benefit programs at income (less deficit) come subject to tax come tax, total Alternative minimum tax. Environmental tax	91,446,213 54,107,667 9,340,920 76,766,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 992,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260 2,327,882 89,550 2,555	6.804.751 	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743 469,100	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,180 39,696,621 267,57,194 1,109,012 377,561 883,357 109,955 236,404 517,224 595,025 99,468	1,375,215 9,751,981 6,245,995 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,394 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,559 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 160,793 1,211,840 791,244 276,042 5,613	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032 399.348 141.357 4.555	1.259.966 3.504.482 1.798.902 437.204 3.385.810 1.861.053 1.931.123 2.908.725 17.760.517 17.217.471 14.842.560 261.354 254.405 264.445 44.969 65.753 491.744 358.399 124.964 2.647	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 487,784 297,198 106,631 3,9663	23,054,999 9,247,284 4,823,692 1,543,000 9,010,545 6,920,461 16,325,445 13,460,694 44,950,907 41,231,046 33,187,455 12,328,823 917,641 234,768 300,740,188 947,678 335,892 5,572
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities ortgages, notes, and bonds payable in one year or more, at worth al receipts siness receipts siness receipts sis of sales and operations set paid preciation preciation nsion, profit-sharing, stock bonus, and annuity plans ployee benefit programs t income (less deficit) orme subject to tax orme tax, total Alternative minimum tax eign tax credit	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,589,122 9,296,059 1,778,278 2,929,097 8,736,930 7,754,260 2,327,882 89,550 2,505 89,197	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 10,111 100,145 36,101 44,255	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 28,105,143 1,343,092 28,105,143 1,343,092 28,105,143 1,343,092 28,105,143 1,343,092 361,303 912,361 76,204 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,180 39,696,621 267,57,194 1,109,012 377,561 883,357 109,955 236,404 517,224 595,025 99,468	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449	1,364,537 10,249,548 6,469,459 841,689 841,689 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891 609,915 38,374 4	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,630 450,439 630,397 139,697 130,697 130,697 140,042 5,613 230	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303 247,621 331,811 49,345 114,144 508,032 399,348 141,357 4,555 291	1.259.966 3.504.482 1.798.902 437.204 3.385.810 1.861.053 1.931.123 2.908.725 17.760.517 17.217.471 14.842.560 261.354 254.405 264.445 44.969 65.753 491.744 358.390 124.964 2.647	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198 106,631 3,963 434	23,054,99; 9,247,28- 4,823,69; 1,543,000 9,010,545 6,920,46- 13,460,69- 44,950,90; 41,231,045 33,187,451 350,315 2,328,825 917,641 234,765 300,744 740,188 947,676 335,892 5,572 1,087
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth tal receipts usiness receipts sist of sales and operations wes paid erest paid erest paid erest paid erest paid erest paid in profit-sharing, stock bonus, and annuity plans uployee benefit programs at income (less deficit) come subject to tax come tax, total Alternative minimum tax. Environmental tax rerign tax credit	91,446,213 54,107,667 9,340,920 76,766,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 992,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260 2,327,882 89,550 2,555	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 - 10,111 100,145 36,101 4,255 (65	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,2246,628 45,763,028 28,105,143 1,343,092 361,303 912,361 76,204 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 108,955 236,404 517,224 595,025 99,468 2,322	1,375,215 9,751,981 6,245,995 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,120,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449 12,623	1,364,537 10,249,548 6,469,459 841,689 841,689 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790	3,973,447 22,589,115 13,502,192 2,292,193 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 1,4659 1,	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 160,793 1,211,840 791,244 276,042 5,613 230 11,104	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032 399.348 141.357 4.555	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753 491,744 358,390 124,964 2,647 347	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 487,784 297,198 106,631 3,9663	23,054,99 9,247,284 4,823,692 1,543,000 9,010,545 6,920,461 13,460,694 44,950,907 41,231,045 33,187,451 350,315 2,328,823 917,641 234,768 300,740 740,188 947,678 335,892 5,572 1,087
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts sist of sales and operations kes paid preciation nsion, profit-sharing, stock bonus, and annuity plans ployee benefit programs it income (less deficit) come tax, total Atternative minimum tax reign tax credit 5, possessions tax credit pland receipt pland receipt produced preciation speciation pland programs ployee benefit programs tricome (less deficit) prome tax, total atternative minimum tax reign tax credit pland receipt pland receipt pland receipt programs	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 504,906,544 910,218,770 7,369,122 9,296,059 1,778,278 2,980,097 8,736,930 7,754,260 2,327,882 89,550 2,505 89,197 4,796	6.804.751 6.506.984 5.007.405 130.103 98.432 140.808 7.268 38.285 -10,111 100,145 36,101 4.255 65 11,183	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,2246,628 45,763,028 28,105,143 1,343,092 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 267,57,194 1,109,012 377,561 883,357 108,955 236,404 517,224 595,025 99,468 2,322 4	1,375,215 9,751,981 6,245,995 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,120,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449 12,623	1,364,537 10,249,548 6,469,459 841,689 841,689 2,296,065 2,772,394 6,598,451 49,264,081 48,512,243 36,218,776 1,267,552 492,018 970,282 254,777 440,040 469,861 694,790 167,508 9,998	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,650 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891 609,915 38,374 4	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,630 450,439 630,397 139,697 130,697 130,697 140,042 5,613 230	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032 399.348 141.357 4.555 291	1.259.966 3.504.482 1.798.902 437.204 3.385.810 1.861.053 1.931.123 2.908.725 17.760.517 17.217.471 14.842.560 261.354 254.405 264.445 44.969 65.753 491.744 358.390 124.964 2.647	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198 106,631 3,963 434 26	23,054,99: 9,247,28- 4,823,69: 1,543,000 9,010,545 6,920,46: 16,325,445; 13,460,694 44,950,907 41,231,046 33,187,45: 350,318; 350,318; 234,766 300,744 740,188 947,676 335,892 5,577 1,087
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts siness receipts set of sales and operations wes paid preciation preciation nsion, profit-sharing, stock bonus, and annuity plans ployee benefit programs it income (less deficit) come tax, total laterative minimum tax come tax, total come t	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260 2,327,882 89,550 2,505 89,197 4,796 ————————————————————————————————————	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 - 10,111 100,145 36,101 44,255 65	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 28,105,143 1,343,092 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 108,955 236,404 517,224 517,224 517,224 44 44 44	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449 2,623 61 61	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,345 48,512,243 36,218,776 1,267,752 492,018 970,292 254,777 440,040 9,998 9,998 107 107	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,659 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891 609,915 38,374 4 2 — — — —	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627 48 103	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 160,793 1,211,840 791,244 276,042 5,613 230 11,104	1,107,035 4,078,824 2,252,026 520,626 4,177,334 1,778,662 1,820,233 3,113,542 22,038,672 21,418,895 18,304,827 247,303 247,621 331,811 49,345 114,144 508,032 399,348 141,357 4,555 291	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753 491,744 358,390 124,964 2,647 347	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,087,908 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198 106,631 3,963 434	23,054,99: 9,247,28- 4,823,69: 1,543,000 9,010,545 6,920,46: 16,325,445; 13,460,694 44,950,907 41,231,046 33,187,45: 350,318; 350,318; 234,766 300,744 740,188 947,676 335,892 5,577 1,087
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth all receipts siness receipts st of sales and operations wes paid preciation nsion, profit-sharing, stock bonus, and annuity plans piployee benefit programs it income (less deficit) come tax, total Alternative minimum tax. covironmental tax reign tax credit 5, possessions tax credit phonoryer propers or year minimum tax prover and the programs or the programs and the programs or the programs better the programs and the programs and the programs better the programs and annuity plans ployee benefit programs and annuity plans ployee benefit programs and annuity plans ployee benefit programs and annuity plans plant and annuity plans plant and annuity plans plant and annuity plans plant and annuity plant programs and annuity plant plant annuity	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 992,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260 2,327,882 89,550 2,505 89,197 4,796 225 75,5615	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 - 10,111 100,145 36,101 4,255 (65	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 -608,857 46,2246,628 45,763,028 28,105,143 1,343,092 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 108,955 236,404 517,224 595,025 99,468 *2,322 4 44 44 —	1,375,215 9,751,981 6,245,995 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,120,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 217,883 360,491 21,623 613,328 120,449 2,623 613,328 120,449	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,085 2,772,394 48,512,243 36,218,776 1,267,552 492,018 970,292 254,777 440,040 469,861 694,790 167,508 9,998 107 107 107 107 107 107 107 107 107 107	3.973.447 22.589.115 13.502.192 2.292.133 22.106.248 9.034.046 7.500.887 16.577.644 130.659.156 128.349.043 102.557.650 2.610.678 1.419.656 2.214.143 514.659 1.913.891 609.915 38.374 4 2 — — — — — — — — — — — — — — — — —	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627 48 103 	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 139,697 140,793 1,211,840 791,244 276,042 5,613 230 11,104 4,645 21,108	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032 399.348 141.357 4.555 291	1,259,966 3,504,482 1,798,902 437,204 3,385,810 1,861,053 1,931,123 2,908,725 17,760,517 17,217,471 14,842,560 261,354 254,405 264,445 44,969 65,753 491,744 358,390 124,964 2,647 347	2,898,236 1,674,393 3,544,935 1,409,628 956,055 4,672,973 2,530,393 3,515,343 23,396,322 22,565,796 19,873,548 222,665 422,584 263,421 54,944 81,562 438,784 297,198 106,631 3,963 434 26	23,054,99: 9,247,28- 4,823,69: 1,543,000 9,010,544 6,920,46: 16,325,44: 13,460,69: 44,950,900 41,231,044 33,187,45: 300,744 740,188 947,678 335,892 5,577 1,087 85,982
Less: Accumulated depreciation her capital assets less reserves counts and notes payable her current liabilities origages, notes, and bonds payable in one year or more, at worth lat receipts siness receipts siness receipts set of sales and operations wes paid preciation preciation nsion, profit-sharing, stock bonus, and annuity plans ployee benefit programs it income (less deficit) come tax, total laterative minimum tax come tax, total come t	91,446,213 54,107,667 9,340,920 76,786,152 36,108,584 45,173,077 66,723,454 517,477,336 504,906,544 392,668,469 10,218,770 7,369,122 9,296,059 1,778,278 2,990,097 8,736,930 7,754,260 2,327,882 89,550 2,505 89,197 4,796 ————————————————————————————————————	6,804,751 6,506,984 5,007,405 130,103 98,432 140,808 7,268 38,285 - 10,111 100,145 36,101 44,255 65	720,756 6,475,841 4,333,705 210,694 2,514,247 904,393 1,447,901 608,857 46,246,628 45,763,028 28,105,143 1,343,092 28,105,143 1,343,092 278,743 469,100 305,802 50,695	1,093,690 7,235,338 4,643,501 392,735 3,111,241 931,778 1,667,781 3,457,237 40,049,160 39,696,621 26,757,194 1,109,012 377,561 883,357 108,955 236,404 517,224 517,224 517,224 44 44 44	1,375,215 9,751,981 6,245,955 520,541 4,889,501 1,610,764 2,749,708 5,125,181 46,720,512 46,130,591 33,444,528 1,232,315 521,482 1,108,905 154,769 217,883 360,491 613,328 120,449 2,623 61 61	1,354,537 10,249,548 6,469,459 841,689 6,842,733 2,296,065 2,772,345 48,512,243 36,218,776 1,267,752 492,018 970,292 254,777 440,040 9,998 9,998 107 107	3,973,447 22,589,115 13,502,192 2,292,133 22,106,248 9,034,046 7,500,887 16,577,644 130,659,156 128,349,043 102,557,659 2,610,678 1,419,656 2,214,143 514,659 810,172 2,366,449 1,913,891 609,915 38,374 4 2 — — — —	1,554,193 7,326,238 4,486,299 939,389 8,080,021 4,464,455 2,863,328 6,606,851 44,750,638 43,744,529 36,623,004 756,548 394,797 658,479 137,923 245,579 1,173,328 737,421 258,860 9,627 48 103 — — — — — — — — — — — — — — — — — — —	1,657,829 7,442,628 4,142,309 686,857 7,995,495 3,776,513 3,006,370 5,968,642 44,835,991 43,770,296 37,746,385 687,830 450,439 630,397 139,697 160,793 1,211,840 791,244 276,042 276,042 4,645 4,645 4,645 4,645	1.107.035 4.078.824 2.252.026 520.626 4.177.334 1.778.662 1.820.233 3.113.542 22.038.672 21.418.895 18.304.827 247.303 247.621 331.811 49.345 114.144 508.032 399.348 141.357 4.555 291 711	1.259.966 3.504.482 1.798.902 437.204 3.385.810 1.861.053 1.931.123 2.908.725 17.760.517 17.217.471 14.842.560 261.354 254.405 264.445 44.969 65.753 44.969 65.753 44.964 49.744 358.390 124.964 26.47 347 20	2.898.236 1.674.393 3.544.935 1.409.628 956.055 4.672.973 2.530.393 3.087.908 3.515.343 23.396.322 22.565.796 19.873.548 222.665 422.584 263.421 54.944 81.562 438.784 297.198 106.631 3.963 434 434 436.784 437.496 438.784 438.784 439.784 4	23,054,995 9,247,284 4,823,600 9,010,545 6,920,461 13,460,694 44,950,907 41,231,048 33,187,451 350,318 2,328,823 917,641 234,768

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

						1	Size of to	otal assets					
Industrial division, item	Total returns of active corporations	Zero assets	\$1 Under \$100,000	\$100,000 under - \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing										ł			
Number of returns	301,346	12,458	112,543	50,625	35,499	29,709	41,337	8,092	5,785	2,138	1,172	932	1,056
Total assets	3,721,219,914	-	3,793,707	8,422,156	12,821,086	21,198,804	91,182,187	56,979,354	90,151,423	74,583,175	82,846,065	146,197,469 29,583,831	3,133,044,48 649,558,19
Notes and accounts receivable, net	785,857,093 373,518,748	_	759,778 594,797	1,978,139 1,447,095	3,220,010 2,586,685	5,908,098 4,628,770	24,643,878 22,421,897	14,573,871 13,844,764	21,364,303 22,577,935	16,923,411 16,299,946	17,343,580 17,025,924	29,583,831	245,641,14
nventories	319,939,597		719,164	1.761.894	2,123,862	3.280.673	12,147,056	6,897,699	10,830,693	8,582,616	9,435,296	15,528,833	248,631,809
Other investments and loans	946,030,802	_	306,049	537,549	714,919	1,167,279	4,499,036	3,382,616	5,445,459	6,124,885	7,363,850	16,407,377	900,081,78
Depreciable assets	1,514,803,821	-	3,327,321	6,873,178	10,446,333	14,802,655	55,425,204	32,806,858	48,520,550	37,333,795	38,810,183	66,279,030	1,200,178,714
Less: Accumulated depreciation	733,292,092	-	2,180,630	4,643,676	7,072,501	9,550,529	32,997,448 2,932,941	17,871,270	24,820,925 3,478,516	17,640,474 4,192,805	17,030,187 5,868,472	28,155,387	571,329,06 259,857,33
Other capital assets less reserves	290,842,405 760,527,517	_	105,818 1,362,223	188,202 2,299,142	336,891 3,628,517	504,594 5,856,818	2,932,941	2,068,821 16,854,125	24,568,195	17,403,324	17,277,316	26.185.513	617,950,82
Other current liabilities	371,171,903		514,009	890,976	1,083,380	1,789,418	7,802,774	4,963,892	7,953,534	6,649,086	7,597,619	14,192,456	317,734,76
Mortgages, notes, and bonds payable in one year or more.	747,966,622	_	997,414	1,444,682	2,641,612	4,010,898	15,423,120	9,970,282	16,554,658	16,858,485	18,976,405	38,503,368	622,585,69
viet worth	1,373,491,816	_	-965,121	2,318,734	3,662,676	7,486,133	34,096,456	22,046,340	36,201,101	29,364,013	33,480,134	56,124,564	1,149,676,78
Total receipts	3,531,219,028	38,579,237	17,288,937	27,478,884	32,628,240	52,208,594	206,296,271	113,257,954	165,191,225	116,516,950	116,501,537	185,132,193	2,460,139,00
Business receipts	3,276,012,925	34,487,774	16,980,488	27,114,470 15,301,904	32,192,798 20,053,561	51,284,170 33,865,068	202,513,699	110,907,142 80,646,961	161,991,643 118,607,491	113,321,531 82,813,428	112,757,181 80,698,355	177,886,709 125,412,215	2,234,575,32 1,524,012,71
Cost of sales and operations	2,257,683,863 83,307,926	22,781;162 1,099,839	8,806,274 647,622	889,741	1,047,403	1,414,451	4,666,640	2,342,693	3,403,384	2,078,390	2,240,377	3,557,379	59,920,00
nterest paid	147,452,397	1,186,366	179,114	320,252	463,821	769,616	3,263,136	2,085,843	3,101,712	2,693,445	3,052,856	5,847,347	124,488,88
Depreciation	123,568,814	1,048,368	409,379	781,102	1,054,719	1,425,881	4,969,882	2,774,225	4,187,613	3,010,774	3,236,138	5,773,615	94,897,11
Pension, profit-sharing, stock bonus, and annuity plans:	17,564,235	120,191	56,408	142,677	136,856	251,087	796,519	405,744	564,632	449,451	456,360	852,349	13,331,96
Employee benefit programs	53,010,056	456,399	94,167	188,589	326,240	476,142	2,079,372	1,081,131	1,734,837	1,287,049	1,392,445	2,627,005 7,429,181	41,266,68 149,823,49
Net income (less deficit)	180,476,024 183,394,792	2,755,321 3,364,319	207,191 155,691	154,861 417,044	- 164,122 580,163	664,681 921,733	3,679,817 3,437,467	2,790,020 2,304,986	4,716,967 3,807,636	4,045,718 3,726,776	4,787,279 4,569,604	8,352,307	151.757.06
Income subject to tax	63,780,169	1,158,239	27,311	70,195	111,414	223,020	1,080,449	798,455	1,326,134	1,302,087	1,597,151	2,921,940	53,163,77
Aiternative minimum tax	1,185,214	12,172			_	11,266	13,459	16,903	28,655	27,003	32,733	59,979	993,04
Environmental tax	238,442	3,944	_	_	_	*21	90	251	1,436	2,627	4,531	9,877	215,66
Foreign tax credit	19,878,040	543,871	_	*3,118	_	1,098	2,117	5,258	22,710	35,128	91,314	282,160	18,891,26
U.S. possessions tax credit	2,696,471 14,190	77,077	_	20	65	520	15,408	38,559	112,239	209,419	266,785	327,956	1,648,42
Orphan drug credit	31,344	_	_	_	_		_	*195	*28	3	1 =	2	31,110
General business credit	1,840,330	7,389	*2,339	4,317	10,665	10,432	39,226	25,490	34,985	31,841	36,379	63,229	1,574,038
Prior year minimum tax credit	349,865	*3,322	_	*948	-	*14	1,521	2,756	2,889	4,033	4,478	14,287	315,618
Total income tax after credits	38,969,929	526,580	24,972	61,792	100,683	210,956	1,022,176	726,197	1,153,283	1,021,663	1,198,196	2,234,306	30,689,12
Transportation and Public Utilities						1			7				
Number of returns	156,037	10,978	75,037	27,349	15,116	11,902	11,515	1,939	1,065	381	210	186	350
Total assets	1,474,412,864	-	2,554,399	4,487,228	5,441,390	8,334,345	23,652,598	13,365,007 2,625,906	16,276,698 2,825,359	13,722,808 2,292,618	15,573,350 2,468,710	30,189,841 3,896,516	1,340,815,20
Notes and accounts receivable, net	141,516,336 29,300,311	_	443,277 38,390	678,070 102,676	1,043,023 102,910	1,859,835 140,889	5,341,406 640,350	303,854	303,979	259,199	342,527	575.838	26.489.69
Cash, Government obligations and other current assets	97,739,584	_	600,909	961,531	1,167,543	1,474,727	3,652,093	2,094,144	2.149.581	1,753,910	1,635,790	2,736,961	79,512,39
Other investments and loans	221,376,465	l –	203,437	381,342	352,094	538,829	1,617,153	886,884	1,422,065	1,280,242	1,411,453	2,791,446	210,491,518
Depreciable assets	1,242,816,853	_	2,983,898	5,402,906	6,302,749	8,643,763	21,731,044	10,636,398	13,572,771	10,544,909	10,916,229	20,718,213	1,131,363,97
Less: Accumulated depreciation	417,148,008	_	2,042,216	3,473,958	4,093,548	5,131,567	11,728,733	4,586,956	5,959,030	4,496,919	4,055,078	7,564,721	364,015,28
Other capital assets less reserves	63,900,129 159,102,517	_	133,136 742,718	155,576 1,089,702	308,265 1,516,919	390,402 2,240,693	1,434,378 6,618,768	997,992 3,366,455	1,342,704 3,658,519	1,326,038 2,994,217	2,086,206 2,956,476	4,690,704 5,252,300	51,034,730 128,665,746
Accounts and notes payable	124,220,198	_	228,315	440,264	403,635	512,277	1,879,867	1,103,572	1,335,669	1,172,654	1,484,471	2.887.583	112,771,89
Mortgages, notes, and bonds payable in one year or more.	459,614,272		639,543	1,283,339	1,492,041	2,510,728	7,280,220	5,049,057	6,099,262	4,563,710	6,107,767	12,777,988	411,810,61
Net worth	511,303,116	_	- 48,896	802,225	785,574	1,899,891	4,170,931	2,688,469	3,281,961	3,266,028	3,211,193	5,142,330	486,103,412
Total receipts	906,501,335	15,382,331	14,739,962	15,757,753	15,702,427	19,912,609	47,341,600	20,235,300	19,972,746	15,843,492	13,822,735	26,946,118	680,844,26
Business receipts	844,076,080	13,057,585	14,491,849	15,328,203	15,401,001	19,228,706	45,988,473 24,720,607	19,460,010 11,269,580	19,107,237 9,252,608	14,757,776 8,188,626	13,040,861 5,184,331	24,854,605 13,822,031	629,359,77
Cost of sales and operations	401,515,846 38,781,015	3,849,446 681,937	8,805,293 359,860	7,887,388 669,624	6,401,470 620,946	9,819,656 667,124	1,494,757	634,973	744,116	506,063	505,915	831,594	31,064,10
nterest paid	56,900,550	613,328	137,094	222,113	261,079	378,331	1,056,065	624,733	738,085	661,200	767,503	1,814,698	49,626,32
Depreciation	83,172,274	969,108	399,879	668,934	707,897	989,447	2,380,540	1,137,477	1,289,505	915,411	1,024,380	1,615,647	71,074,04
Pension, profit-sharing, stock bonus, and annuity plans	5,828,176	74,140	*9,386	*8,489	45,381	63,921	181,279	41,835	213,009	46,671	76,864	98,572	4,968,62
Employee benefit programs	15,982,693	308,749	41,564	106,857	93,139	159,241	327,805	146,305	272,883	146,532	176,569	423,992	13,779,05
Net income (less deficit)	39,073,953 48,352,668	496,144 601,352	- 141,897 106,779	144,134 169,063	- 11,579 215,187	188,017 297,614	142,684 714,657	- 15,673 387,970	-97,372 439,327	248,471 583,513	- 101,637 397,113	266,995 1,153,718	37,955,66 43,286,37
ncome tax, total	17,176,596	204,892	17.692	26,943	42,981	72,814	230,344	139,066	159,425	206,739	145,076	411,364	15,519,26
Alternative minimum tax	749,531	3,139	*283	*483	*318	*1,445	10,491	8,207	10,093	7,920	9,470	17,145	680,538
Environmental tax	79,053	898	*11	_	_	-	*24	131	252	575	506	1,736	74,919
Foreign tax credit	179,990	800		_	-	-	*3,010	_	*684	i –	2,952	2,876	169,66
J.S. possessions tax credit	54,973	_		-	_	· -	22	-	_	_	1 -	=	54,95
Orphan drug credit	20,741	_	· <u>-</u>		_		_	_		3	240		20,49
General business credit	1,171,013	25,510	*3,004	*770	4,631	4,798	7,345	3,495	3,130	4,935	9,089	15,067	1,089,23
			2,231										
Prior year minimum tax credit	85,298	*7,230 171,353	14.688	26,173	*386 37.964	101 67,915	1,035 218,932	*1,074 134,496	*1,435 154,175	1,958 199,842	358 132,437	393,149	71,45 14,113,45

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

4. 4 4. 4. 4. 4. 4.	Total returns						Size of	total assets					
Industrial division, item	of active corporations	Zero assets	\$1 Under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
Wholesola and Bat-II To- 4-	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade Number of returns												 	<u> </u>
	1,012,980	54,578	438,915	206,341	119,141	83,772	89,771	11,477	5,742	1,627	727	483	407
Notes and accounts receivable, net	1,390,555,774 302,702,318	-	17,032,582	33,399,347	41,915,760	58,677,262	187,938,980	78,433,216	86,366,390	55,753,748	50,763,071	76,122,344	704,153,075
mventones	371,700,159	_	1,811,513 5,096,837	5,124,696	7,403,335	12,570,334	42,215,416	19,006,303	21,588,889	13,397,118	12,195,351	15,761,581	151,627,783
	208,587,169	=	3,162,993	10,979,499 5,599,708	14,179,076	20,286,432	76,650,232	31,327,568	29,676,296	16,788,239	15,423,881	20,208,919	131,083,181
Other investments and loans	134,952,253	_	1,066,244	2,029,901	6,352,764 2,870,733	8,583,531 3,257,903	22,221,168	7,992,397	8,990,093	6,016,313	5,538,336	7,916,043	126,213,822
Depreciable assets	433,592,868	_	12,916,163	17,443,220	20,143,873	24,719,246	8,722,705 62,955,312	3,473,010 24,637,202	4,808,201 28,968,154	3,788,382	3,027,455	5,959,985	95,947,736
Less: Accumulated depreciation	194,633,429	_	8,691,161	10,795,420	12,206,950	14,649,504	34,891,982	12,392,954	13,660,137	19,059,788 8,354,790	17,000,047 6,586,313	26,193,042	179,556,821
Other capital assets less reserves	68,007,484	_	642,077	1,334,867	1,700,531	2,551,080	6,445,951	2,923,790	3,698,572	3,430,678	2,442,648	9,619,369 5,317,308	62,784,850
Other current liabilities	487,561,290 173,337,267	_	5,403,605	9,611,645	12,522,545	18,798,214	81,560,735	36,965,795	38,066,123	21,775,840	18,812,879	24,265,200	37,519,982 219,778,706
Morgages, notes, and bonds payable in one year or more	268,522,067		1,600,520	2,424,483	2,579,836	3,888,670	13,373,588	5,844,079	6,509,094	4,848,951	4,298,473	6,059,520	121,910,053
Net worth	342,748,951	_	3,789,859 -2,301,252	7,096,216 6,983,019	7,739,815 13,384,612	9,897,270	26,463,145	10,733,230	13,855,360	11,029,284	10,842,187	18,890,611	148,185,092
Total receipts	3,184,946,370	45,886,139	89,771,887	128,344,540	138,759,253	19,932,136	54,725,898	21,290,191	24,035,733	15,086,367	14,312,070	22,520,587	152,779,593
Dusitiess receipts	3,094,814,670	44,261,659	88,507,333	126,694,851	136,759,253	187,203,578 184,108,908	617,631,683 607,469,351	260,178,181	247,425,432	155,371,889	127,439,515	181,338,236	1,005,596,038
Cost of sales and operations	2,388,963,994	35,251,191	53,720,257	86,657,149	94,208,700	133,948,368	479,668,807	255,566,367 210,852,145	242,127,083 195,537,489	151,914,897	124,294,500	176,735,904	956,540,690
Taxes paid	45,216,684	635,443	2,407,291	2,851,250	2,816,491	3,562,325	8,346,144	3,029,459	3,065,237	125,059,616 1,834,746	99,025,992	140.614,471	734,419,808
Interest paid	61,697,168	746,693	713,605	1,242,405	1,476,298	2,054,238	7,421,551	3,143,427	3,411,677	2,136,222	1,495,133 2,052,688	2,373,943 3,259,881	12,799,221
Pension, profit-sharing stock honus and appuits place	42,561,609 6,608,150	515,280	1,395,571	1,712,322	1,916,693	2,355,216	6,094,175	2,494,879	2,860,111	1,741,721	1,663,385	2,577,539	34,038,482 17,234,718
Employee benefit programs	15,598,758	59,107	116,521	271,622	317,189	540,685	1,327,328	400,600	448,456	249.699	201,040	285,522	2,390,379
Net income (less delicit)	36,155,437	121,355 -91.081	295,688 -841,875	375,967	523,145	715,390	2,510,569	1,145,253	1,101,876	659,933	632,436	1,148,429	6,368,716
Income subject to tax	42,065,915	719,446	582,050	159,235 1,133,273	925,023 1,546,049	1,246,899 1,907,010	5,338,366	2,550,160	3,231,742	1,667,842	1,792,071	2,566,275	17,610,779
Income tax, total	13,595,625	230,512	93,505	186,242	283,209	405,162	4,919,396 1,434,054	1,846,330 624,768	2,311,009	1,592,917	1,742,440	3,102,580	20,663,415
Alternative minimum tax	238,181	2,363		*648	*125	1,907	13,364	9,475	801,484 16,755	560,374 11,560	607,070	1,080,736	7,288,511
Environmental tax	39,097	567	1		1	-	*67	147	702	1,353	10,224 1,739	19,331 3,933	152,429
Foreign tax credit	627,932	*57,802	-	-	*80	*1,770	3,522	*616	6,184	16,144	2,908	17,492	30,586
Orphan drug credit	6,267	_	(¹)	-	3	24	1,524	203	-	10,144	1,749	2,764	521,414
NOTICOTVENIIONAL SOURCE fuel credit	*291		<u>-</u>	~	-	.=.	-	-				-,,,,,,	_
General business credit	258,433	1.885	1,479	5,064	6,788	*29 8,118		*13	7	_	238	2	1
rior year minimum tax credit	28,936	1,561		- 0,004	0,788	0,110	25,090 1,793	8,602 1,204	11,464 2,412	7,701	9,504	26,118	146,621
Total income tax after credits	12,673,766	169,264	92,026	181,178	070 000		1,755			1,255	1,280	5,122	14,307
Cinanaa (a			52,520	101,170	276,338	395,222	1,402,124	614,129	781.417	535 274			
Finance, Insurance, and Real Estate			52,620	101,178	276,338	395,222	1,402,124	614,129	781,417	535,274	591,389	1,029,237	6,606,167
Number of returns	592,832	44,686	266.308								591,389	1,029,237	6,606,167
Number of returns	9,957,481,118		266,308	93,168	63,486	44,202	48,421	8,170	7,886	5,235	591,389 4,460	1,029,237 3,521	6,606,167 3,290
Number of returns	9,957,481,118 2,674,433,070			93,168 15,089,401	63,486 22,532,841	44,202 30,950,252	48,421 102,324,914	8,170 57,271,704	7,886 128,213,506	5,235 187,198,460	591,389 4,460 315,048,494	1,029,237 3,521 547,678,919	3,290 8,543,071,863
Number of returns	9,957,481,118 2,674,433,070 33,865,422	44,686 — — —	266,308 8,100,764 545,481 95,313	93,168 15,089,401 1,350,613 295,439	63,486	44,202	48,421	8,170 57,271,704 7,764,919	7,886 128,213,506 30,794,928	5,235 187,198,460 58,831,294	591,389 4,460 315,048,494 97,873,252	3,521 547,678,919 141,148,057	3,290 8,543,071,863 2,322,053,698
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets Other investments and loans.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301	44,686 — — — —	266,308 8,100,764 545,481 95,313 3,000,320	93,168 15,089,401 1,350,613 295,439 4,024,471	63,486 22,532,841 1,795,008 481,315 5,116,913	44,202 30,950,252 2,786,908 1,551,125 6,356,999	48,421 102,324,914 9,488,913	8,170 57,271,704	7,886 128,213,506	5,235 187,198,460 58,831,294 2,457,273	591,389 4,460 315,048,494 97,873,252 2,649,156	1,029,237 3,521 547,678,919 141,148,057 3,775,921	3,290 8,543,071,863 2,322,053,698 11,899,179
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets Other investments and loans. Depreciable assets.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788	44,686 — — —	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093	5,235 187,198,460 58,831,294	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967	3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610
Number of returns Total assets Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accumulated depreciation	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409	44,686 — — — —	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339	1,029,237 3,521 547,678,919 141,148,057 3,775,921	3,290 8,543,071,863 2,322,053,698 11,899,179
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets. Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital asset less reserves.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127	44,686 — — — — —	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735	3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729	3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital assets less reserves. Accounts and notes payable.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886	44,686 — — — — —	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351	3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016	3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591
Number of returns Total assets Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459	3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440	3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets. Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital assets less reserves Accounts and notes payable. Other current liabilities. Mortgages, notes, and bonds payable in one year or more	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,033,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276	6,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060
Number of returns. Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves. Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908	44,686	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925	93,168 15,089,401 1,350,613 295,439 4,024,471 2,866,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,967,063	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920	5,235 187,198,460 58,831,294 53,163,586 50,224,602 17,782,815 5,008,284 5,466,476 13,033,765 103,532,042 19,645,469	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,794,7351 19,870,459 184,555,697 20,928,560	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301	6,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets. Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital assets less reserves. Accounts and notes payable. Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts. Business receipts.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 1,892,959 14,822,158	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 34,641,677 26,71,148 37,579,890	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 9,023,007 9,023,007 1,387,193	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,668	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,466,476 13,033,765 103,532,042 19,645,469 39,355,163	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856	3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,583,301 148,406,306	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887
Number of returns Total assets Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth Total receipts. Gost of sales and operations.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870	44,686 	266,308 8.100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,06,314 24,933,381	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,638	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 1,503,083 9,741,474 9,971,973 15,353,316	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,967,063 34,641,677 26,271,148 37,579,890	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 33,150,167 22,080,540	5,235 187,198,460 58,831,294 53,163,586 50,224,602 17,782,815 5,008,284 5,466,476 13,033,765 103,532,042 19,645,469	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 198,70,459 184,553,697 20,928,560 73,647,856 73,647,856	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 297,853,276 35,583,301 148,406,306 92,410,573	8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887
Number of returns. Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Networth Total receipts Business receipts Business receipts Cases paid	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,489 12,648,276 10,824,776 10,824,776	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,563 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,638 3,723,628	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644	48,421 102,324,914 9,488,913 5,260,967 19,101,328 40,588,958 40,588,958 12,244,232 15,264,789 18,487,413 34,641,677 26,271,148 37,579,890 28,961,102	8.170 57.271,704 7.764,919 2.383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435	7,886 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 33,150,167 22,080,540	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 130,33,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,086	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457	3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,583,301 148,406,306	8,643,071,863 2,322,053,698 11,893,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887
Number of returns Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Not greeipts Business receipts Cost of sales and operations. Takes paid	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1.188,985 5.576,287 3.543,249 835,685 1.377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646 714,301	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 2,616,244 468,400	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 567,999	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 34,641,677 26,271,148 37,579,890 28,961,102 12,240,241 1,526,694	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,085,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,550 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 25,805,728 1,752,229	8,543,071,863 2,322,053,698 11,899,179 11,785,564,610 3,639,986,247 167,113,095 55,234,312 446,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accumulated depreciation Other capital assets less reserves. Accounts and notes payable. Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts. Business receipts. Cost of sales and operations. Taxes paid. Interest paid. Depreciation.	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977.788 346.667.409 112,618,127 102,154.838 1,060,928.886 4,358,382,401 725,346,436 2.028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,489 12,648,276 10,824,776 10,824,776	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,563 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,638 3,723,628	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,967,063 34,641,677 26,271,148 37,579,890 28,991,102 12,240,241 1,528,694 3,339,250	8.170 57.271,704 7,764,919 2.383,363 11,357,461 11,357,461 11,725,135 17,528,402 4,761,000 6.019,056 9.023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,93 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,658,688 32,424,771 33,150,167 24,824,771 48,293,3861 948,797 4,829,338	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 883,703 8,116,551	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 25,805,728 1,752,229 1,752,229 23,881,421	6,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461
Number of returns. Total assets. Notes and accounts receivable, net	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,698 3,950,499 12,648,276 10,824,776 2,616,244 468,400 496,404 366,680 158,940	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,055,950 6,985,499 14,822,158 11,805,838 11,805,838 3,723,628 567,999 726,804	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 34,641,677 62,271,148 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770	8.170 57.271,704 7,764,919 2.383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563	7,886 128,213,506 30,794,928 3,016,370 33,496,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 916,663	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 130,352,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230	1,029,237 3,521 547,678,919 141,148,057 3,775,921 311,157,967 233,303,729 25,992,862 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 42,838,327 52,805,728 1,752,229 23,881,421 1,756,264	8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 552,234,312 43,097,591 948,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 20,090,560 20,172,461 26,643,434
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accountated depreciation. Other capital assets less reserves. Accounts and notes payable Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts. Cost of sales and operations Takes paid Interest paid Depreciation, profit-sharing, stock bonus, and annuity plans.	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977,788 346.667.409 112,618,127 102,154.838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128	96,987,259 8,807,634 2,123,272 948,644 70,818,623 692,042 55,618 311,064	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 44,933,381 451,594 400,346 130,555 310,725	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,499 12,648,276 10,824,776 10,82	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,3004 6,059,950 6,985,499 14,822,158 11,805,838 11,805,838 11,805,838 11,805,838 11,205,838 11,205,838 11,205,838 11,205,838 11,205,838 11,205,838 11,205,838 11,1541	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,967,063 34,641,677 26,271,148 37,579,890 28,991,102 12,240,241 1,528,694 3,339,250	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,085,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671 112,056	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 184,553,697 19,670,457 10,704,54 14,011,415 1,218,230 181,887	1,029,237 3,521 547,678,919 141,148,057 33775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 297,653,276 7,713,016 35,563,301 148,406,306 92,410,573 42,638,327 25,805,728 1,752,229 23,881,421 1,756,264 1,756,264 310,394	8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972
Number of returns. Total assets. Notes and accounts receivable, net. Inventories. Cash, Government obligations and other current assets Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital assets less reserves. Accounts and notes payable. Other current liabilities. Not agrees, notes, and bonds payable in one year or more. Net worth. Total receipts. Cost of sales and operations. Taxes paid Interest paid Depreciation Depreciation Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs. Net income (less deficit) Income subject to tax.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,359,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 -382,925 277,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,889 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 10,824,776 496,404 496,404 496,404 109,931 107,483	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 567,999 726,804 481,420 120,136 111,541 51,194	44,202 30,950,252 2,766,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379 455,642	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,830 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,002 4,761,002 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758	7,886 128,213,506 30,794,928 3,016,370 33,496,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 916,663	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 130,352,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 181,887	1,029,237 3,521 547,678,919 141,148,057 3,775,921 331,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,373 43,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838,373 44,838 44,838,373 44,838	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 43,097,591 446,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239
Number of returns Total assets Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth Total receipts. Business receipts Cost of sales and operations Taxes paid Interest paid Depreciation Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) Income las, total	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,489 12,648,276 10,824,776 10,82	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,085,499 14,822,158 11,805,838 3,723,628 567,999 726,804 481,420 120,136 111,541 511,194 565,165	44,202 30,950,252 2,786,908 1,551,125 6,356,998 1,551,125 6,356,998 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 455,642 667,747	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,967,063 34,641,677 26,271,148 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138	8.170 57.271,704 7,764,919 2.383,363 11,357,461 11,357,461 11,275,135 17,528,402 4,761,000 6.019,056 9.023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 15,083,968 15,083,968 15,083,968 15,083,968 16,084,672 21,28,463 627,563 644,272 2,128,463 627,563 68,46 110,401 462,758 881,107	7,886 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,658,688 32,424,771 33,150,167 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 728,434 728,434 728,434	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 39,355,163 38,035,379 112,094,486 883,703 8,116,551 931,671 112,095 303,651 1,487,061 1,845,345	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 5,494,776 184,553,697 19,670,457 10,704,54 14,011,415 1,218,230 181,887	1,029,237 3,521 547,678,919 141,148,057 33775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 297,653,276 7,713,016 35,563,301 148,406,306 92,410,573 42,638,327 25,805,728 1,752,229 23,881,421 1,756,264 1,756,264 310,394	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 930,025,662
Number of returns. Total assets. Notes and accounts receivable, net	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 30,254,866 521,868,248 11,881,128 108,907,351 64,854,675 22,693,200 810,681	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 -382,925 277,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,499 12,648,276 10,824,776 2,616,244 468,400 496,404 366,680 158,940 109,931 107,483 518,816 99,752	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 567,999 726,804 481,420 120,136 111,541 51,194 565,165	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459	8.170 57.271,704 7,764,919 2.383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 296,435	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,658,668 32,424,771 33,150,167 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 728,434 1,441,034 493,094	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 112,056 303,651 1,487,061 1,845,345 646,807	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 181,887 451,665 3,595,164 2,943,089 1,033,687	1,029,237 3,521 547,678,919 141,148,057 3,775,921 31,157,967 233,303,729 25,992,862 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 42,838,327 55,805,728 1,752,229 23,881,421 1,756,264 310,394 744,518 7,939,473 4,407,868 1,561,325	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 552,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans. Depreciable assets. Less: Accumulated depreciation. Other capital assets less reserves. Accounts and notes payable. Other current liabifilies. Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts. Cost of sales and operations. Taxes paid Interest paid Depreciation. Pension, profit-sharing, stock bonus, and annuity plans. Employee benefit programs. Net income (less deficit) Income tax, total. Alternative minimum tax. Environmental tax.	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977.788 346.667.409 112.618.127 102.154.838 1.060,928.886 4.358,382,401 725,346.436 2.028.200,908 18.68,003,359 855,752.870 487.672.748 30,254.866 521.868.248 35,900,019 6,542.241 11.881,128 108.907.351 64.854.675 22.693,200 810.681 85,431	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726 73,939	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,489 12,648,276 10,824,776 10,82	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,085,499 14,822,158 11,805,838 3,723,628 567,999 726,804 481,420 120,136 111,541 511,194 565,165	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 499,935 113,527 119,379 455,642 667,747 160,953 2,746	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,830 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 298,435 9,247	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,085,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 916,663 916,663 916,663 12,034,034 493,094 493,094	5,235 187,198,460 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 13,033,765 13,635,204 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 11,095 11	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 181,887 451,665 3,595,164 2,943,089 1,033,687 30,626	1,029,237 3,521 547,678,919 141,148,057 33,775,921 131,157,967 233,303,729 25,992,862 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 25,805,728 1,752,229 23,881,421 1,756,264 1,756,264 310,394 744,518 7,939,473 4,407,868 1,561,325 4,4770	8,606,167 3,290 8,543,071,863 2,322,053,698 11,893,179 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437 629,975
Number of returns Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts Business receipts Cost of sales and operations. Takes paid Interest paid Depreciation Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) Income subject to tax Income subject to tax Income subject to tax Income subject with the composition of the composition	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,683,200 810,681 85,431 2,067,968	96,987,259 8,807,634 2,123,272 948,644 70,818,623 55,618 311,064 161,229 3,663,299 1,311,771 44,077 2,715	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726 73,939 460	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,499 12,648,276 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,931 107,483 518,816 99,752 234 777	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,3004 6,059,950 6,985,499 14,822,158 11,805,638 11,805,638 11,805,638 11,1541 51,1	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953 2,746	48,421 102,324,914 9,488,913 5,260,967 19,101,328 40,588,958 40,588,958 12,244,232 15,264,789 18,487,413 34,641,677 26,271,148 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 11,148	8.170 57.271,704 7,764,919 2.383,363 11.357,461 14,725,135 17,528,402 4,761,000 6.019,056 9.023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 298,435 9,247 141	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 33,150,167 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 728,434 1,441,034 493,094 14,327 564	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,264 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,845,345 646,807 22,635 1,465	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 181,887 451,665 3,595,164 2,943,089 1,033,687 30,626 1,758	1,029,237 3,521 547,678,919 141,148,057 3,775,921 331,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 42,838,327 42,838,327 42,838,327 42,838,327 42,838,327 44,10,573 44,057,66,264 310,394 744,518 7,939,473 4,407,688 1,561,325 44,770 3,460	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 43,097,591 672,404,887 1,672,404,887 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437 629,975 74,981
Number of returns Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts Business receipts Cost of sales and operations. Taves paid Interest paid Depreciation Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) Income subject to tax Income subject to t	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977.788 346.667.409 112.618.127 102.154.838 1.060,928.886 4.358,382,401 725,346.436 2.028.200,908 18.68,003,359 855,752.870 487.672.748 30,254.866 521.868.248 35,900,019 6,542.241 11.881,128 108.907.351 64.854.675 22.693,200 810.681 85,431	96,987,259 8,807,634 2,123,272 948,644 70,818,623 692,042 55,618 311,064 161,229 1,311,771 44,077 2,715	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 4513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726 73,939 460 114 —	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 2,616,244 468,400 496,404 366,680 158,940 109,931 107,483 518,816 99,752	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 11,805,838 3,723,628 11,541 11,541 51,194 565,165 121,539 437	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 499,935 113,527 119,379 455,642 667,747 160,953 2,746	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,830 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459	8,170 57,271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 298,435 9,247	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,7770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 101,901 243,434 1,441,034 493,094 14,327 564 14,169	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,785 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,487,061 1,487,061 1,487,061 1,485,345 646,807 22,635 1,465	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,670,459 184,553,697 20,928,560 73,647,856 1,070,154 14,011,415 1,218,230 1,218,230 1,218,230 1,218,230 1,033,687 30,626 1,758	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,653,276 35,563,301 148,406,306 92,410,573 42,638,327 25,605,728 1,752,229 23,881,421 1,756,264 310,394 744,518 7,939,473 4,407,688 1,561,325 44,770 3,480 48,728	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 4,229,059 20,909,560 392,172,461 26,643,434 4,968,972 8,795,239 39,025,662 45,989,020 16,441,437 629,975 74,981 1,834,157
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accumulated depreciation Other capital assets less reserves. Accounts and notes payable Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth Total receipts. Business receipts. Custo of sales and operations. Takes paid Interest paid Depreciation. Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs. Net income (less deficit) Romone tak, total. Atternative minimum tax. Environmental tax. Foreign tax credit. JS. possessions tax credit.	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977.788 346.667,409 112,618,127 102,154,838 1,060,928,886 4.358,382,401 725,346,436 2.028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2.087,968 12,219	44,686 	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 461,594 400,346 130,555 310,725 384,112 442,726 73,939 460 114	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,950,499 12,648,276 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,824,776 10,931 107,483 518,816 99,752 234 777	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,3004 6,059,950 6,985,499 14,822,158 11,805,638 11,805,638 11,805,638 11,1541 51,1	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 12,47,644 637,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953 2,746 333	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459 11,148 164 4,122	8.170 57.271,704 7,764,919 2.383,363 11.357,461 14,725,135 17,528,402 4,761,000 6.019,056 9.023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 298,435 9,247 141	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 33,150,167 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 728,434 1,441,034 493,094 14,327 564	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,264 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,845,345 646,807 22,635 1,465	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 181,887 451,665 3,595,164 2,943,089 1,033,687 30,626 1,758	1,029,237 3,521 547,678,919 141,148,057 3,775,921 331,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 42,838,327 42,838,327 42,838,327 42,838,327 42,838,327 44,10,573 44,057,66,264 310,394 744,518 7,939,473 4,407,688 1,561,325 44,770 3,460	8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,887 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437 629,975 74,981
Number of returns. Total assets. Notes and accounts receivable, net Inventories. Cash, Government obligations and other current assets Other investments and loans Depreciable assets. Less: Accumulated depreciation Other capital assets less reserves. Accounts and notes payable Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Net worth Total receipts. Cost of sales and operations. Iaves paid Interest paid Depreciation. Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) Income (less deficit) Income tax, total. Alternative minimum tax. Environmental tax Oreign tax credit JS, possessions tax credit Driphan drug credit Nonconventional source tuel credit Seneral business credit Isonerors and operations.	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2,087,968 12,219 — 1,216	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1.188,985 5.576,287 3.543,249 835,685 1.377,492 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726 73,939 460 14	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 2,616,240 496,404 468,400 496,404 366,680 158,940 109,931 107,483 518,816 99,752 234 277 (¹)	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 11,805,838 3,723,628 11,805,838 11,805,838 11,805,838 11,805,838 11,1541 565,165 121,539 *82	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953 2,746 333 333 333 333 3359 —	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459 11,148 164 4,122 2 ———	8.170 57.271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 11	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,7770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 101,901 243,434 1,441,034 493,094 14,327 564 14,169	5,235 187,198,460 58,831,294 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,785 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,487,061 1,487,061 1,487,061 1,485,345 646,807 22,635 1,465	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,670,459 184,553,697 20,928,560 73,647,856 1,070,154 14,011,415 1,218,230 1,218,230 1,218,230 1,218,230 1,033,687 30,626 1,758	1,029,237 3,521 547,678,919 141,148,057 3,775,921 31,157,967 233,303,729 25,992,862 7,713,016 29,421,440 297,853,276 35,563,301 148,406,306 92,410,573 42,838,327 25,805,728 1,752,229 23,881,421 1,756,264 310,394 744,518 7,939,473 4,407,868 7,939,473 4,407,868 1,561,325 44,770 3,480 48,728 439 —	8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 552,234,312 43,097,591 946,174,513 3,703,944,060 553,863,224 1,672,404,287 1,672,404,287 1,672,404,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437 629,975 74,981 1,834,157 9,747
Number of returns Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Other investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth. Iotal receipts Ost of sales and operations lasses paid Interest paid Depreciation Person, profit-sharing, stock bonus, and annuity plans Employee benefit programs Vet income (less deficit) Income subject to tax Income subject to tax Income subject to tax Income subject in	9.957.481,118 2.674.433,070 33.865,422 2.330,159,301 4.110,977.788 346.667.409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 12,219 12,166 12,219 1,216 183,777	96,987,259 8,807,634 2,123,272 948,644 70,818,623 692,042 55,618 311,064 161,229 1,311,771 44,077 2,715 152,396 35	266,308 8,100,764 545,481 95,313 3,000,320 1,188,985 5,576,287 3,543,249 835,685 1,377,492 974,970 1,740,002 -382,925 27,206,314 24,933,381 461,934 400,346 130,555 310,725 384,112 442,726 73,939 460 14 1,571	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 10,824,776 10,824,776 10,931 107,483 518,816 99,752 234 -77 (¹)	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 567,999 726,804 481,420 120,136 111,541 51,194 565,165 121,539 437 *39 *82 —	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 4,513,771 5,036,406 6,77,47 4,644 6,77,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953 2,746 637,33 33 59 — 1,863	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 6,467,063 34,641,677 26,271,148 37,579,890 28,961,102 11,2240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459 11,148 4,122 2 2 2,065	8.170 57.271,704 7,764,919 2.383,363 11,357,461 14,725,135 17,528,402 4,761,000 6.019,056 9.023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 462,758 881,107 298,435 9,247 141 1,561 ————————————————————————————————————	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,065,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 33,150,167 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 728,434 1,441,034 493,094 14,327 564 14,169 758	5,235 187,198,460 58,831,294 2,457,273 53,163,596 50,224,602 17,782,815 5,008,264 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,086 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,845,345 646,807 22,635 1,465 2,862 10 4 4,470	591,389 4,460 315,048,494 97,873,252 2,649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,154 14,011,415 1,218,230 181,887 451,665 3,595,164 2,943,089 1,033,687 30,626 1,758 29,859 1,168	1,029,237 3,521 547,678,919 141,148,057 3,775,921 131,157,967 233,303,729 25,992,862 7,272,645 7,713,016 29,421,440 297,653,276 35,563,301 148,406,306 92,410,573 42,638,327 25,605,728 1,752,229 23,881,421 1,756,264 310,394 744,518 7,939,473 4,407,688 1,561,325 44,770 3,480 48,728	8,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 167,113,095 55,234,312 43,097,591 43,097,591 6,713,095 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,90,560 392,172,461 26,643,434 4,968,972 8,795,239 30,025,662 45,989,020 16,441,437 629,975 74,981 1,834,157 9,747 953
Number of returns Total assets Notes and accounts receivable, net Inventories Cash, Government obligations and other current assets Cher investments and loans Depreciable assets Less: Accumulated depreciation Other capital assets less reserves Accounts and notes payable Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth. Total receipts Date of sales and operations Total receipts Date of sales and operations Takes paid Interest paid Depreciation Pension, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) Income subject to tax Income subject to tax Income subject to tax Tenvironmental tax Environmental tax Environmental tax Environmental tax Croign tax credit Orphan drug credit Inconconventional source fuel credit	9,957,481,118 2,674,433,070 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2,087,968 12,219 — 1,216	44,686 	266,308 8.100,764 545,481 95,313 3.000,320 1.188,985 5.576,287 3.543,249 835,685 1.377,492 -382,925 27,206,314 24,933,381 4,513,646 714,301 461,594 400,346 130,555 310,725 384,112 442,726 73,939 460 14	93,168 15,089,401 1,350,613 295,439 4,024,471 2,886,261 7,252,001 3,679,689 2,249,170 1,880,756 1,049,136 3,916,898 3,950,499 12,648,276 10,824,776 2,616,240 496,404 468,400 496,404 366,680 158,940 109,931 107,483 518,816 99,752 234 277 (¹)	63,486 22,532,841 1,795,008 481,315 5,116,913 4,715,797 10,978,116 4,867,583 3,402,282 3,375,349 1,393,004 6,059,950 6,985,499 14,822,158 11,805,838 3,723,628 11,805,838 3,723,628 11,805,838 11,805,838 11,805,838 11,805,838 11,1541 565,165 121,539 *82	44,202 30,950,252 2,786,908 1,551,125 6,356,999 5,427,738 13,849,370 5,178,671 5,036,406 4,513,771 1,503,083 9,741,474 9,971,973 15,353,316 12,367,470 3,247,644 637,114 885,924 499,935 113,527 119,379 455,642 667,747 160,953 2,746 333 333 333 333 3359 —	48,421 102,324,914 9,488,913 5,260,967 19,101,328 20,250,468 40,588,958 12,244,232 15,264,789 18,487,413 37,579,890 28,961,102 12,240,241 1,528,694 3,339,250 1,365,770 219,409 269,579 509,138 1,489,459 450,459 451,148 164 4,122 2 ———	8.170 57.271,704 7,764,919 2,383,363 11,357,461 14,725,135 17,528,402 4,761,000 6,019,056 9,023,007 8,062,464 17,387,193 15,165,732 20,706,965 15,083,968 7,839,435 644,272 2,128,463 627,563 68,846 110,401 11	7,886 128,213,506 30,794,928 3,016,370 33,466,635 33,910,093 21,085,163 5,333,685 7,327,015 13,770,920 48,549,607 21,858,688 32,424,771 22,080,540 12,038,061 948,797 4,829,338 916,663 101,901 243,434 1,441,034 493,094 14,327 564 14,169 758 — 1112	5,235 187,198,460 2,457,273 53,163,586 50,224,602 17,782,815 5,008,284 5,468,476 13,033,765 103,532,042 19,645,469 39,355,163 38,035,379 21,011,066 12,094,486 883,703 8,116,551 931,671 112,056 303,651 1,487,061 1,845,345 646,807 22,635 1,465 2,862 10 — 4	591,389 4,460 315,048,494 97,873,252 2649,156 84,849,011 104,358,735 18,940,339 5,494,776 5,741,351 19,870,459 184,553,697 20,928,560 73,647,856 55,613,887 27,544,282 17,007,457 1,070,154 14,011,415 1,218,230 1,181,887 451,665 3,595,164 2,943,089 1,033,687 30,626 1,758 29,859 1,168 — 13	1,029,237 3,521 547,678,919 141,148,057 33,775,921 131,157,967 233,303,729 25,992,862 7,713,016 297,853,276 7,713,016 35,563,301 148,406,306 92,410,573 42,838,327 25,805,728 1,752,229 23,881,421 1,756,264 1,756,264 7,43,518 7,939,473 4,407,868 1,561,325 44,770 3,480 48,728 439 — 114	6,606,167 3,290 8,543,071,863 2,322,053,698 11,899,179 1,978,564,610 3,639,986,247 167,113,095 55,234,312 43,097,591 44,074,513 3,703,944,060 553,863,224 1,672,404,887 1,423,489,174 629,494,488 384,422,905 20,090,560 392,172,461 26,643,434 4,968,972 8,795,239 93,025,662 45,989,020 16,441,437 629,975 74,981 1,834,157 9,747

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

	Total returns							tal assets	_ `				
Industrial division, item	of active corporations	Zero assets	\$1 Under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,00 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services							-						20
lumber of returns	989,850	55,821	656,761	143,725	61,861	34,680	29,589	3,723	2,078	754	370	287	245.497.1
otal assets	552,132,138		18,158,965	22,713,534	21,370,885	24,526,726	59,934,141	25,759,292	32,123,666	25,957,529	25,949,956	50,140,287	245,497,1 35,218,3
lotes and accounts receivable, net	94,029,449	_ !	1,857,037	3,348,562	3,607,755	4,737,191	12,876,377	5,624,268	6,818,340	5,499,165	4,908,252 1,077,810	9,534,196 2,132,347	8,302,9
nventories	23,060,757	_	836,015	1,166,642	1,166,371	1,245,861	3,321,861	1,254,287	1,484,738 5,398,783	1,071,883 4,081,256	3,329,108	7,017,769	22,428,2
ash, Government obligations and other current assets	78,069,177	_	5,670,819	5,872,616	4,903,768	4,938,650 2,735,988	10,339,503 5,940,487	4,088,616 2,403,622	3,634,090	2,967,323	3,705,795	9,117,244	60,925,2
ther investments and loans	98,820,941	_	2,053,138	2,883,018	2,454,987 17,197,024	17,831,948	39,930,375	15,982,299	17,491,691	13,541,434	13,810,761	19,230,308	98,564.7
epreciable assets	293,382,723 128,521,248	-	21,434,142 15,204,202	18,368,000 11,081,553	10,077,577	9,820,559	19,009,839	6,742,949	6,922,239	5,085,122	5,666,683	6,424,695	32,485,8
Less: Accumulated depreciation			573.355	1,148,855	1,143,533	1,791,082	3.959.479	1.843.394	2.433.574	2.105,378	2,990,466	5,872,269	23,330,3
ther capital assets less reserves	47,191,742 108,000,546	_	4,027,697	4,886,975	4,518,383	5,148,714	14,814,715	6,458,801	7,579,761	5,374,794	5,406,761	10,943,325	38,840,6
counts and notes payable	65,489,816	_	2,660,704	2,116,135	2.046,541	2,637,977	7,668,733	3,048,957	4,254,887	3,305,456	2,595,287	6,800,624	28,354,5
ther current liabilitieslortgages, notes, and bonds payable in one year or more.	173,460,868	_	3,932,140	5,181,961	5,206,760	6,575,036	17,348,830	7,439,925	10,124,586	8,814,002	9,393,953	17,777,528	81,666, 67,563,
et worth	132,375,217	-	281,575	5,280,658	6,085,277	6,152,540	12,142,356	5,938,640	7,278,708	6,196,818	5,756,119	9,698,730	
otal receipts	735,497,193	11,620,422	110,653,074	72,017,079	54,141,274	52,932,644	. 104,225,381	37,179,025	36,493,981	29,075,355	25,863,522	43,620,160 39,466,557	157,675,2 132,954,5
usiness receipts	680,350,095	10,360,712	108,479,061	69,828,264	52,552,018	49,599,276	98,882,298	34,776,841	33,177,810	27,010,674 12,710,692	23,262,017 9,731,682	18.869,563	54,037,7
ost of sales and operations	273,531,298	4,234,910	32,645,562	23,509,464	21,384,071	19,776,105	45,360,124	16,641,693 1,197,073	14,629,675 1,151,547	765,982	780,486	1,188,870	4,380,9
axes paid	23,382,242	392,655	3,673,304	2,568,016	1,853,094 772,836	2,043,377 919,877	3,386,878 2,485,718	1,197,073	1,151,547	1,151,484	1,288,898	2,378,631	13,138,4
nterest paid	26,858,974	517,419	775,191	938,250 2,121,935	7/2,836 1,652,229	1,743,738	3,849,100	1,594,943	1,961,869	1,451,898	1,466,966	2,170,493	12,904,6
Depreciation	33,518,579	365,877	2,234,652 1,092,007	2,121,935 647.903	426,692	340,364	618,628	222,263	142,386	119,168	118,717	204,987	1,363,6
ension, profit-sharing, stock bonus, and annuity plans	5,326,487	29,695 169,958	1,092,007	696,722	454,107	557,640	1,112,432	584,937	595,786	399,117	670,288	860,337	2,177,
mployee benefit programs	8,938,744 11,020,194	68,816	1,855,878	513,401	657,672	523,229	639,729	318,744	57,025	574,715	247,055	77,849	5,486,
let income (less deficit)	17,945,448	466,593	740,080	984,760	727,392	726,135	1,502,694	687,956	743,751	841,599	738,198	1,185,754	8,600,
ncome tax, total	5,785,655	158,793	122,215	166,696	148,782	181,875	476,412	238,820	268,913	297,814	263,713	424,318	3,037,
Alternative minimum tax	181,878	7,749	l '-	*206	*2,445	3,040	17,245	6,388	14,145	11,051	10,679	16,470 1,665	92,
Environmental tax	16,790	508	6	_	9	*18	93	164	394	789	870	33,760	355,6
oreign tax credit	546,619	89,110	(1)	_	*557	*1,977	*11,561	17,591	16,349	10,813 2,441	9,284 5,188	33,760	355,0
J.S. possessions tax credit	15,936	_	101	57	36	14	942	1,897	5,259	2,441	3,100	1 =	
Orphan drug credit	_	_	-	-	_	_	_	_	_	*912	_	ł _	1
Nonconventional source fuel credit	*912		6.991	4,754	6,736	7.870	15,215	5,785	8,058	6,602	7,798	18,472	174,5
General business credit	267,605	4,789	6,991	*525	*340	*735	11.094	*220	1,357	2,374	1,428	5,666	9,9
Prior year minimum tax credit	24,141 4,930,443	*431 64,464	115,122	161,360	141,113	171,278	447,599	213,328	237,891	274,672	240,014	366,421	2,497,
Total income tax after credits	4,930,443	04,404	110,122	101,500	,	,							
Nature of Business not Allocable				0.400	1,206	*48	244	-8	.19		_	_	
Number of returns	16,889	4,078	9,098	2,189		*33,814	484,928	*72,785	*267,845	_		l _	
Total assets	1,854,843	-	235,107	353,149	407,216 *33,988	33,814	91,309	12,765	73,608	_	_	-	1
Notes and accounts receivable, net	260,227	_	*24,505 *10,777	*36,818 *19,257	*42,553		84,473	l _	*28,632	_	-	_	1
nventories	185,692 275,234	_	36,914	52.024	47,235	*8,039	58,476	*18,961	*53,585	_		-	
Cash, Government obligations and other current assets Other investments and loans	310,054	_	*24,461	72,590	*35,992	*23,828	*54,650	*53,820	*44,711	_	-	_	i
Depreciable assets	864,801	_	175,546	*200,332	186,137	*664	210,499	-	*91,623	-	-	-	
Less: Accumulated depreciation	266,348	_	*102,894	*69,732	24,833	40	42,744	-	*26,104	-	-	-	
Other capital assets less reserves	100,000			*36,808	*58,847		17,759	_	*141	-	-	_	
	162,698	_	*49,143			_							
	473,779	_	30,349	*36,220	*47,207	*2,718	230,774		126,513	-	1	-	1
Accounts and notes payable	473,779 57,141	_	30,349 14,557	*36,220 *7,144	*10,137	*7,259	230,774 6,885	*6,113	*5,046	-	-	-	
Accounts and notes payable Other current liabilities	473,779 57,141 676,620		30,349 14,557 *57,176	*36,220 *7,144 *145,104	*10,137 *158,342	*7,259 *29,052	230,774 *6,885 *145,710	*6,113 *47,970	*5,046 *93,265	=	_	1	
Accounts and notes payable	473,779 57,141 676,620 350,759		30,349 14,557 *57,176 98,389	*36,220 *7,144 *145,104 69,747	*10,137 *158,342 84,038	*7,259 *29,052 *=5,509	230,774 *6,885 *145,710 85,936	*6,113 *47,970 *4	*5,046 *93,265 *18,153	=	= =	= =	
Accounts and notes payable Uther current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth	473,779 57,141 676,620 350,759 2,322,943	68,751	30,349 14,557 *57,176 98,389 523,561	*36,220 *7,144 *145,104 69,747 860,349	*10,137 *158,342 84,038 284,199	*7,259 *29,052 *÷5,509 *18,180	230,774 *6,885 *145,710 85,936 390,747	*6,113 *47,970 *4 *1,365	*5,046 *93,265 *18,153 *175,791	- - -	-	=	
occounts and notes payable. Other current liabilities Aortgages, notes, and bonds payable in one year or more, let worth. Otal receipts Business receipts	473,779 57,141 676,620 350,759 2,322,943 2,227,275	68,751 *39,249	30,349 14,557 *57,176 98,389 523,561 514,522	*36,220 *7,144 *145,104 69,747 860,349 852,177	*10,137 *158,342 84,038 284,199 269,694	*7,259 *29,052 *=5,509 *18,180 *18,029	230,774 *6,885 *145,710 85,936 390,747 385,661	*6,113 *47,970 *4 *1,365 *1,365	*5,046 *93,265 *18,153 *175,791 *146,578	- - - -	= =		
occounts and notes payable Other current liabilities Aortgages, notes, and bonds payable in one year or more. Jet worth Otal receipts Business receipts Cost of sales and operations	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257	68,751 *39,249 *4,948	30,349 14,557 *57,176 98,389 523,561 514,522 244,158	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102	*10,137 *158,342 84,038 284,199 269,694 *183,800	*7,259 *29,052 *÷5,509 *18,180 *18,029	230,774 6,885 145,710 85,936 390,747 385,661 262,921	*6,113 *47,970 *4 *1,365	*5,046 *93,265 *18,153 *175,791 *146,578 *91,889	- - - -	- - - -	=	
ccounts and notes payable. ther current liabilities. fortgages, notes, and bonds payable in one year or more. let worth. botal receipts. business receipts cost of sales and operations. axes paid.	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402	68,751 *39,249 *4,948	30,349 14,557 *57,176 98,389 523,561 514,522 244,158 10,838	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616	*7,259 *29,052 *=5,509 *18,180 *18,029	230,774 *6,885 *145,710 85,936 390,747 385,661	*6,113 *47,970 *4 *1,365 *1,365	*5,046 *93,265 *18,153 *175,791 *146,578	- - - -	-	-	
ccounts and notes payable. Other current liabilities Aortgages, notes, and bonds payable in one year or more, let worth. botal receipts Jusiness receipts Cost of sales and operations axes paid	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856	68,751 *39,249 *4,948 1,659	30,349 14,557 *57,176 98,389 523,561 514,522 244,158 10,838 *3,491	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351 *12,883	*10,137 *158,342 84,038 284,199 269,694 *183,800	*7,259 *29,052 *-5,509 *18,180 *18,029 74 306	230,774 6,885 145,710 85,936 390,747 385,661 262,921 7,204	*6,113 *47,970 *4 *1,365 *1,365 *1,365	*5,046 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430	- - - - -	-	-	
ccounts and notes payable. ther current liabilities fortgages, notes, and bonds payable in one year or more. tet worth total receipts usiness receipts case paid	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728	68.751 *39.249 *4,948 1,659 *44	30,349 14,557 *57,176 98,389 523,561 514,522 244,158 10,838 *3,491 15,583	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719	*7,259 *29,052 *5,509 *18,180 *18,029 74 306 17	230,774 *6,885 *145,710 85,936 390,747 385,661 262,921 7,204 19,680	*6,113 *47,970 *4 *1,365 *1,365 *1,365	*5,046 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675	-	-	-	
ccounts and notes payable ther current liabilities tortgages, notes, and bonds payable in one year or more. let worth total receipts usiness receipts cost of sales and operations axes paid terest paid lepreciation ension, profit-sharing, stock bonus, and annuity plans	473,779 57,141 676,620 350,759 2,322,943 2,227,257 1,497,257 45,402 56,856 82,728 *5,033	68,751 *39,249 *4,948 1,659	30,349 14,557 *57,176 98,389 523,561 514,522 244,158 10,838 *3,491	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351 *12,883	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719	*7,259 *29,052 *5,509 *18,180 *18,029 74 306 17 *320 199	230,774	*6,113 *47,970 *4 *1,365 *1,365 *1,365 ————————————————————————————————————	*5,046 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *55 *1,066	-	-		
ccounts and notes payable their current liabilities	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728	68.751 *39.249 *4,948 1,659 *44	30,349 14,557 *57,176 98,389 523,561 514,522 244,158 10,838 *3,491 15,583 *4,778	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351 *12,883 *15,129 *15,29 6,804	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719 6,621 — *189 2,474	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320	230,774	*6,113 *47,970 *4 *1,365 *1,365 *1,365 	*5,046 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *55 *1,066 *10,517	-		-	
ccounts and notes payable. ther current liabilities	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 -54,479 66,937	68.751 *39,249 *4,948 1,659 *44 *55 24,932 *28,757	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253	"36,220" "7,144 "145,104 69,747 860,349 852,177 "708,102 16,351 "12,883 "15,129 "152 6,804 13,591	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719 6,621 — *189 2,474 *18,260	*7,259 *29,052 *5,509 *18,180 *18,029 74 306 17 *320 19934,802	230,774 *6,885 *145,710 85,936 390,747 385,661 7,204 19,680 *25,345 - *5,029 -34,691 *1,492	*6,113 *47,970 *4 *1,365 *1,365 *1,365 *1,365 *1,365	5,046 93,265 18,153 175,791 146,578 91,889 2,430 17,022 19,675 55 1,066 10,517 584	-		-	
occounts and notes payable. Other current liabilities Aortgages, notes, and bonds payable in one year or more, let worth. Otal receipts Dusiness receipts Cost of sales and operations axes paid Depreciation Persion, profit-sharing, stock bonus, and annuity plans Employee benefit programs Het income (less deficit) ncome subject to tax	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 -54,479 66,937 17,374	68.751 '39.249 '4,948 1,659 '44 '556 24,932 '28.757 '9,867	30,349 14,557 *57,176 98,389 523,561 514,561 244,158 10,838 *3,491 15,583 *4,778 *2,267 -29,713	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351 *12,883 *15,129 *15,29 6,804	*10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719 6,621 — *189 2,474	7,259 *29,052 *-5,509 *18,180 *18,029 .74 .306 .17 *320 .199 *-34,802	230,774	*6,113 *47,970 *4 *1,365 *1,365 *1,365 ** ** ** ** ** ** ** ** ** ** ** ** **	-5,046 +93,265 -18,153 +175,791 +146,578 +91,889 +2,430 +7,022 +19,675 +55 -1,066 +10,517 584 -570				
Accounts and notes payable. Other current liabilities Mortgages, notes, and bonds payable in one year or more. Not worth Otal receipts Susiness receipts Cost of sales and operations Raxes paid Neterst paid Persion, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus and annuity plans Pension, profit-sharing Pension, profit-sharing Net income (less deficit) ncome subject to tax Alternative minimum tax	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 5,4479 66,937 17,374 556	68.751 *39,249 *4,948 1,659 *44 *55 24,932 *28,757	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253 '644	36,220 -36,220 -7,144 -145,104 -69,747 -860,349 -852,177 -708,102 -16,351 -12,883 -15,129 -152 -6,804 -13,591 -2,038 -2,038	10,137 158,342 84,038 284,199 269,694 183,800 6,616 13,719 6,621 	*7,259 *29,052 *5,509 *18,180 *18,029 74 306 17 *320 19934,802	230,774 16,885 145,710 85,936 390,747 385,661 262,921 7,204 19,680 25,345 5,029 34,691 11,492 255	*6,113 *47,970 *4 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365	5,046 93,265 18,153 175,791 146,579 91,889 2,430 7,022 19,675 10,666 10,517 584 570 367			-	
cocunts and notes payable. Other current liabilities Aortgages, notes, and bonds payable in one year or more, let worth Solal receipts Business receipts Susiness receipts Saves paid	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 -54,479 66,937 17,374	68.751 '39.249 '4,948 1,659 '44 '556 24,932 '28.757 '9,867	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253	*36,220 *7,144 *145,104 69,747 860,349 852,177 *708,102 16,351 *12,883 *15,129 *152 6,804 *13,591 *2,038	10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719 6,621 *189 2,474 *18,260 *4,000	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320 *199 *-34,802 *- *- *- *- *- *- *- *- *- *- *- *- *-	230,774 +6,885 145,710 85,936 390,747 385,661 262,921 7,204 19,680 25,345 - *5,029 -34,691 11,492 *255	*6.113 *47.970 *14 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365	*5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,439 *7,022 *19,675 *55 *1,066 *10,517 *584 *570 *367			-	
cocunts and notes payable. Other current liabilities	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 54,479 66,937 17,374 526 4	68.751 39.249 4.948 1.659 4.44 556 24.932 28.757 9.867	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253 '644	"36,220 17,144 *145,104 69,747 880,349 852,177 *708,102 16,351 *12,883 *15,129 *152 6,804 *13,591 *2,038	10,137 158,342 84,038 284,199 269,694 183,800 6,616 13,719 6,621 	7,259 *29,052 *-5,509 *18,180 *18,029 .74 .306 .17 *320 .199 *-34,802	230,774 *6,885 *145,710 85,936 390,747 385,661 262,921 7,204 19,680 *25,345 *5,029 -34,691 *1,492 *255 *	*6.113 *47.970 *1.365 *1.365 *1.365 *1.365 *1.365 *1.365	*5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *55 *1,066 *10,517 *584 *570 *367				
Accounts and notes payable. Other current liabilities Mortgages, notes, and bonds payable in one year or more. Net worth Susiness receipts Cost of sales and operations Raxes paid Persion, profit-sharing, stock bonus, and annuity plans Employee benefit programs Net income (less deficit) ncome subject to tax Alternative minimum tax Environmental tax. Foreign tax credit US. possessions tax credit	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 5,4479 66,937 17,374 556	68.751 *39.249 *4.948 1.659 *44 *55 24.932 *28.757 *9.867 *159	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253 '644 	36,220 7,144 145,104 69,747 860,349 852,177 708,102 16,351 12,883 15,129 152 6,804 13,591 2,038	10,137 *158,342 84,038 284,199 269,694 *183,800 6,616 13,719 6,621 *189 2,474 *18,260 *4,000	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320 *199 *-34,802 *- *- *- *- *- *- *- *- *- *- *- *- *-	230,774	*6,113 *47,970 *4 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365	*5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *1,066 *10,517 *584 *570 *367 *4 *199			-	
Accounts and notes payable. Ther current liabilities	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 *5,033 8,703 -54,479 66,937 17,374 *526 *4 199	68.751 39.249 4.948 1.659 4.44 556 — 24.932 28.757 9,867 -159	30,349 14,557 57,176 98,389 523,561 514,522 244,158 10,838 13,491 15,583 14,778 12,267 -29,713 14,253 1644	"36,220 17,144 145,104 69,747 860,349 852,177 "708,102 16,351 12,883 15,129 155,29 6,804 13,591 2,038	10,137 158,342 84,038 284,199 269,694 183,800 6,616 13,719 6,621 	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320 *199 *-34,802 *	230,774 +6,885 145,710 85,936 390,747 385,661 262,921 7,204 19,680 25,345 -34,691 11,492 -34,691 	*6.113 *47.970 *1,365 *	*5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *55 *1,066 *10,517 *584 *570 *367				
Accounts and notes payable. Other current liabilities. Mortgages, notes, and bonds payable in one year or more. Mortgages, notes, and bonds payable in one year or more. Motal receipts. Business receipts. Cost of sales and operations. Maxes paid. Depreciation. Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Pension, profit-sharing, stock bonus, and annuity plans Perior composition (less deficit). Alternative minimum tax Environmental tax. Foreign tax credit J.S. possessions tax credit Drphan drug credit. Nonconventional source fuel credit.	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 5,033 8,703 54,479 66,937 17,374 526 4	68.751 *39.249 *4.948 1.659 *44 *55 24.932 *28.757 *9.867 *159	30,349 14,557 '57,176 98,389 523,561 514,522 244,158 10,838 '3,491 15,583 '4,778 '2,267 -29,713 '4,253 '644 	"36,220 '7,144 '145,104 69,747 '860,349 852,177 '708,102 16,351 '12,883 '15,129 '152 6,804 '13,591 '2,038	10,137 158,342 84,038 284,199 269,694 183,800 6,616 13,719 6,621	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320 *199 *-34,802 *- *- *- *- *- *- *- *- *- *- *- *- *-	230,774	*6,113 *47,970 *4 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365	*5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *1,066 *10,517 *584 *570 *367 *4 *199				
coounts and notes payable. there current liabilities fortgages, notes, and bonds payable in one year or more. let worth total receipts	473,779 57,141 676,620 350,759 2,322,943 2,227,275 1,497,257 45,402 56,856 82,728 *5,033 8,703 -54,479 66,937 17,374 *526 *4 199	68.751 39.249 4.948 1.659 4.44 556 — 24.932 28.757 9,867 -159	30,349 14,557 57,176 98,389 523,561 514,522 244,158 10,838 13,491 15,583 14,778 12,267 -29,713 14,253 1644	"36,220 17,144 145,104 69,747 860,349 852,177 "708,102 16,351 12,883 15,129 155,29 6,804 13,591 2,038	10,137 158,342 84,038 284,199 269,694 183,800 6,616 13,719 6,621 	*7,259 *29,052 *5,509 *18,180 *18,029 *74 *306 *17 *320 *199 *-34,802 *	230,774 +6,885 145,710 85,936 390,747 385,661 262,921 7,204 19,680 25,345 -34,691 11,492 -34,691 	*6,113 *47,970 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365 *1,365	5,048 *93,265 *18,153 *175,791 *146,578 *91,889 *2,430 *7,022 *19,675 *55 *1,066 *10,517 *584 *570 *367 *4 *199				

^{*} Estimate should be used with caution because of the small number of sample returns on which it is based. **Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. Some totals may differ from Table 7 due to the method used to produce this table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of business receipts are in whole dollars]

	Total returns						Size of bus	iness receipts					
Industrial division, item	of active corporations	Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industries													
Number of returns	3,627,863	1,438,416	865,213	240,949	332,255	631,559	513,139	414,662	326,922	141,017	79,565	67,540	15,043
Total assets Notes and accounts receivable, net	17,647,120,286 4,091,972,824	220,518,102 16,754,433	159,749,573 11,547,778	24,738,574 2,546,747	36,029,955 2,659,908	86,318,825 7,711,761	113,570,528	162,994,607	327,448,075	384,802,523	517,472,048		14,285,829,434
Inventories	879,318,508	8,838,104	5,855,415	939,035	2,043,654	7,711,761	13,800,991	25,433,539 21,335,089	72,589,377 42,879,562	102,809,401 44,315,062	147,315,872 52,413,600	375,390,214 130,718,801	3,330,367,235 558,289,773
Cash, Government obligations and other current assets Other investments and loans	3,111,199,676 5,662,377,798	39,338,355 52,295,985	27,018,550 39,569,643	5,407,549 5,378,193	6,912,255 7,348,149	17,066,225	22,445,326	32,655,774	66,556,348	87,221,348	112,711,039	305,266,021	2,427,939,241
Depreciable assets	4,069,775,039	96,063,037	65,565,316	10,620,223	19,877,498	16,112,976 51,996,872	18,461,837 67,047,457	26,020,032 89,709,899	53,693,059 141,600,705	72,913,094 115,865,316	120,917,884	504,201,352 282,731,287	4,797,761,579 3,105,650,649
Less: Accumulated depreciation	1,718,268,625	38,241,907	23,965,633	4,635,001	9,641,273	28,306,299	37,368,331	49,425,682	77,052,895	61,050,000	61,050,071	131,518,933	1,234,254,507
Other capital assets less reserves	624,930,387 2,691,962,509	32,119,494 38,843,760	23,654,675 26,022,892	3,094,186 5,350,905	5,370,633 7,469,964	10,330,665	11,393,185 22,357,144	11,719,988	16,551,498	13,332,620	15,325,239	43,330,476	470,827,222
Other current liabilities	5,141,333,387	13,558,960	10,212,709	1,302,013	2,044,238	13,780,794 5,676,781	8,746,906	35,604,145 17,532,323	71,181,019 64,737,185	75,419,519 122,029,812	88,912,153 201,854,637	246,227,896 563,233,539	2,099,636,079 4,143,963,245
Mortgages, notes, and bonds payable in one year or more. Net worth	2,490,067,919 4,602,704,974	70,828,125 41,292,631	55,160,715 28,212,917	5,993,429	9,673,981	24,270,092	30,490,748	39,097,155	63,173,952	52,388,766	56,963,546	168,292,717	1,984,562,818
Total receipts	10,934,973,405	56,504,882	20,424,753	5,521,774 10.019.306	7,557,941 26,060,823	24,191,878 108,623,204	30,972,644 187,586,015	48,963,012 298,406,850	99,324,222 519,040,590	111,188,707 504,812,570	144,948,273	488,443,923	3,613,379,685
Business receipts	9,427,277,533	34,897,764	4,049,021	8,088,612	22,760,131	101,644,434	179,735,687	286,487,013	496,149,674	477,887,965	566,306,281 527,002,747	1,371,550,020 1,246,861,401	7,322,142,993 6,076,610,848
Cost of sales and operations	6,317,467,181 236,145,632	12,540,839 2,689,577	1,941,175 1,077,911	2,542,738 446,980	8,056,927 1,164,686	39,073,309 4,134,124	80,965,714 6,515,501	149,485,606 9,391,664	297,508,284	316,714,952	372,577,305	927,085,234	4,121,515,937
Interest paid	831,521,305	4,462,618	2,695,745	552,713	1,214,160	3,134,173	4,505,336	6,225,697	13,782,376 12,432,154	11,720,597 15,317,257	11,218,863 21,943,102	23,590,051 65,859,703	153,102,880 697,641,265
Depreciation Pension, profit-sharing, stock bonus, and annuity plans	337,302,354	4,457,468	2,181,021	804,707	1,471,739	4,177,727	6,021,505	8,315,639	12,885,997	10,964,343	11,170,991	26,543,259	252,765,425
Employee benefit programs	44,159,248 109,561,360	229,987 444,064	121,019 252,797	18,936 57,314	90,031 133,954	668,136 621,570	1,089,178 1,236,810	1,351,746 1,819,583	2,089,063 3,335,782	2,024,321 3,296,867	1,810,838 3,815,882	3,651,099 9,697,755	31,244,882 85,293,045
Net income (less deficit)	389,010,675	-8,393,823	- 6,674,038	-717,609	-1,002,176	158,005	784,059	2,941,914	4,781,558	6,319,971	10,933,810	38,745,093	332,740,089
Income subject to tax	371,054,512 127,754,021	2,968,192 734,879	1,753,483 521,838	372,549 64,794	842,160 148,247	2,128,103 403,483	2,955,758 574,093	5,041,137 1,103,317	7,618,159 1,896,855	7,613,317 2,269,236	8,735,140 2,866,432	25,700,611 8,971,069	308,294,097
Alternative minimum tax	3,540,918	24,557	20,232	*775	3,550	6,529	8,512	22,784	42,775	73,589	85,709	247,941	108,934,657 3,028,520
Environmental tax	471,779 23,996,821	809	778	*9	*22	*31	83	508	294	567	1,187	13,347	454,952
U.S. possessions tax credit	2,793,603	28,879 81,545	28,854 81,133	*10 410	*15 2	401 77	*1,962 444	131,496 461	18,920 17,531	11,212 12,307	27,143 47,488	267,102 382,847	23,509,705 2,250,903
Orphan drug credit	14,190	- 1	-	(3)	_	_		_		-	-		14,190
General business credit	82,792 3,882,728	*49 14,778	*49 12,025	(°) *883	1,871	12,233	18,547	- 30.773	(³) 58,128	*660 56,785	*420 59,412	1,765 169,153	79,897 3,462,920
Prior year minimum tax credit	836,681	1,277	*993	*108	*176	*112	681	2,228	3,713	19,414	25,037	65,750	718,470
Total income tax after credits	96,147,206	608,351	398,784	63,384	146,183	390,660	552,460	938,359	1,798,563	2,168,858	2,706,931	8,084,451	78,898,572
Agriculture, Forestry, and Fishing Number of returns	123,195	63,361	33,131	10.000	10.151	0							
Total assets	63,413,253	11,161,128	5,946,250	12,039 1,444,995	18,191 3,769,884	24,679 6,922,034	13,216 6,710,832	9,041 4,893,275	8,105 7,115,715	2,609 4,326,248	1,226 3.915.273	841	117
Notes and accounts receivable, net	6,215,720	611,329	374,881	57,179	179,269	317,536	342,003	344,601	818,598	391,562	620,494	7,243,973 1,237,741	11,124,775 1,531,856
Inventories	7,188,371 7,299,646	160,037 1,429,196	102,540 717,347	*13,788 199,491	43,710 512,358	295,905 814,862	340,542 792,257	362,151 681,717	951,920	566,255	660,530	1,270,660	2,580,371
Other investments and loans	7,780,842	1,710,637	1,219,958	126,125	364,554	818,304	792,257 662,191	509,908	713,284 715,244	482,473 553,598	426,688 355,179	850,483 618,383	1,108,686 1,837,397
Depreciable assets Less: Accumulated depreciation	44,390,053 27,177,737	5,911,933 3,635,065	2,388,590 1,337,555	837,250 510,469	2,686,094 1,787,040	5,948,615	5,659,208	4,488,219	6,427,637	3,475,766	2,792,670	4,029,009	5,656,996
Other capital assets less reserves	14.802.663	4,323,557	2,151,344	632,724	1,539,489	4,090,256 2,432,748	3,910,453 2,409,421	2,961,852 1,215,970	4,134,544 1,339,623	2,063,602 703,582	1,571,771	2,114,242	2,695,952
Accounts and notes payable	13,218,769	1,239,143	624,046	147,375	467,723	730,174	1,044,954	1,052,971	1,789,954	1,140,277	556,058 1,126,305	1,029,545 2,276,666	792,159 2,818,324
Other current liabilities	2,863,450 16,694,788	446,071 2,461,339	325,356 1,260,266	47,871 273,178	72,843 927,895	156,461 1,957,725	157,992 2,052,709	112,580 1,641,862	274,144 2,256,253	219,716 1,370,945	278,880	431,215	786,392
Net worth	21,097,130	3,509,714	1,873,468	422,132	1,214,114	2,997,518	2,052,709	1,620,611	1,789,342	1,370,945	996,100 1,196,606	1,815,121 1,956,616	2,142,733 4,333,481
Total receipts	86,627,044	3,294,201	951,460	513,469	1,829,272	4,821,541	5,453,813	6,781,286	13,334,487	9,132,758	8,240,033	16,734,028	18,834,896
Business receipts	81,159,501 57,275,674	1,935,605 1,056,338	141,286 173,508	429,502 179,822	1,364,818 703,007	4,186,321 1,932,440	4,854,593 2,326,231	6,297,939 3,421,055	12,802,525 7,853,951	8,729,240 6,411,399	7,993,171 6,154,155	16,249,182 13,859,229	18,110,926 14,260,877
Taxes paid	1,761,909	185,029	63,833	29,174	92,022	182,016	177,624	211,725	326,407	148,638	130,138	168,810	231,522
Interest paid	2,788,784 3,613,282	325,953 393,907	135,826 141,709	35,213 61,857	154,915 190,341	275,027 473,825	343,310 428,619	256,743 347,845	405,541 571,297	225,082 347,503	205,343 221,289	359,316 360,211	392,470 468,785
Pension, profit-sharing, stock bonus, and annuity plans	166,327	13,500	11,306	_	*2,194	11,343	8,376	13,795	21,127	20,275	16,797	14,862	468,785
Employee benefit programs	349,422 1,550,580	14,772	4,859	*1,371	8,543	36,715	20,610	23,341	37,583	24,241	22,961	38,895	130,304
Income subject to tax	2,149,977	- 331,933 229,816	-307,859 102,766	- 16,127 26,192	- 7,947 100,858	70,415 190,651	170,299 217,311	261,353 185,711	150,747 135,697	- 27,459 89,254	176,290 154,862	279,938 192,627	800,931 754,047
Income tax, total	605,850 17,256	46,510	25,475	4,190	16,845	34,702	42,740	42,009	29,447	24,645	50,196	67,173	268,428
Environmental tax	1,233	*405 —	*358 —	_	*46 —	*259 —	*75 (³)	*76	*193	*1,401 *19	*626 48	3,598 170	10,623 995
Foreign tax credit	*14,048	*14	*14	_	_	*31	_	(³)	_		-	,,	*14,003
U.S. possessions tax credit Orphan drug credit	2,743	_	_	_		_	_ [<u> </u>	79	_	2,364	-	300
Nonconventional source fuel credit	[_	-	-	-	_	_	_	_	_		_	_
General business credit	27,613 3,863	2,293	*1,932 *20	*146	*215	*1,631	5,124	*600	1,711	2,824	1,253	3,799	8,379
Total income tax after credits	557,583	44,184	23,509	4,045	16,630	33,040	37,617	*19 41,390	27,657	21,821	*45 46,534	*388 62.985	*3,391 242,355
	,	.,	20,000	*,00	.0,000	30,040	37,017	41,000	27,007	21,021	40,534	02,985	242,335

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of business receipts are in whole dollars]

							Size of busin	ness receipts					
Industrial division, item	Total returns of active corporations	Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
•	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns	41,631	25,254	18,895	2,903	3,456	4,947	4,042	2,534	2,634	876	595	563	18
Total assets	236,339,172	6,683,359	5,244,006	564,047	875,306	1,405,315	1,864,491	3,467,739	4,793,323	4,676,195	5,359,466	18,508,162 2,921,538	189,581,12 12,926,59
Notes and accounts receivable, net	19,765,052	1,071,937	893,114	86,109	92,714 *2,593	201,091 *12,772	268,879 66,299	378,850 48,112	622,408 104,809	542,866 160,357	830,892 180,632	536,769	5.152.36
Inventories	6,342,748 16,152,798	80,633 1,339,709	76,370 980,575	*1,670 153,632	2,593	275,714	424,005	501,071	924,090	963,079	946,806	2,288,327	8,489,99
Other investments and loans	103,302,597	1,621,333	1,426,743	*22,448	172,141	161,793	351,165	951,969	956,903	773,590	733,672	3,518,662	94,233,50
Depreciable assets	101,810,298	2,297,674	1,406,602	378,922	512,150	724,193	1,653,377	1,953,581	3,142,147	2,408,246	3,244,537	9,964,747 5,682,412	76,421,79 34,583,13
Less: Accumulated depreciation	50,503,967	1,498,339	899,695	305,585	293,060	451,011	1,264,230	1,463,338	2,084,546	1,488,462	1,988,490		17,975,20
Other capital assets less reserves	28,527,508	1,295,519	935,182	192,866	167,470	424,878	319,375 525,192	993,823 588,495	899,734 1,249,270	1,072,903 962,295	1,322,328 1,355,798	4,223,749 2,655,783	14,175,64
Accounts and notes payable	25,363,055	3,518,705	941,461	320,302 90,199	2,256,942 42,608	331,870 60,981	132,000	117,326	439,111	320,872	278,273	1.095.950	6,891,7
Other current liabilities	9,702,628 52,613,170	366,336 1,793,912	233,530 1,355,959	*130,525	307,428	224,841	545,822	1,080,622	672,150	997,592	1,054,537	4,372,157	41,871,53
Net worth	126,413,627	-801,397	1,412,371	- 316,289	-1,897,480	580,748	15,032	1,194,629	1,749,693	1,958,957	1,971,800	8,647,245	111,096,9
fotal receipts	102,378,796	1,536,691	937,857	186,795	412,039	868,497	1,590,100	2,080,524	4,636,155	3,526,701	4,773,911	12,797,709	70,568,50
Business receipts	87,977,574	412,002	49,725	122,351	239,927	747,079	1,438,482	1,807,979	4,148,493	3,081,418	4,335,990	11,417,379	60,588,75
Cost of sales and operations	56,658,030	180,706	38,761	42,275	99,670	233,582	571,648	688,141	2,006,097 204,375	1,408,342 168,898	2,630,281 199,465	7,430,042 355,958	41,509,19 2,018,14
Taxes paid	3,176,818	56,439	28,263	8,738, 10,749	19,439 24,181	29,925 46,482	57,842 71,473	85,776 82,222	135,805	168,898	160,236	564,273	5,174,7
Interest paid	6,529,206 5.588,990	151,516 98,840	116,586 41,734	23,424	33,683	63,421	97,876	138,217	257,471	207,296	260,982	717,592	3,747,29
Pension, profit-sharing, stock bonus, and annuity plans	340.322	1,461	1,402	20,-24	*59	*3,684	*4,541	8,377	8,910	16,559	21,834	32,318	242,63
Employee benefit programs	801,760	5,139	4,008	*175	*956	3,003	15,305	14,541	39,657	29,667	46,145	78,038	570,26
Net income (less deficit)	3,144,686	-357,843	- 293,607	- 40,904	23,331	- 42,519	-64,860	- 108,950	-61,383	13,336	-64,301	490,242	3,340,9
Income subject to tax	4,469,841	131,927	106,573	6,274	*19,081	33,352	*21,048	55,178	74,010 26,978	116,301 43,024	92,863 37,600	477,805 204,895	3,467,3 1,386,0
ncome tax, total	1,771,670	47,247	40,064 7,754	*1,178 *231	*6,005 *1,455	6,166 *445	4,162 *549	15,559 *1,523	4,594	4,002	6,543	29,239	211,7
Alternative minimum tax	268,102 9,225	9,439 *211	193	231	1,455	445	7	7,525	*31	65	63	751	8,0
Foreign tax credit	573,027	*5		_	•5	_	_ '	· _	*3,443	1,414	*185	43,513	524.4
U.S. possessions tax credit	3/3,02/		_		<u> </u>	: —.			· -	-	_	_	
Orphan drug credit	_			_	-	· –	-	-	<u> </u>	.499	 274	*399	26,8
Nonconventional source fuel credit	27,993	l 	.=				*10	 998	(³)	1,236	*1,470	5.932	20,0 47,2
General business credit	58,341 31,834	*684 *196	*77 *43	_	*607 153	*324	10	*1,537	1 709	126	*364	*2,337	27.2
Prior year minimum tax credit	1,080,476	46,361	39.944	*1,178	*5,240	5,842	4,152	13,024	23,041	39,750	35,307	152,713	760,2
Construction	393,103	104,466	57,002	13.090	34,374	81,784	65,726	60,001	45,861	19,421	9.842	5.345	6
Number of returns	4		8,436,719	. 815,421	1,746,827	5,917,188	10,089,475	15,414,734	29,212,992	25.806.466	26,123,333	46,233,839	79,914,2
Total assets	249,711,210 67,193,557	10,998,967 801,845	520,040	98,356	183,449	799,904	1,562,803	3.069.968	7,058,611	8,073,002	8,739,457	16,992,407	20,095,5
Inventories	34,156,301	1,584,158	1,206,852	74,937	302,369	904,290	1,868,067	2,747,996	5,895,626	4,711,138	4,235,273	5,271,100	6,938,6
Cash, Government obligations and other current assets	52,977,169	2,668,296	2,115,598	157,310	395,388	1,532,912	2,605,109	3,870,141	6,592,038	5,878,563	6,529,864	10,635,506 3,413,324	12,664,7 24,854,7
Other investments and loans	38,826,057	2,190,199	1,834,228	194,552 384,344	161,419 1,025,364	793,532 3,856,021	1,165,435 5,562,748	1,211,144 9,287,266	2,040,896 14,450,399	1,640,181 10,854,029	1,516,600 9,924,638	15,163,829	18,711,1
Depreciable assets	91,446,213 54,107,667	3,636,153 1,676,068	2,226,444 955,723	202.376	517,969	2,535,322	3,427,109	5,754,575	9,132,538	6,599,352	6,167,338	8,873,831	9,941,5
	9.340.919	896,689	690,863	74,513	131,313	417,976	461,690	645,160	1,388,348	795,914	671,446	1,377,187	2,686,5
Other capital assets less reserves	76,786,152	3,667,710	3,073,867	116,566	477,278	1,427,543	2,922,587	5,028,215	10,012,444	9,234,206	9,328,207	16,642,794	18,522,4
Other current liabilities	36,108,584	1,177,827	893,029	133,706	151,092	554,937	951,185	2,005,433	3,823,500	4,266,728	4,684,261	6,689,074	11,955.6
Mortgages, notes, and bonds payable in one year or more.	45,173,077	2,917,151	2,229,582	256,548	431,021	1,392,313	2,240,846	2,669,406 4,319,011	4,421,307 8,355,943	3,106,202 7,493,219	2,910,383 6,945,064	6,412,519 12,956,835	19,102,9 22,118,2
Net worth	66,723,453	870,207	441,118	99,119	329,970	1,277,110	2,387,866		1	1		102,568,696	119.887.1
Total receipts	517,477,336	4,411,509	1,181,324	577,319	2,652,865	14,029,263	23,815,664	42,862,540	72,203,878 70,978,223	68,752,948 67,797,708	68,945,729 67,990,796	102,568,696	114,770,8
Business receipts	504,906,544 392,668,469	3,355,213 1,631,784	314,313 193,964	461,727 211,024	2,579,173 1,226,796	13,785,777 7,388,588	23,492,262 14,254,285	42,393,098 27,529,773	51,632,087	52,230,548	55,543,894	84,564,044	97,893,4
Cost of sales and operations	10,218,770	1,631,784	193,964 70,809	28,063	115,326	493,319	770,913	1,247,276	1,740,715	1,528,236	1,341,279	1,734,559	1,148,2
Interest paid	7,369,122	213,266	130,773	30,342	52,151	208,297	351,736	557,585	863,846	675,337	604,289	1,156,451	2,738,3
Depreciation	9,296,059	254,864	112,733	32,614	109,517	422,927	643,305	1,070,566	1,565,148	1,152,553	1,034,512	1,404,537	1,747,0
Pension, profit-sharing, stock bonus, and annuity plans	1,778,278	9,706	7,007		2,700	25,753	44,929	153,723	288,094	298,353	210,646	339,987	407,0
Employee benefit programs	2,990,097	35,364	10,112	5,835	19,418	75,423	200,016	270,535	413,920 617,252	410,762 1,137,724	446,013 1,084,764	563,790 2,758,624	574,2 2,494,6
Net income (less deficit)	8,736,930 7,754,260	- 360,297 134,691	- 270,529 89,157	- 10,831 *6,753	-78,937 38,781	122,405 151,290	267,986 333,232	613,829 646,434	898,279	954,280	784,097	1,806,152	2,045.8
Income subject to tax	2,327,882	134,691 35,119	89,157 26,962	1,013	7,144	26.912	54,959	115,097	205,742	288,119	256,598	625,197	720,
Income tay total	89,550	*1,579	*606		973	2,858	*166	1,836	11,115	25,517	18,522	14,256	13.6
Income tax, total			1	_	1 -		_	•7	*2	*14	.4	320	2,
Income tax, total	2,505	-)			1	1	(3)	1 .2	· –	(³)	*1,282	87,8
Income tax, total		•77	-77	_		*4		1 (/					
Income tax, total	2,505			_	=		44		107	_	. 🗡	4,645	
Income tax, total Alternative minimum tax Environmental tax Foreign tax credit U.S. possessions tax credit Orphan drug credit	2,505 89,197 4,796	=	*77 <u>.</u> —	-	=					=	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	4,645	
Income tax, total Alternative minimum tax	2,505 89,197 4,796 — *295	=	=	=	_	=	44 — —	=	107 — —	-	_ =		49,
ncome tax, total Alternative minimum tax Environmental tax Foreign tax credit	2,505 89,197 4,796	=		-			44			_	_ _ -	4,645 *287	49, 6, 575,

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of business receipts are in whole dollars]

Manufacturing Manufacturin								Size of bus	iness receipts					
Manufacturing	Industrial division, item		Linder	Under	\$25,000	\$50,000	\$100,000	T	- 	\$1,000,000	\$2 500 000	\$5,000,000	\$10,000,000	\$50,000,000
Manufacturing				\$25,000 1			under	under	under	under	under	under	under	or more
Number of elemen		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Past sents		201.010	75.007											
Notes and accounts receivable, ed. 2 926,657 (2019) 905,651 136,020 101,0381 136,020 101,0381 136,020 101,0381 136,020 101,0381 136,0391 136,								1		1			,	4,535
Commitment engigering and other general assemble 1775,616,740 277,616,740 277,616,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740,740 277,740	Notes and accounts receivable, net													3,374,762,782 704,221,332
Ober conservent and South				359,140	66,975	101,579	599,018	1,345,468	2,442,797					298,069,443
Deposition sense	Other investments and loans	946 030 802							2,647,427					273,836,651
Common common	Depreciable assets	1,514,803,821												915,824,120
Account and notice squable 700,527,517 21,928,509 191,260 32,050,000 191,261 21,900,765 3,050,275 3,072,750 1,074,000 1,072,750 4,074,000 1,072,750 4,074,000 1,072,750 4,074,000 1,074,000 1,072,750 4,074,000 1,074,000 1,072,750 4,074,000 1,074,000	Less: Accumulated depreciation						1,536,506	3,370,338	7,135,658	14,160,674	14,253,822	18,096,756		627,069,376
Other Current liabilities	Accounts and notes payable			1,657,939										275,771,515
Mortgappes, notes, and bonds symptien note year orned. 7,79,666 22 1,770,668 1,464,061 112,277 174,281 1,761,065	Other current liabilities	371,171,903		1 '	1	ľ								669,802,787 340,864,999
Test receipts 2001-01-01-01-01-01-01-01-01-01-01-01-01-						174,281	1,114,418	1,751,978	2,760,057	6,486,097	6,988,140			682,259,581
Business recepts 1,3276,012.05 1,889,447 233,950 486,869 13,71,854 30,008,464 68,809,91 10,71,927 104,401.087 208,827.96 1,71,002 14,642 43,71,102 14,642 43,71,102 14,642 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645 43,71,102 14,645					1		L			,				1,240,627,733
Cost of siles and operations	Business receipts													2,908,516,855 2,668,576,215
Macro Paper 1.00	Cost of sales and operations	2,257,683,863	1,023,958	167,203	216,054	640,701	3,422,482	8,176,765	17,110,025	44,484,224				1,841,210,740
Deposition 123,569,814 194,846 86,369 39,301 70,187 259,218 599,100 1,86,481 2,201,200 2,173,048 2,703,415 7,097,809 10,000 1,00	Interest paid										2,017,751	2,469,563	6,327,034	68,277,907
Pendon, profile-bating, slock boxus, and annuly plans 17,584,225 5,942 7,690 77,60 77,00 18,244 323,100 331,925 448,279 33,380,655 448,279 18,340 18,341,100	Depreciation													135,442,497 106,484,896
Employse benefit programs 55,010.056 27,088 14,943 "33.05 8,795 60,779 125,338 211,792 716,173 791,179 1,001,945 3,385,055 4,670 1,001,001 1,001	Pension, profit-sharing, stock bonus, and annuity plans			*4,647	*750		,			ľ		1		15,084,895
183,94-782 322-291 280,040 122,402 17,849 158,831 253,981 588,770 13,997.75 1428,042 2215,981 80,043,27 158,070 159,07	Employee benefit programs					8,795	60,579	125,338	271,792	716,173	791,179	1,091,945	3,385,055	46,540,907
Income fast, fold	Income subject to tax	183,394,792												168,075,969
Authoritation Business in the front of the first of the f	Income tax, total	63,780,169	106,492	96,289										169,048,423 59,195,480
Foreign Lax credit	Environmental tax				i		l . 		*183			11,329	57,575	1,103,214
US. possessors tax credii	Foreign tax credit	1 ' 1				(5)	-15	1				,	I .	234,576
14,190 1	U.S. possessions tax credit	2,696,471			397	_	20	1						19,786,914 2,236,343
Semeral business credit	Orphan drug credit			. =	_	_			_			l –	l –	14,190
Transportation and Public Utilities 1,474,412,864 1,847,778 1,160,779	General business credit				1	*152	*2 143	*2 014	7 400	17 227	20 276			31,121
Transportation and Public Utilities Number of returns 156,037	Prior year minimum tax credit	349,865	*214	*214	l –		107		7,400					1,689,070 340,259
Number of returns	_	38,969,929	72,281	62,627	6,835	*2,819	30,333	42,621	95,618	301,803				35,097,582
Total assets		150,007	05.400											
Notes and accounts receivable, net		· .				l								788
Cash, Government obligations and other current asserts 29,300,311 152,035 109,154 *42,427 *454 26,536 111,961 145,839 270,044 271,299 274,084 683,513 272,084 271,089 274,084 271,299 274,084	Notes and accounts receivable, net													1,370,472,128
Cash, Government obligations and other current assets	Inventories	29,300,311	152,035	109,154										124,229,358 27,385,020
Depreciable assets	Cash, Government obligations and other current assets			1,398,714					1,526,067	1,956,076	2,078,087	2,034,072	4,330,370	82,619,236
Less: Accumulated depreciation. 417,148,008 3,199,780 2,267,235 314,439 618,106 17,707,498 2,228,056 4,512,452 6,761,114 7,011,270 5,899,033 11,886,513 373, Other capital assest less reserves. 63,900,129 834,976 659,625 50,067 125,224 267,740 333,191 490,642 1,127,549 1,108,136 1,118,694 4,768,046 53, 3780,020 3,887,188 1,108,136 1,118,681 1,188,681 1,18	Depreciable assets													212,496,427
Other capital assets less reserves. 63,900,129 63,907,129 63,907,129 159,102,56 159,1	Less: Accumulated depreciation													1,154,272,864 373,960,290
Uniter current liabilities. 124,220,198 629,792 551,835 41,625 36,332 164,080 240,024 466,107 906,761 1,285,891 1,064,658 3,097,767 126,000 1,000	Other capital assets less reserves												4,768,046	53,851,154
Mortgages, notes, and bonds payable in one year or more, 459,614,272 3,596,16183 2,788,998 349,930 447,255 1,411,952 1,654,224 2,903,421 4,996,290 5,162,749 4,679,694 12,844,981 422, 10,72,997 2,704,578 2,777,925	Other current liabilities								1,745,873					135,501,385
Strong S	Mortgages, notes, and bonds payable in one year or more.	459,614,272	3,596,183	2,798,998	349,930	447,255								116,375,098 422,364,779
Business receipts					· ·				1,072,097	2,704,578	2,877,567			490,763,679
Cost of sales and operations. 401,515,846 525,902 129,487 119,032 277,373 1,097,946 2,338,104 5,606,186 11,425,781 16,220,276 11,0323 783,356 1,670,994 38,781,015 16,732,274 594,785 111,994 119,996 111,425,781 118,919 119,032 1118,919 119,032 1118,919 119,036 118,919 119,036 118,919 119,036 118,919 119,036 118,919 119,036 118,919 119,036 118,919 119,036 118,919 119,036 119,036 110,032 118,919 119,036 110,032 118,919 119,036 110,032 119,036 110,032 119,037 119,036 110,032 119,037 119,036 110,032 119,036 119,036 110,032 119,037 119,038 119,038 119,038 119,039 119,038 119,039 1	Business receipts													746,007,870
Aske paid	Cost of sales and operations	401,515,846	525,902	129,497	119,032	277,373								691,634,208 325,671,672
Depreciation B3,172,274 594,785 411,894 63,494 119,396 350,551 503,742 858,062 1,340,942 1,534,552 1,365,269 2,688,975 73, 73, 73, 74, 75, 76, 76, 76, 76, 76, 76, 76, 76, 76, 76	laxes paid					55,461	184,919	276,292	551,970	915,700	1,110,323	783,356	1,670,894	33,120,237
Pension, profit-sharing, stock bonus, and annuity plans 5,828,176 15,446 12,502 194 2,749 194,585 3,694 44,488 51,356 116,498 94,386 168,665 5, Employee benefit programs 5,0106 45,766 1,392 2,948 20,320 26,040 103,727 206,419 224,372 184,063 469,088 14, 16,000 10,000	Depreciation													51,840,626
Employee benefit programs. 15,982,693 50,106 45,766 11,392 11,392 11,392 11,392 11,496 11,392 11,496 11,495	Pension, profit-sharing, stock bonus, and annuity plans		-											73,935,395 5.241.058
39,073,953 -195,285 -82,353 -36,470 -76,462 -205,203 -171,496 87,283 95,507 13,934 88,844 297,172 39, 10come subject to tax 48,352,666 400,406 356,804 10,945 32,657 91,233 271,023 453,507 497,882 362,926 10,12464 362,006 17,176,596 123,758 115,927 11,689 -	Employee benefit programs	15,982,693	50,106	45,766	*1,392	*2,948	20,320	26,040						5,241,058 14,698,558
Income tax, total	Income subject to tax					- 76,462				95,507	13,934	88,844	297,172	39,063,197
Alternative minimum tax	Income tax, total	17,176,596	123,758	115,927										45,135,292 16,173,979
Foreign tax credit	Alternative minimum tax			*1,689	_		*741		*970	3,480	5,824	8,706	23,411	703,755
U.S. possessions tax credit 54,973 54,951 54,951 22 - 22 -			1/5	1/5	_	-	*11	-	٠ ١	*18				77,738
Orphan drug credit	U.S. possessions tax credit		54,951	54,951	_	_	_	_		- 22	*3,008	*684	295	176,000
Rediction/emidrate source tute credit	Orphan drug credit	-	-		-	_				- 1	_	_ [_	_
	General business credit		*3 786	*3 775									1	20,741
Prior year minimum tax credit	Prior year minimum tax credit	85,298	425	425			923		3,047				12,666 2,576	1,132,802 80,787
Otal income tax after credits 15 664 590 C4 505 C6 775 V4 C40 C4 705 V5 000 V5 00	iotai income tax after credits	15,664,580	64,595	56,775	*1,642	6,178	15,062	23,290	61,834					14,763,649

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of business receipts are in whole dollars]

	-						Size of busi	ness receipts					
Industrial division, item	Total returns of active corporations	Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5).	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
lumber of returns	1,012,980	263,760	138,714	44,055	80,991	164,805	164,835	153,996	134,085	58,779	35,343	32,286 193.047.588	5,0 888,693,1
otal assetslotes and accounts receivable, net	1,390,555,774 302,702,319	16,688,243 1,716,623	10,295,686 985,551	2,212,600 242,122	4,179,956 488,950	12,994,370 1,237,989	22,951,964 2,990,727	37,619,201 6,089,114	72,037,448 14,442,716	68,757,602 15,434,376	77,766,188 18,649,335	193,047,588 46,201,587	195,939.8
oventories	371,700,159	2,395,401	987,114	428,265	980,021	3,812,693	7,801,391	12,458,468	24,193,706	25,971,434	29,790,299	74,041,498	191,235,2
ash, Government obligations and other current assets	208,587,168	3,386,065	2,338,164	421,197	626,704	2,061,174	3,781,666	5,517,975	10,801,746	9,230,793	9,030,306	19,332,703 10,872,669	145,444.7 103,529.7
ther investments and loans epreciable assets	134,952,253 433,592,868	3,607,390 5,677,128	2,823,647 2,642,594	251,608 1,006,776	532,135 2,027,758	837,087 7,400,302	1,685,393 11,943,611	2,482,583 18,771,194	4,651,869 32,006,595	3,494,021 25,363,356	3,791,541 27,634,149	60,824,492	243,972,0
Less: Accumulated depreciation	194,633,429	2,572,862	1,142,257	433,987	996,618	4,125,369	7,395,339	11,044,630	19,140,591	14,678,479	15,408,930	30,372,650	89,894,
ther capital assets less reserves	68,007,484	1,251,947	812,785	198,719	240,442	861,634	1,134,417	1,889,890	2,765,698	2,542,385	2,926,537	7,722,011	46,912,
ccounts and notes payable	487,561,289	4,291,778	2,866,898	528,226	896,654	3,011,292	5,302,137	10,930,171	23,801,051	25,833,270	32,883,035	88,171,929	293,336, 137,163,
ther current liabilitiesortgages, notes, and bonds payable in one year or more	173,337,267 268,522,067	1,612,837 3,815,806	1,171,066 2,203,596	185,366 692,010	256,405 920,200	691,728 3,321,077	1,458,139 5,355,214	2,474,902 8,541,491	4,697,429 12,877,847	4,911,782 10,617,261	5,611,514 10,884,396	14,715,322 29,062,860	184,046,
et worth	342,748,950	119,097	- 95,660	-74,299	289,056	1,678,235	5,351,635	10,035,473	22,980,665	22,823,786	23,869,789	49,910,583	205,979
otal receipts	3.184.946.370	10.564.815	2.514.104	1,973,496	6,077,216	28,705,575	60,847,269	111,318,293	213,510,659	209,819,482	249,500,945	638,925,332	1,661,754,
usiness receipts	3,094,814,670	8,290,478	864,189	1,623,534	5,802,755	27,881,794	59,690,460	108,930,833	209,612,597	206,499,724	245,504,658	626,656,192	1,601,747
ost of sales and operations	2,388,963,994 45,216,684	4,474,564 387,133	523,450 129,682	846,621 66,865	3,104,493 190,586	14,877,727 923,953	34,715,704 1,772,235	69,349,088 2,798,844	143,095,737 4,423,947	151,594,156 3,662,774	190,974,759 3,482,809	510,926,048 7,841,151	1,268,956, 19,923,
ixes paidterest paid	61,697,168	387,133 497,076	290,759	69,585	136,732	496,634	824,553	1,460,454	2,585,121	2,498,704	2,968,122	8,181,064	42,185
epreciation	42,561,609	546,288	211,457	111,720	223,111	742,449	1,133,028	1,816,976	3,029,065	2,348,780	2,781,162	6,366,541	23,797,
ension, profit-sharing, stock bonus, and annuity plans	6,608,150	15,270	6,391	*5,153	*3,726	51,322	103,440	249,221	611,900	595,350	590,628	1,077,848	3,313,
mployee benefit programs	15,598,758 36,155,437	33,407 - 1,390,013	8,350 -712,831	*5,543 - 266,079	19,514 - 411,102	83,892 - 450,116	197,015 - 215,637	461,178 308,436	877,336 1,690,923	863,996 2,187,897	979,785 2,629,353	2,778,135 6,079,405	9,324 25,315
et income (less deficit)	42,065,915	352,186	210,809	24,136	117,241	244,564	678,185	1,346,027	2,355,000	2,191,028	2,167,840	4,812,326	27,918
come tax, total	13,595,625	79,895	54,654	4,390	20,851	41,661	115,258	244,989	493,091	562,290	640,289	1,614,752	9,803
Alternative minimum tax	238,181	*1,339	*1,339 *25	;		*540	*374 *18	*1,522	4,089 *37	3,244 *45	7,675 91	29,095 872	190 38
Environmental tax	39,097 627,932	*25				_	*759	68	1,785	*2.021	5.480	7.691	609
oreign tax credit		*932 344	*923 344	*9 (³)	_	_	759	18	82	299	855	156	4,
Orphan drug credit	-	·_			_	_	_	-	-	-	_	. =	
lonconventional source fuel credit	*291	(³)	2.486	(3)	-	1,585	1,030	6,503	12,766	*29 10,075	9,838	*20 24,951	188,
Reneral business credit	258,433 28,936	3,053 *168	2,486 *61	*567 *108	_	1,585	1,030	6,503	12,766	10,075	1,095	4,004	22,
otal income tax after credits	12,673,766	75,397	50,840	3,707	20,851	40,075	113,469	238,400	478,459	548,832	623,021	1,577,930	8,978,
Finance, Insurance, and Real Estate 2											-		
umber of returns	592,832	372,636	260,161	53,924	58,551	87,415		32,488	21,584			6,684] 2
		0,2,000	200,101	35,524		07,413	52,828	00,.00	21,364	9,925	6,471	0,004	-
	9,957,481,118	113,892,613	82,560,636	14,125,301	17,206,676	35,587,682	37,674,290	53,460,315	131,594,770	199,468,074	305,437,385	998,494,342	8,081,871
otes and accounts receivable, net	9,957,481,118 2,674,433,071	113,892,613 5,849,917	82,560,636 3,143,493	14,125,301 1,629,228	17,206,676 1,077,196	35,587,682 2,736,797	37,674,290 3,928,320	53,460,315 7,565,063	131,594,770 31,676,006	199,468,074 59,252,210	305,437,385 95,290,897	998,494,342 242,943,188	8,081,871 2,225,190
otes and accounts receivable, net	9,957,481,118 2,674,433,071 33,865,422	113,892,613 5,849,917 3,078,225	82,560,636 3,143,493 2,373,449	14,125,301 1,629,228 182,792	17,206,676 1,077,196 521,985	35,587,682 2,736,797 1,023,693	37,674,290 3,928,320 801,943	53,460,315 7,565,063 1,438,227	131,594,770 31,676,006 2,556,952	199,468,074 59,252,210 2,088,232	305,437,385	998,494,342	8,081,871 2,225,190 16,004 1,873,605
otes and accounts receivable, net	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325	14,125,301 1,629,228 182,792 3,371,777 3,793,900	17,206,676 1,077,196 521,985 3,327,170 4,797,807	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529	37,674,290 3,928,320 801,943 7,722,217 10,259,915	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012	8,081,871 2,225,190 16,004 1,873,605 3,379,263
otes and accounts receivable, netventories. ash, Government obligations and other current assets ther investments and loans epreciable assets	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594
ash, Government obligations and other current assets other investments and loans pepreciable assets Less: Accumulated depreciation	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630 4,955,490	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152	8,081,871, 2,225,190, 16,004, 1,873,605, 3,379,263, 169,594, 57,009,
otes and accounts receivable, net	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368
otes and accounts receivable, net ventories ash, Government obligations and other current assets ther investments and loans tepreciable assets Less: Accumulated depreciation ther capital assets less reserves accounts and notes payable ther current liabilities	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630 4,955,490 3,940,781 18,062,358 181,363,768	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328
otes and accounts receivable, net	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630 4,955,490 3,940,781 18,062,358 181,363,768 17,207,462	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489	8,081,871 2,225,190, 16,004 1,873,605, 3,379,263, 169,594, 57,009, 44,368, 916,044, 3,493,328, 541,164
otes and accounts receivable, net wentories. ash, Government obligations and other current assets ther investments and loans. epreciable assets Less: Accumulated depreciation wither capital assets less reserves. ccounts and notes payable ther current liabilities. tortgages, notes, and bonds payable in one year or more let worth.	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,400 112,618,127 102,154,838 1,060,928,886 4,358,382,01 725,346,436 2,028,200,908	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630 4,955,490 3,940,781 18,062,358 181,363,768 17,207,462 79,445,757	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123
otes and accounts receivable, net ventories. ash, Government obligations and other current assets ther investments and loans epreciable assets Less: Accumulated depreciation ther capital assets less reserves. ccounts and notes payable ther current liabilities lorgages, notes, and bonds payable in one year or more et worth tal receipts	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,939,591	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952	305,437,385 95,290,897 2,214,617 81,770,724 106,952,311 15,295,630 4,955,490 3,940,781 18,062,358 181,363,768 17,207,462 79,445,757	998,494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123
otes and accounts receivable, net. ventories sash, Government obligations and other current assets ther investments and loans. epreciable assets Less: Accumulated depreciation ther capital assets less reserves coounts and notes payable ther current liabilities origages, notes, and bonds payable in one year or more et worth tal receipts usiness receipts ost of sales and operations	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 2,028,200,908 1,868,003,359 855,752,870 487,672,748	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 40,171,560 30,964,013 7,249,486 4,331,358 551,824	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 20,318,892 20,318,994 521,941 72,940	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777	17,206,676 1,077,196 521,985 3,327,170 4,797,607 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 6,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461	305.437.385 95.290.897 2.214.617 81,770.724 106.952.311 15.295.630 4.955.490 3.940.781 18.062.358 181.363.768 17.207.462 79.445.757 45.411.214 17.562.830 7.465.422	998.494,342 242,943,188 4,688,666 236,911,894 458,271,012 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,765 433,637
otes and accounts receivable, net ventories. sh, Government obligations and other current assets ther investments and loans epreciable assets Less: Accumulated depreciation ther capital assets less reserves ccounts and notes payable ther current liabilities ortgages, notes, and bonds payable in one year or more et worth tal receipts usiness receipts usiness receipts uses paid	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 40,171,550 30,964,013 7,249,486 4,331,358 561,824 661,971	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 521,941 72,940 222,185	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777 132,990	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,991,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575	131,594,770 31,676,006 2,556,952 33,664,509 93,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024 1,168,045	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 104,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159	305.437.385 95.290.897 2.214.617 81.770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445.757 45.411.214 17.562.830 7.465.422 999.694	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 916,044 1,458,123 1,548,875 701,769 43,637 701,769
ates and accounts receivable, net ventories sh, Government obligations and other current assets her investments and loans proreciable assets Less: Accumulated depreciation her capital assets less reserves cocounts and notes payable ther current liabilities ortgages, notes, and bonds payable in one year or more at worth tal receipts sisiness receipts sistess and operations xes paid terest paid	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,868,248	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 7,249,486 4,331,358 661,871 1,402,541	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 2,318,892 20,000,517 1,189,904 72,940 222,185 622,381	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777 132,990 273,626	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,996,730 10,756,404 1,305,616 640,825 1,124,032	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,844,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024 1,188,045	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 6,876,159 5,407,837 4,257,426 104,185,152 104,185,152 104,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 8,354,220	305.437.385 95.290.897 2.214.617 81,770,724 106.952.311 15.295.630 4.955.490 3.940.781 18.062.358 181.363.768 17.207.462 79,445,757 45,411,214 17,562.830 7,465.422 999.694	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 10,1775,0152 10,177,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,514
ates and accounts receivable, net reintories sh, Government obligations and other current assets her investments and loans priceiable assets Less: Accumulated depreciation her capital assets less reserves counts and notes payable ther current liabilities her carrent liabilities tal receipts tal receipts siness receipts sis of sales and operations xes paid terrest paid apreciation	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 661,971 1,402,541 622,893	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 22,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,778,022 169,777 132,990 273,626 160,351	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,390 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024 1,168,045 1,980,179 1,018,217	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 104,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159	305.437.385 95.290.897 2.214.617 81.770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445.757 45.411.214 17.562.830 7.465.422 999.694	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500	8,081,871 2,225,190 16,0004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,768 433,637 21,514 444,444 27,513
ates and accounts receivable, net ventories. sh, Government obligations and other current assets her investments and loans apreciable assets Less: Accumulated depreciation her capital assets less reserves cocounts and notes payable her current liabilities ortgages, notes, and bonds payable in one year or more et worth tal receipts usiness receipts ses paid yes paid yes paid yes paid pereciation perseciation perseciation perseciation	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 7,249,486 4,331,358 661,971 1,402,541 622,893 37,450 57,449	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 2,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777 132,990 273,626 160,351 1,3,874 10,216	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,844,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 282,277	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024 1,168,045 1,018,179 1,018,217 200,5112 203,540	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 8,354,220 911,792 160,024 288,000	305.437.385 95.290.897 2.214.617 81,770,724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445,757 45,411,214 41,7562.830 7.465.422 999.694 14.008,320 1.000,697 153.259 338.290	998.494,342 242,943,188 4,658,666 236,911.894 458,271,012 38,793,087 11,750,152 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793	8,081,871 2,225,190 16,000 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,768 433,637 21,514 444,444 27,513 5,132
otes and accounts receivable, net ventories. sish, Government obligations and other current assets ther investments and loans. apreciable assets. Less: Accumulated depreciation ther capital assets less reserves. coounts and notes payable ther current liabilities origages, notes, and bonds payable in one year or more et worth. tall receipts. usiness receipts sost of sales and operations tes paid terest paid epreciation ension, profit-sharing, stock bonus, and annuity plans. mployee benefit programs.	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,783 346,677,789 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 11,881,128	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777 132,990 273,626 160,351 *3,874 10,216 191,847	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 306,796 506,534 282,187 29,159 26,283 270,143	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 1217,276	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 282,277 419,967	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 165,287 980,707	131,594,770 31,676,006 2,556,952 33,654,509 39,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 21,694,142 6,031,024 1,168,045 4,980,179 1,018,217 200,512 233,540 1,205,120	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 6,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 34,610,952 17,038,156 6,467,461 927,159 8,354,220 911,792 160,024 298,000 1,475,541	305.437.385 95.290.897 2.214.617 81,770.724 106.952.311 15.295.630 4.955.490 3.940.781 18.062.358 181,363.768 17.207.462 79.445,757 45,411.214 17.562.830 7.465,422 999.694 14,008.320 1.000.697 153.259 338.290 3.877.150	998.494,342 242,943,188 4,688,666 236,911,894 458,271,012 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,514 444,444 27,513 5,132 9,445 86,109
oles and accounts receivable, net ventories ventories ventories processes, Government obligations and other current assets in their investments and loans. appreciable assets Less: Accumulated depreciation their capital assets less reserves. Accumulated depreciation of their capital assets less reserves. Accumulated their current liabilities. Origages, notes, and bonds payable in one year or more et worth. Ital receipts usiness receipts out of sales and operations. Accumulated accumulates and pereciation assets and operations. Accumulated appreciation ansion, profitsharing, stock bonus, and annuity plans in proyee benefit programs et income (less defici).	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905 727,327	82,560,636 3,143,493 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 72,1941 72,940 222,185 622,381 180,355 4,416 20,949 - 2,558,915 179,940	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,378,022 169,777 132,990 273,626 160,351 10,216 -191,847 195,593	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 -270,143 351,794	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 419,967 645,614	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218	131.594,770 31.676,006 2.556,952 33.654,509 39,346,720 21.659,529 6,910,352 5,861,664 13.623,971 48,031,832 20,230,637 41,653,949 33.614,653 21,694,142 6,031,024 1,168,045 4,980,179 1,018,217 200,512 233,540 1,205,120	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,145,152 105,1	305.437.385 95.290.897 2.214.617 81,770,724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445,757 45,411,214 41,7562.830 7.465.422 999.694 14.008,320 1.000,697 153.259 338.290	998.494,342 242,943,188 4,658,666 236,911.894 458,271,012 38,793,087 11,750,152 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,534 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,511 444,444 27,513 9,445 86,109
otes and accounts receivable, net ventories. sh, Government obligations and other current assets her investments and loans. proreciable assets. Less: Accumulated depreciation. ther capital assets less reserves. cocounts and notes payable. ther current liabilities origages, notes, and bonds payable in one year or more et worth ital receipts usiness receipts sost of sales and operations ixes paid terest paid epreciation. ansion, profit-sharing, stock bonus, and annuity plans. mployee benefit programs. et income (less deficit). come tax, total	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,939,591 1,178,022 169,777 132,990 273,626 160,351 *3,874 10,216 191,847	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 351,794 59,427	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171 1,886	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 419,967 645,614 164,671 6,269	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 13,127	131,594,770 31,676,006 2,556,952 33,664,509 93,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 31,694,142 6,031,024 4,980,179 1,018,217 200,512 233,540 1,205,120 1,298,035 422,142 12,224	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 8,354,220 911,792 289,000 1,475,541 1,582,082 541,563 17,219	305.437.385 95.290.897 2.214,617 81,770.724 106.952.311 15.295.630 4,955.490 3,940,781 18,062,358 181,363.768 17,207.462 79,445,757 45,411,21 45,411,21 408,320 1,000.697 153,259 3,877,150 2,288,705 798,133 20,765	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955 7,418,624 2,619,872 66,909	8,081,871 2,225,190 16,004 1,873,605 3,379,265 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 15,48,875 701,765 433,637 21,511 444,444 27,513 9,445 86,105 48,955 17,500
otes and accounts receivable, net ventories. ash, Government obligations and other current assets ther investments and loans epreciable assets Less: Accumulated depreciation ther capital assets less reserves. coounts and notes payable ther current liabilities origages, notes, and bonds payable in one year or more et worth otal receipts usiness receipts usiness receipts usiness receipts uses paid terest paid epreciation ension, profit-sharing, stock bonus, and annuity plans mployee benefit programs et income (less deficit) come subject to lax come subject to lax	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905 77,327 127,715	82,560,636 3,143,493 12,473,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,568 3,724,815 2,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915 179,940 36,876	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,378,022 169,777 132,990 273,626 160,351 1,3,874 10,216 191,847 195,593 31,412	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 -270,143 351,794 59,427	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,091,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 482,277 419,967 645,614 164,671	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 13,127 487	131.594,770 31.676,006 2.556,952 33.654,509 39,346,720 21.659,529 6.910,352 5.861,664 13.623,971 48.031,832 20,230,637 41,653,949 33.614,653 21,694,142 6.031,024 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,205,120 233,540 1,205,120 1,205,	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,267,149 15,575,426 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 105,002 105,0	305.437.385 95.290.897 2.214,617 81,770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445,757 45,411.214 17.562,830 7.465,422 999.694 14.008.320 1.000.697 153.259 338.290 3.877.150 7.981,33 20.765	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955 7,418,624 2,619,872 66,909 5,825	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,534 57,009 44,368 916,044 3,493,328 541,164 1,548,875 701,768 433,637 21,514 444,444 27,513 5,132 9,445 86,100 48,955 17,509
otes and accounts receivable, net ventories. ash, Government obligations and other current assets ther investments and loans. epreciable assets. Less: Accumulated depreciation. ther capital assets less reserves. cocounts and notes payable. ther current liabilities. torigages, notes, and bonds payable in one year or more et worth. tal receipts. usiness receipts. sost of sales and operations. axes paid. terest paid. epreciation ension, profit-sharing, stock bonus, and annuity plans mployee benefit programs et income (less deficit). come subject to lax. cocome tax, total Alternative minimum tax. Environmental tax. oreign tax credit.	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2,087,968	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905 727,327 127,715 418 418 13,1749	82,560,636 3,143,493 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 37,24,815 32,318,892 20,000,517 1,189,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915 179,940 36,876 109	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 1,718,943 3,368,170 573,312 3,120,583 4,387,591 1,378,022 169,777 132,990 273,626 160,351 1,3,874 10,216 191,847 195,593 31,412	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 -270,143 351,794 59,427 286 110	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171 1,886	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,991,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 207,547 208,277 419,967 645,614 164,671 6,269 6,269	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 13,127	131,594,770 31,676,006 2,556,952 33,664,509 93,346,720 21,659,529 6,910,352 5,861,664 13,623,971 48,031,832 20,230,637 41,653,949 33,614,653 31,694,142 6,031,024 4,980,179 1,018,217 200,512 233,540 1,205,120 1,298,035 422,142 12,224	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 8,354,220 911,792 160,024 289,000 1,475,541 1,582,082 219 219 2,455	305.437.385 95.290.897 2.214.617 81,770,724 106.952.311 15.295.630 4.955.490 3.940.781 18.062.358 181.363.768 17.207.462 79.445,757 45,411,214 417,562.830 7.465.422 999.694 4.008.320 1.000.697 153.259 338,290 3.877.150 2.288.705 798,133 2.0765 532 14,570	998.494,342 242,943,188 4,688,666 236,911,894 458,271,012 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955 7,418,624 66,909 5,825 121,865	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,514 444,444 27,513 5,132 9,445 86,109 672 78
otes and accounts receivable, net ventories ash, Government obligations and other current assets ther investments and loans epreciable assets Less: Accumulated depreciation ther capital assets less reserves. coounts and notes payable ther current liabilities forgages, notes, and bonds payable in one year or more let worth otal receipts usiness receipts usiness receipts saves paid terest paid epreciation ension, profit-sharing, stock bonus, and annuity plans mployee benefit programs tet income (less deficit) come subject to tax come tax, total Alternative minimum tax Environmental tax oreign tax credit 1.5. possessions tax credit	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2,087,968	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 5727,327 127,715 418 133 1,749 2	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915 179,940 36,876 109	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,378,022 169,777 132,990 273,626 160,351 1,3,874 10,216 -191,847 195,593 31,412 23 	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 270,143 351,794 59,427 59,427 296 110 99	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171 1,886	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,843,076 5,792,735 3,224,897 10,931,466 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 282,277 419,967 645,614 164,671 6,269 29 645,614 94	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 131,127 487 126,096	131.594,770 31.676,006 2.556,952 33.654,509 39,346,720 21.659,529 6.910,352 5.861,664 13.623,971 48.031,832 20,230,637 41,653,949 33.614,653 21,694,142 6.031,024 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,205,120 233,540 1,205,120 1,205,	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,267,149 15,575,426 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 104,185,152 105,002 105,0	305.437.385 95.290.897 2.214,617 81,770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445,757 45,411.214 17.562,830 7.465,422 999.694 14.008.320 1.000.697 153.259 338.290 3.877.150 7.981,33 20.765	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955 7,418,624 2,619,872 66,909 5,825	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,534 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,514 444,444 27,513 5,122 9,445 86,109 48,955 17,509 672
otes and accounts receivable, net ventories ash, Government obligations and other current assets ther investments and loans epreciable assets Lass: Accumulated depreciation ther capital assets less reserves coounts and notes payable ther current liabilities tortgages, notes, and bonds payable in one year or more et worth tal receipts ost of sales and operations axes paid tetrest paid tetr	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 20,97,968 12,219	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 57,449 -3,020,905 727,327 127,715 418 418 13,1749	82,560,636 3,143,493 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 72,1941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915 179,940 36,876 109	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,378,022 1,69,777 132,990 273,626 160,351 1,3874 10,216 -191,847 195,593 31,412 23 -11 -11 -11 -11 -11 -11 -11	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 -270,143 351,794 59,427 286 110	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171 1,886	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,643,076 5,792,735 3,224,897 10,991,486 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 207,547 208,277 419,967 645,614 164,671 6,269 6,269	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 13,127 487	131.594,770 31.676,006 2.556,952 33.654,509 39,346,720 21.659,529 6.910,352 5.861,664 13.623,971 48.031,832 20,230,637 41,653,949 33.614,653 21,694,142 6.031,024 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,205,120 233,540 1,205,120 1,205,	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 8,354,220 911,792 160,024 288,000 1,475,541 1,582,082 541,563 17,219 219 2,455 758 —————————————————————————————————	305.437.385 95.290.897 2.214,617 81.770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445.757 45.411,214 17.562.830 7.465.422 999.694 14.008,320 1.000.697 153.259 338.290 3.877,150 2.288.705 798.133 20.765 532 14.570	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 10,171,326 65,747,556 512,376,237 58,631,489 316,899,529 142,877,631 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 317,642,955 7,418,624 2,619,872 66,909 5,825 121,865 1,062 1119	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 5,41,154 1,458,123 1,548,875 701,769 433,637 21,514 444,444 27,513 5,132 9,445 86,109 48,958 17,509 672 78
otes and accounts receivable, net ventories sh, Government obligations and other current assets ther investments and loans epreciable assets Less: Accumulated depreciation ther capital assets less reserves. coounts and notes payable. ther current liabilities lorigages, notes, and bonds payable in one year or more et worth otal receipts usiness receipts sost of sales and operations axes paid terest paid epreciation ension, profit-sharing, stock bonus, and annuity plans mployee benefit programs et income (less deficit) come subject to tax come tax, total Alternative minimum tax Environmental tax oreign tax credit S. possessions tax credit	9,957,481,118 2,674,433,071 33,865,422 2,330,159,301 4,110,977,788 346,667,409 112,618,127 102,154,838 1,060,928,886 4,358,382,401 725,346,436 2,028,200,908 1,868,003,359 855,752,870 487,672,748 30,254,866 521,868,248 35,900,019 6,542,241 11,881,128 108,907,351 64,854,675 22,693,200 810,681 85,431 2,087,968 12,219 1,216 183,777	113,892,613 5,849,917 3,078,225 19,107,311 30,214,032 41,417,744 11,224,914 20,206,931 14,534,864 5,364,381 40,171,560 30,964,013 7,249,486 4,331,358 561,824 661,971 1,402,541 622,893 37,450 5727,327 127,715 418 133 1,749 2	82,560,636 3,143,493 2,373,449 12,408,363 21,622,325 29,980,894 7,216,168 15,906,563 9,460,666 3,724,815 32,318,892 20,000,517 1,189,904 521,941 72,940 222,185 622,381 180,355 4,416 20,949 -2,558,915 179,940 36,876 109	14,125,301 1,629,228 182,792 3,371,777 3,793,900 4,209,921 1,304,443 3,368,170 573,312 3,120,583 4,387,591 1,378,022 169,777 132,990 273,626 160,351 1,3,874 10,216 -191,847 195,593 31,412 23 	17,206,676 1,077,196 521,985 3,327,170 4,797,807 7,226,930 2,704,303 2,581,425 1,706,027 1,066,254 4,732,085 6,575,904 4,119,991 2,631,395 319,106 306,796 506,534 282,187 29,159 26,283 270,143 351,794 59,427 59,427 296 110 99	35,587,682 2,736,797 1,023,693 7,161,234 10,542,529 13,507,590 5,129,670 4,417,606 4,423,718 2,066,683 9,618,990 13,415,371 13,986,730 10,756,404 1,305,616 640,825 1,124,032 641,195 108,796 119,221 217,276 802,405 160,171 1,886	37,674,290 3,928,320 801,943 7,722,217 10,259,915 13,931,318 4,884,674 4,843,076 5,792,735 3,224,897 10,931,466 13,296,613 19,034,654 15,451,221 3,090,357 779,471 1,395,225 721,019 207,547 282,277 419,967 645,614 164,671 6,269 29 645,614 94	53,460,315 7,565,063 1,438,227 12,126,608 16,183,211 15,592,325 5,345,355 4,288,143 7,123,879 8,441,118 12,193,467 19,755,246 22,342,204 16,785,003 4,172,467 943,575 1,880,043 767,863 130,198 156,287 980,707 1,133,218 349,709 13,127 487 126,096	131.594,770 31.676,006 2.556,952 33.654,509 39,346,720 21.659,529 6.910,352 5.861,664 13.623,971 48.031,832 20,230,637 41,653,949 33.614,653 21,694,142 6.031,024 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,188,045 1,205,120 233,540 1,205,120 1,205,	199,468,074 59,252,210 2,088,232 58,099,735 59,944,933 16,876,159 5,407,837 4,257,149 15,575,426 104,185,152 16,036,586 54,646,505 34,610,952 17,308,156 6,487,461 927,159 11,792 160,024 288,000 1,475,541 1,562,082 541,563 17,219 2,455 758	305.437.385 95.290.897 2.214.617 81,770.724 106.952.311 15.295.630 4.955.490 3.940,781 18.062.358 181.363.768 17.207.462 79.445,757 45,411,214 41,7562,830 7.465,422 999.694 14.008.320 1.000.697 133.259 338.290 3.877.150 2.288.705 798.133 20.765 532 14.570 555	998.494,342 242,943,188 4,658,666 236,911,894 458,271,012 38,793,087 11,750,152 65,747,556 512,376,237 58,631,489 316,899,529 142,877,641 50,094,101 24,921,402 2,619,500 44,279,519 2,703,313 411,899 950,793 17,642,955 7,418,624 2,619,872 66,909 5,825 121,865 1,062	8,081,871 2,225,190 16,004 1,873,605 3,379,263 169,594 57,009 44,368 916,044 3,493,328 541,164 1,458,123 1,548,875 701,769 433,637 21,514 444,444 27,513 5,132 9,445 86,100 48,956 17,500 672 76

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

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of business receipts are in whole dollars]

							Size of busin	ess receipts				 	450 555 555
Industrial division, item	Total returns of active corporations	Under \$100,000 ¹	Under \$25,000 1	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	- (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ļ	(1)	(2)						-					86
Services		154 565	261,553	89,314	103,698	202,612	150,862	95,177	54,688	18,204	7,802	5,073	
mber of returns	989,850	454,565		1	5.651.946	15,876,876	22,218,744	26,157,415	36,772,653	28,868,743	29,538,595	65,319,969	289,409,5 46,232,0
al assets	552,132,138	37,969,548	28,591,981	3,725,621 295,408	356,079	1,590,357	2.716.638	3,665,519	7,350,042	6,150,924	6,940,828	14,877,684	10,923.7
tes and accounts receivable, net	94,029,448	4,505,443	3,853,956	128.066	84,920	540.926	968,221	1,636,464	1,953,846	1,402,352	1,644,213	3,186,799 9,666,376	30,170,1
entories	23,060,757	804,152	591,167 5.002,749	778,790	1,334,605	3,651,898	4,852,023	5,754,401	6,782,399	5,175,782	4,900,031	7,628,793	65,722,5
sh, Government obligations and other current assets	78,069,177	7,116,144 7,649,946	6,073,128	630,866	945,952	2,185,691	3,328,192	2,796,378	3,425,679	3,245,267	2,838,443 16,219,489	35,873,333	114.924.4
ner investments and loans	98,820,941	25,198,879	17,901,578	2.784.862	4,512,438	14,299,479	18,577,518	20,689,408	28,042,177	19,558,011	6,956,835	14,320,548	39,099,
preciable assets	293,382,723 128,521,248	13,156,931	9,256,643	1,448,736	2,451,551	8,705,431	10,850,407	11,200,209	14,719,643	9,511,291		5.075,142	28,469,
ess: Accumulated depreciation		2,737,459	1,984,466	207,418	545,575	1,327,031	1,655,100	1,748,123	2,191,693	1,578,334	2,409,304	15,182,490	49,434,
er capital assets less reserves	47,191,743	7,570,914	5,883,039	518,589	1 169 285	2,283,018	4,137,840	5,473,161	8,849,462	7,819,971	7,249,204 3,847,489	8,309,598	36,597.
counts and notes payable	108,000,546 65,489,816	3,016,308	2,533,773	151,462	331,073	1,422,365	1,858,457	2,687,641	3,983,827	3,766,739 8.039,914	9,343,676	20,153,627	91,610.
ner current liabilities	173,460,868	13,956,488	11,279,015	1,000,279	1,677,194	5,064,268	6,781,344	7,292,522	11,218,664 8,218,631	5,699,225	6,132,491	15,677,692	80,336,
rtgages, notes, and bonds payable in one year or more.	132,375,217	1,523,908	286,256	432,679	804,973	3,476,932	5,114,270	6,196,008			58.495.821	100,641,646	247,697.
t worth	735,497,193	21,916,118	9,797,728	3.781,732	8,336,657	34,844,053	54,007,574	67,512,837	85,330,545	65,350,668	58,195,821 55,181,884	95,084,568	219.412.
al receipts	735,497,193 680.350.095	12,732,385	1,636,963	3,297,536	7,797,886	33,555,201	52,611,487	65,816,920	82,695,770	63,259,563 27,542,331	24,552,681	44,283,026	98,376.
siness receipts	273,531,298	3,002,701	612,460	751,248	1,638,993	8,783,946	15,353,239	21,280,050	30,356,720	27,542,331	1,810,492	2,870,244	6,868,
st of sales and operations	273,531,298	869,443	395,654	139,135	334,654	1,359,547	2,131,358	2,399,837	2,917,424 1,674,241	1,346,656	1.316.981	3,009,089	15,422
xes paid	25,362,242	1,263,116	940,020	91,275	231,820	653,617	1,029,850	1,142,449 2,246,954	1,674,241 2,896,068	2,266,360	1,791,846	4,386,175	15,071
erest paid	33,518,579	1,732,217	987,495	307,169	437,553	1,218,723	1,909,179	2,246,954 569,460	578,999	465,337	276,953	530,919	1,777
ension, profit-sharing, stock bonus, and annuity plans	5,326,487	131,211	73,348	*8,964	48,899	354,038 222,228	642,346 370,210	518,182	807,019	654,648	705,917	1,432,895	4,009
nployee benefit programs	8,938,744	218,190	143,810	27,165	47,214	222,228 711,917	576,995	765,216	715,593	408,617	527,062	1,514,575	7,539
et income (less deficit)	11,020,194	- 1,739,437	- 1,819,965	- 18,023	98,552	447,136	678,453	826,819	1,039,346	756,147	667,699	1,936,201	10,965
come subject to tax	17,945,448	627,896	387,766	76,229	163,900 28,814	82,278	123,205	162,418	251,312	231,347	221,524	679,470	3,877
come tax, total	5,785,655	156,133	114,185	13,134	*200	02,270	*284	3,546	4,140	9,156	11,504	23,731	123
Alternative minimum tax	181,878	6,423	5,702	*521	200	(3)	_	*7	*63	75	192	1,082	15
Environmental tax	16,790	183	181	ا ا	1	*245	*557	1,100	*7.861	*1,585	*4,329	22,544	491
preign tax credit	546,619	*16,600	*16,600	(%)	l <u> </u>	57	301	292	246	247	4,014	7,367	
S. possessions tax credit	15,936	3,411	3,397	13	_	l <u>"</u>	1 -		-	-	-		j .
rohan drug credit	-	_		_	_		_	1 –	· –			*912	197
onconventional source fuel credit	*912		1,653	*170	*379	3,922	5,138	8,927	11,262	7,286	9,918	21,780 4,710	16
eneral business credit	267,605	2,203	*210	1/0	l 3,3	-	*27	*314	*617	*1,189	*842	622,157	3,172
rior year minimum tax credit	24,141	*210 133,709	92,324	12.950	28,435	78,054	117,182	151,786	231,325	221,040	202,421	622,137	3,172
otal income tax after credits	4,930,443	133,709	32,321										
Nature of Business not Allocable							1570	*639	*499	•33	•22	*8	
lumber of returns	16,889	13,861	11,016	*1,114	*1,731	*1,255	*572	1	1	*111,554	•52,233	106,973	1
	1.854.843	1,008,258	729,001	*156,660	*122,597	*233,496	*55,415	*150,626	*136,288 *71,287	*7.645	*5,468	21,364	1
otal assets	260,227	107,932	73,401	*25,673	*8,859	*3,222	19,271	*24,037 *55,035	*29.812	*7,651	10	*28,622	1
lotes and accounts receivable, net	185,692	55,768	*49,629	*115	*6,024	*2,521	6,272	*30,368	17,673	*9,813	*8.498	*18,182	
each, Government obligations and other current assets	275,234	135,742	98,995	*15,653	*21,094	*54,406	*553 *2,643	120	17,070		*8,279	_	1
Other investments and loans	310,054	243,972	211,522	32,449		*54,869	*61,759	*31.883	24.602	*114,844	*35,235	*59,355	
Depreciable assets	864,801	415,966	275,526	*53,000	87,440	*121,156	*37,726	7,612	*8,894	*35,885	*5,427	*22,106	1
Less: Accumulated depreciation	266,348	123,462	100,795	*4,230	*18,438	*25,236		*14,958	1,	*7,068	142	1 –	1
Other capital assets less reserves	162,698	122,613	100,743	*9,104	*12,765	*15,279	*2,639 *5,897	*52.101	*88,280	41,645	*37,218	*27,720	l l
ccounts and notes payable	473,779	217,671	170,208	*36,264	*11,199	*3,248	5,897	*8,185	*5,207	*144	*2,988	*3,291	1
ther current liabilities	57,141	23,573	15,751	*5,213	*2,608	*164,507	17,124	*14,308	14,708	*69,376	*70	*51,489	
Mortgages, notes, and bonds payable in one year or more.	676,620	345,037	230,325	*58,090	*56,622	14,557	*26,978	28,798	6,866	*339	*11,957	*5,518	1
let worth	350,759	255,744	207,362	*46,483	*1,898	1		433.255	*738,531	*94.253	197,002	*152,956	1
otal receipts	2,322,943	274,603	121,137	*43,879	*109,586	*197,273	*235,069 *234,811	433,255	*737,390	*94,252	*189,891	145,651	
Business receipts	2,227,275	196,637	47,681	*40,295	*108,660	*195,387	*139,382	*328,821	*622,664	*46,278	*154,104	191,963	
Cost of sales and operations	1,497,257	83,063	29,391	16,884	*46,787	*6,496	1,391	*12.088	*7,695	*1,261	*2,065	*1,900	
axes paid	45,402	12,505	6,448	1,854	*4,203	*10,580	*2.093	*4,093	•726	*11,516	*3,701	*4,737	
nterest paid	56,856		8,798	*6,517	5,765	*6,418	*4,638	*3,676	*6,587	*22,460	*11,818	*8,306	
Depreciation	82,728	1	7,286	*5,776] 3,703	*4.778	1	I ·	1 -	-	*55	199	
Pension, profit-sharing, stock bonus, and annuity plans	. *5,033		_		*283	*189	i =	1 -	*4,135	(³)	*763		
mployee benefit orograms	8,703			*2,267 * - 13,943	-21,828	*598	- 7,739	*6,794	* - 2,362	- 852	*454	- 33,919	
vet income (less deficit)	- 54,479			*- 13,943	-21,028	*11.640	1	*8,356	*4,509	<u> </u>	*196		
ncome subject to tax	66,937	41,652			-	3,006	_	*1,254	*707	_	169		
ncome tax, total	17,374					-		_	_	_	*40	1 128	<u> </u>
Alternative minimum tax	*526		356	1 =	_	-	-	1 -	-	1 -	_	_	1
Environmental tax	1 1	'	1 "	1	_		1 –	1 -	_	-	-	1	
Foreign tax credit	1 -	-	1 -	_	_	_	_	1 -	-	_	-	199	'
U.S. possessions tax credit	. 199	, -	=	1			-	-	-	_	_	_] [
Orphan drug credit	1 -	: =	1 =	1	1 =	_		-	-	1 -	1 =		
Nonconventional source fuel credit	. =				_	1 -	-	-	_	1 =	_	. 1 =	
General business credit		1 =	. 1			-	-	1,254	-707	1 -	•69	·	
Prior year minimum tax credit						*3.006							

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

Includes returns with zero receipts and receipts not reported.

² Size of total receipts was used in lieu of business receipts to classify statistics for the "Finance, insurance, and real estate" industrial division.

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

Table 8—Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Selected Credits, and Tax Payment Items, by Accounting Period Ended [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	active	returns of corporations					*	Accounting p	eriod ended ¹					
	Number of returns	Amount	July 1989	August 1989	September 1989	October 1989	November 1989	December 1989	January 1990	February 1990	March 1990	April 1990	May 1990	June 1990
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns With and Without Net Income		_								<u> </u>	 - ` · · · -	 	(,	\ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
lumber of returns	3,627,863		85,176	86,681	226,014	116,971	65,418	2.314.607	73,739	64,926	470.040			
otal receipts	3,358,704	10,934,973,405	216,884,623	192,019,567	634,407,955	307,338,252	158,274,645	7,096,772,410	434,501,841	187.900.229	173,612 592,571,345	79,324	84,117 240,663,273	257,2 668,588,1
Net income (less deficit)	3,503,894	389,010,675	8,758,089	7,839,863	19,048,712	15,207,896	11,070,801	267,688,520	12,487,090	5,450,491	12,401,117	8,536,945	5,476,653	15,044,4
Returns With and Without Net Income, Other Than Forms 1120S	942,620	127,754,021	1,772,370	1,663,578	5,612,336	3,238,455	2,226,912	94,077,929	4,311,483	1,327,895	3,481,776	2,413,487	1,805,672	5,822,1
Number of returns	2,204,896	_	76,525	79,465	195,518	100,071			1 :		1	ĺ		1
otal receipts	2,113,130	9,471,007,090	191,597,107	176.908.890	566,394,391	269,348,006	57,201 139,968,139	1,011,067 5.925.147.426	69,198 419,784,664	59,170 174,602,471	165,786	73,133	78,620	239,1
Net income (less deficit)	2,159,183	356,540,799	8,362,244	7,196,302	17,075,112	13.937.449	10,288,737	245,041,710	11,884,765	4,952,389	563,664,035 11,219,890	187,143,521 7,852,712	227,966,702 5,008,392	628,481,7
Statutory special deductions, total	494,671	124,182,714	5,994,259	4,868,812	10.068.057	7.850.053	6.510.078	56.189.311	4,547,301	3,657,181	10,707,344			13,721,0
Net operating loss deduction	422,041	43,188,453	951,705	690,111	2,484,169	1,345,500	654,842	26,015,967	1.894.192	917,756	2,723,687	3,108,951 693,193	2,452,561	8,228,8 3,651,5
Total special deductions	85,363	80,994,261	5,042,553	4,178,701	7,583,888	6,504,553	5,855,237	30,173,344	2,653,109	2,739,425	7,983,657	2,415,758	1,286,751	4,577,2
ncome subject to taxncome tax, total	912,950	370,748,882	5,347,784	5,140,827	16,851,697	9,710,226	6,673,360	269,226,034	12,683,829	3,942,677	10,594,786	7,311,795	5,497,796	17.768.0
Regular tax	932,056 913,453	127,594,860 123,139,075	1,769,704	1,661,098	5,605,841	3,232,285	2,225,459	93,944,928	4,309,611	1,326,350	3,480,547	2,412,791	1,804,452	5.821.7
Personal holding company tax	3,795	123,139,075 25,618	1,699,836	1,622,471 *1,233	5,423,293	3,124,890	2,188,054	90,511,849	4,237,004	1,231,403	3,323,142	2,369,587	1,756,051	5,651,4
Recapture of investment credit	20,069	341,003	(⁴) 3,979	7,363	*834 13,729	426 3,440	*607 1,416	18,391	8	*441	*103	*191	*2,449	.9
Alternative minimum tax	25,237	3,540,918	59,286	25,466	148,140	70,195	30,125	281,731 2,714,619	4,948 52,253	7,015 87,044	3,058 144,395	3,826	2,091	8.4
Environmental tax	12,027	471,779	4,885	4,624	16,828	8,038	4,969	373,411	15,149	3,694	9,260	32,527 7,454	35,968 6,055	140,89 17,4
oreign tax credit	5,034	23,996,821	. 254,360	115,391	429,247	225,422	209.373	20.997.423	109.022	29,744	120.035	675,628	105,779	
J.S. possessions tax credit	441	2,793,603	104,556	12,677	90,756	59,705	, 579,927	1,749,315	9,855	17,164	34,956	41,269	16,579	725,39 76,84
Nonconventional source fuel credit	11 189	14,190		4,800		-	-	9,107		_	282			, ,,,,
Jeneral business credit	78,720	82,792 3,882,728	*13 55,867	(⁴) 40,905	9,303	407.500	*424	71,416	1	-	*451	400	*540	24
Prior year minimum tax credit	5,651	836,681	4,180	40,905	140,398 14,001	107,580 6,094	44,827 9,427	3,010,015 707,140	90,076 14,487	21,743	140,652	53,616	34,059	142,98
otal income tax after credits2	899,491	95,988,045	1,350,727	1,482,672	4,922,136	2,833,484	1,381,479	67,400,512	4,086,170	5,566 1,252,132	31,872 3,152,298	11,256 1,630,623	3,442	24,56
Returns With Net Income, Other Than Forms 1120S	-					,,)	07,400,572	4,000,170	1,232,132	3,132,290	1,030,023	1,644,052	4,851,76
Number of returns	1,202,815	_	42,210	44,171	108,496	61,211	32.323	524,512	39,771	34.069	95.463	38.511	40.070	
otal receipts	1,202,815	7,428,411,331	138,857,048	132,594,286	411,554,020	201,405,763	101,079,527	4,800,726,954	323,863,444	136.283.309	409,465,403	138,495,565	46,673 168,238,124	135,40 465,847,88
Net income	1,202,815	492,997,661	11,327,516	9,981,956	26,858,414	17,508,027	13,112,908	323,943,007	17,209,544	7,589,835	21,255,389	10,385,272	7,939,729	25,886,06
Statutory special deductions, total	478,685	122,705,926	5,989,263	4,859,973	10,011,981	7,799,715	6,455,660	55,077,225	4,528,706	3,649,869	10,682,649	3.088.294	2.443,143	8,119,44
Net operating loss deduction	422,035	43,175,325	951,705	690,111	2,484,169	1,345,500	654,842	26,002,839	1,894,192	917,756	2,723,687	693,193	1,165,811	3,651,52
ncome subject to tax	69,379	79,530,601	5,037,558	4,169,862	7,527,812	6,454,215	5,800,819	29,074,386	2,634,514	2,732,113	7,958,961	2,395,100	1,277,332	4,467,92
ncome tax, total	912,905 921,051	370,464,262 126,938,424	5,347,784	5,140,827	16,851,588	9,709,098	6,673,360	268,942,764	12,683,818	3,942,677	10,594,786	7,311,795	5,497,796	17,767,96
Regular tax	913,114	123,028,114	1,761,082 1,699,456	1,654,214 1,622,471	5,560,983	3,218,773	2,220,546	93,441,195	4,304,876	1,315,651	3,454,907	2,407,542	1,797,806	5,800,84
Personal holding company tax	3,741	23,596	(4)	1,022,471	5,423,019 *834	3,124,553 *380 l	2,188,054 607	90,403,192 16,443	4,236,836	1,231,400	3,322,506	2,369,545	1,755,806	5,651,27
Hecapture of investment credit	13,742	315,391	3,554	6,029	12,365	3,060	924	263.598	4,552	*441 6,531	*103 2,560	191	*2,427	.93
Alternative minimum tax	20,978	3,035,446	51,501	19,956	105,191	58,218	26,046	2,346,056	48,113	76,949	121,992	3,616 27,549	1,792 29,943	6,81 123,93
Environmental tax	11,678	467,761	4,872	4,585	16,568	7,979	4,951	370,012	15,130	3,620	9,233	7,435	6,012	17,36
oreign tax credit	5,029	23,992,681	254,360	115,391	429,247	225,422	209,373	20,993,283	109,022	29,744	120,035	675,628	105,779	725.39
J.S. possessions tax credit	441 11	2,793,603	104,556	12,677	90,756	59,705	579 927	1,749,315	9,855	17,164	34,956	41,269	16,579	76,84
IONCONVENTIONAL Source fuel credit	189	14,190 82,792	*13	4,800		-	· - [9,107	-[-	282	·	_	, 0,04
ieneral business credit	78.583	3,879,775	55.867	(⁴) 40.905	9,303 140,272	407.405	424	71,416	1	-1	*451	400	*540	. 24
rior year minimum tax credit	5,644	836,616	4,180	4,653	14,001	107,485 6.094	44,827 9,427	3,007,492 707,139	90,070	21,743	140,652	53,616	33,856	142,98
otal income tax after credits 2	888,596	95,338,767	1,342,105	1,475,788	4,877,404	2,820,067	1,376,567	66,903,442	14,487 4,081,441	5,566 1,241,433	31,872 3,126,658	11,256	3,400	24,54
stimated tax payments:			i				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	30,000,742	*,551,441	1,241,433	3,120,038	1,625,374	1,637,652	4,830,83
1988 overpayments claimed as a credit	263,527	8,251,830	200,735	115,089	598,085	301,953	94,333	5,598,670	223,955	103,866	398,305	126,632	113,593	276.04
1989 estimated tax payments Less: Refund of estimated tax payments	425,591	81,982,780	1,007,406	1,315,426	4,031,311	1,908,978	1,231,463	59,833,416	2,823,442	958,817	2,422,888	1,118,503	1,424,049	376,61 3,907,08
ayments with applications for:	4,551	2,227,935	32,359	23,989	133,923	62,106	19,507	1,701,066	22,675	14,231	43,851	29,531	98,636	46,06
Extension of filing time	136,196	14.859.156	208,816	170 604	702 544	005.003	400.05-		[1			.5,00
Selected other credits and navments total 3	23,899	159,232	2.628	179,694 3,778	703,541 11,748	865,237 4,449	162,059	9,380,776	1,172,462	239,756	559,225	435,925	231,038	720,62
Tax due at time of filling	544,408	3,787,255	108,494	113,415	327.180	163,259	. 1,283 91,062	108,340 1.821.654	1,794 124,416	9,680	5,851	2,506	1,287	5,88
	355,274	11,517,965	164,474			100,209			1244161	84,399	265,474	138,891	103,624	445,38

ld be used with caution because of the small number of returns on which it is based.

Includes full and part-year returns.

² Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business, and prior year minimum tax credits. ³ Includes credit for tax paid by regulated investment companies, federal tax on fuels, and overpaid windfall profit tax.

⁴Less than \$500 per return.

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

RETURNS OF ACTIVE S CORPORATIONS, FORM 1120S

Table 9—Balance Sheets and Income Statements, by Industrial Division

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

	1	l				Industrial divisio	n			
Item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Nature of business not allocable
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns, total	1,422,967 718,990	52,349 26,534	15,323 5,647	140,629 85,074	105,874 56,157	62,230 30,563	383,772 194,837	220,191 77,027	437,676 241,984	4,922 *1,167
Total assets	687,394,399	19,281,722	10,269,703	64,943,455	127,556,950	30,365,532	215,320,266	129,368,188	89,742,265	546,316
Notes and accounts receivable	62,981,398 128,113,022	1,580,848 1,653,245	1,266,790 1,517,270	7,812,310 16,032,559	10,662,660 32,725,399	2,647,424 5,114,500	19,558,258 44,951,006	8,605,539 12,289,698	10,824,361 13,795,537	23,209 *33,807
Less: Allowance for bad debts	1,751,707	3,831	5,817	81,223	583,524	60,759	664,512	116,124	235,916	33,807
Inventories	138,706,407	1,623,357	305,482	12,058,355	29,939,836	532,393	79,512,861	11,280,732	3,429,386	*24,006
Investments in Government obligations	3,815,981	77,363	*182,306	345,787	732,624	91,375	636,743	1,494,586	255,198	_
Tax-exempt securities	1,615,220	*39,593	*42,730	189,998	484,109	55,395	329,075	321,989	152,331	_
Other current assets	40,581,306	591,897	509,001	8,408,274	5,120,697	1,664,314	7,179,078	12,726,042	4,361,076	*20,927
Mortgage and real estate loans	12,587,169 9,705,011	484,984 374,789	161,968 *39,290	1,246,406 811,902	1,384,441 354,787	464,605 111,698	2,894,115 773,846	3,001,555 6,107,599	2,925,232 1,034,025	*23,864 *97,077
Other investments	44,538,030	1,437,546	1,652,346	2,975,797	6,411,470	1,556,428	7,604,319	17,077,558	5,798,299	*24,267
Dépréciable assets	339,887,356	15,088,391	6,761,166	23,985,410	71,712,074	26,180,666	81,281,365	43,078,314	71,512,476	287,494
Less: Accumulated depreciation	169,086,616	9,077,168	4,111,503	14,039,934	39,292,656	13,103,847	42,979,441	11,664,393	34,781,932	35,742
Depletable assets	2,281,254	260,984	1,358,001	102,261	213,233	*37,282	136,863	107,268	65,243	*119
Less: Accumulated depletion	753,463	103,680	442,882	49,331	34,551	*13,635	56,333	27,198	25,833	*20
LandIntangible assets (amortizable)	37,471,594 18,057,999	4,547,914 93.029	442,616 82,651	2,855,049 275,135	2,299,464 3,282,401	792,400 3,280,607	5,336,414 5,538,589	16,776,937 1,954,048	4,396,741 3,527,309	*24,059 *24,230
Less: Accumulated amortization	6,225,086	35,904	23,312	112,267	1,293,752	762,065	1,993,858	702,895	1,291,425	*9,609
Other assets	24,869,525	648,367	531,602	2,126,969	3,438,238	1,776,751	5,281,879	7,056,933	4,000,158	*8,629
Total liabilities	687,394,399	19,281,722	10,269,703	64,943,455	127,556,950	30,365,532	215,320,266	129,368,188	89,742,265	546,316
Accounts payable	87,789,109	918,744	897,108	11,362,110	17,494,728	3,320,162	38,988,075	7,185,984	7,591,530	*30,668
Mortgages, notes, and bonds payable in less										
than one year	110,504,743	3,106,176	863,218	10,181,275	14,800,570	3,867,025	45,590,589	21,415,479	10,666,059	*14,352
Loans from shareholders	52,374,032 70,191,972	511,949 3,757,544	561,073 1,309,008	8,798,921 4,125,668	10,008,587 6,260,407	1,683,195 4,311,881	14,344,976 18,933,998	7,778,352 16,740,271	8,667,894 14,734,364	19,084 *18,832
Mortgages, notes, and bonds payable in one	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0,707,044	1,505,000	4,123,000	0,200,407	4,511,661	10,933,990	10,740,271	14,734,304	10,032
year or more	161,662,030	5,432,995	1,780,083	9,260,046	21,719,572	10,809,910	33,741,995	49,118,443	29,440,535	358,452
Other liabilities	24,833,616	917,708	611,322	2,872,730	3,118,326	1,506,953	3,495,760	7,713,590	4,571,210	*26,016
Capital stock	31,536,301 48,220,378	2,751,672 3,262,075	511,851 1,859,883	1,433,645 1,967,679	4,269,523 5,343,077	1,361,373 3,391,524	9,413,254 10,540,409	6,515,370 13,128,502	5,236,038 8,661,519	43,575 *65,710
Shareholders undistributed taxable income	1		1,000,000	1,007,070	. 0,040,077	0,001,024	10,040,400	10,120,302	0,001,513	03,710
previously taxed ¹	- 792,988	- 852,026	-310,660	188,660	646,206	- 106,827	835,079	-374,277	-807,371	* - 11,773
Accumulated adjustments account '	5,227,980	- 1,581,089	- 378,051	5,256,782	11,096,114	-3,029,853	4,768,312	-3,687,166	-7,174,328	- 42,742
Other adjustments account 1	1,117,477 106,060,761	41,226	40,070 2,761,270	130,391	603,624	53,037	40,855	200,887	7,602	*-214
Less: Cost of treasury stock	11,331,010	1,516,334 501,587	236,471	10,153,116 787,567	35,086,306 2,890,089	3,557,170 360,017	38,500,265 3,873,300	4,776,092 1,143,339	9,685,690 1,538,478	*24,518 162
Total receipts	1,463,966,315	26,650,251	10,425,281	144,287,504	273,493,232	53,188,436	721,195,005	57,214,013	177,181,725	330,868
Business receipts Net long-term capital gain reduced by net	1,434,527,066	25,177,934	9,723,039	142,390,847	269,723,986	52,098,883	711,312,089	51,986,455	171,783,437	330,396
short-term capital loss	78,547	*5,814	_	*281	*22,604	*18	*2.252	*45.654	*1.923	_
Net gain, noncapital assets	3,633,705	257,919	158,040	239,156	721,936	512,744	694,069	409,864	639,578	*401
Other receipts	25,726,997	1,208,585	544,202	1,657,220	3,024,707	576,791	9,186,594	4,772,039	4,756,787	*72
Total deductions	1,431,417,891	26,586,601	10,040,529	139,588,905	262,067,010	53,317,192	712,039,228	55,495,010	171,901,458	381,956
Cost of sales and operations	979,932,708	17,792,070	5,543,516	109,242,654	190,264,631	27,285,363	549,491,070	19,448,278	60,751,754	113,371
Compensation of officers	54,576,367	605,016	376,780	5,460,982	9,406,664	1,484,697	15,667,098	4,749,877	16,732,441	*92,814
Repairs	7,931,776 3,386,988	442,402 18,162	139,277 20,017	552,192 268,652	1,058,247 683,058	929,468 121,499	2,891,649 1,488,447	270,637 297,968	1,643,608 489,174	4,296 *10
Rent paid on business property	28,264,360	633,840	115,119	1,055,598	2,530,931	1,631,065	12,559,535	1,575,253	8,159,114	*3,906
Taxes paid	28,944,462	534,033	340,513	2,789,610	5,447,538	1,664,541	10,539,590	1,311,489	6,306,141	11,008
Interest paid	22,932,763	929,684	290,111	1,365,260	4,019,832	1,462,477	8,118,461	2,825,035	3,900,258	21,645
Amortization	2,174,269 27,896,318	12,437 1,227,048	8,647	66,698	352,858	345,025	721,532	215,844	451,191	*36
	27,896,318		602,224	2,326,503	6,358,584	2,941,953	7,497,551	931,633	5,997,329	13,492
Depletion Advertising	15,470,987	*19,199 94,596	160,316 23,292	7,504 375,723	58,386	*3,204	18,078	*1,217	19,046	7.040
Pension, profit-sharing, stock bonus, and		·	'		2,543,990	326,725	8,157,364	979,003	2,962,984	7,310
annuity plans Employee benefit programs	4,487,243 8,325,086	50,835	32,856	372,162	1,096,797	158,751	1,260,254	312,941	1,197,671	*4,977
Employee belief programs	8,325,086 436,231	76,241 8,404	118,150 4,744	763,764 6.645	2,498,121 57,189	407,297 39.217	2,680,607 169,388	297,271 43.003	1,483,631 107,643	*4
Net loss, noncapital assets	246,371,383	4,142,634	2,264,967	14,934,958	35,690,186	14,515,912	90,778,603	22,235,562	61,699,473	109,087
Net loss, noncapital assets						- 128.757	9,155,776			
Net loss, noncapital assets Other deductions fotal receipts less total deductions		63.650	384 752	4.698 599 I	11.426 222 1				5 280 267	_51 000
Net loss, noncapital assets Other deductions Total receipts less total deductions Vet income (less deficit)	32,548,424 32,469,877	63,650 57,837	384,752 384,752	4,698,599 4,698,317	11,426,222 11,403,618	- 128,757 - 128,775	9,153,776	1,719,002 1,673,348	5,280,267 5,278,344	-51,088 -51,088
Net loss, noncapital assets Other deductions fotal receipts less total deductions Net income (less deficit) Net income	32,548,424 32,469,877 63,334,739	57,837 1,427,493	384,752 979,816	4,698,317 6,780,867	11,403,618 15,511,465	- 128,775 2,448,144	9,153,524 17,668,260	1,673,348 6,527,805	5,278,344 11,985,043	
Net loss, noncapital assets Other deductions Total receipts less total deductions Vet income (less deficit)	32,548,424 32,469,877	57,837	384,752	4,698,317	11,403,618	- 128,775	9,153,524	1,673,348	5,278,344	-51,088

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

1 These items are reflected in the statistics for "Total retained earning, S Corporations" and "Net worth" in other tables which show these items.

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

RETURNS OF ACTIVE CORPORATIONS, FORM 1120-A

Table 10—Balance Sheets, Income Statements, and Tax Items by Industrial Division

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

						Industrial division)			
ttem	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Nature of business not allocable
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns	268,149 113,026	8,052 3,484	2,960 1,826	22,326 9,843	16,979 7,950	12,217 5,542	59,617 21,281	48,451 21,799	93,925 40,817	3,622 *485
Total assets	10,566,943	380,614	182,850	917,822	690,668	487,358	2,519,587	2,585,605	2,731,587	*70,852
Cash	2,025,605	63,385	*18,685	237,065	66,566	65.961	397,673	549.830	604.502	*21,937
Notes and accounts receivable	1,277,152	12,592	*70,426	183,292	179,899	86,112	232,928	252,730	256,141	*3,034
Less: Allowance for bad debts	6,537		-	· –	i –	*15	*5,205	*1,132	*184	_
Inventories	1,062,785	*17,670	_	124,804	90,442	14,539	668,405	35,083	108,682	*3,159
Tax-exempt securities	13,565 *35,713	_	_	_		_	*571	*5,453 *12,231	*7,540 *23,482	_
Other current assets	733,644	****	*17,357	i –	-					l
Loans to stockholders	603,514	13,872 18,616	*3,865	25,596 99,755	33,712 53,231	*38,814	72,907 91,386	149,473 116,665	381,904	•9
Mortgage and real estate loans	242,703	*4,649	3,863	99,755	33,231	*22,426 *26	*95,632	107,971	197,566 *34,424	1 1
Depreciable, depletable, and intangible assets	6,947,412	404,876	168,336	602,223	631,099	354,429	1,416,228	1,491,699	1,851,576	*26,946
Less: Accumulated depreciation, depletion,	ŀ						.,,	',,	1 .,55.,576	-5,5-0-
and amortization	4,143,051	342,249	*125,413	409,508	397,675	149,294	800,878	818,239	1,098,809	*987
Land	740,462	142,984	*23,524	*9,992	*5,767	*18,012	100,616	348,740	87,976	*2,853
Other assets	1,033,975	44,220	*6,071	44,602	27,627	36,348	249,324	335,101	276,787	*13,897
Total liabilities	10,566,943	380,614	182,850	917,822	690,668	487,358	2,519,587	2,585,605	2,731,587	*70,852
Accounts payable	1,094,267	*20,226	*21,138	176,995	167.808	42,994	330,513	135,127	194,473	*4,993
Other current liabilities	777,221	*7,179	*10,959	95,782	76,099	15.320	126.028	175,297	270,542	*17
Loans from stockholders	2,097,271	130,673	*48,475	120,201	153,973	62,333	893,147	327,764	360,677	*28
Mortgages, notes, and bonds payable in one					· ·	-		1		
year or more	2,862,259	181,234	*68,342	189,238	159,979	161,390	631,782	820,120	614,618	*35,554
Other liabilities	1,072,877	*28,452	*1	37,030	38,112	11,994	129,324	673,516	153,792	*656
Capital stock	2,088,414	159,105	11,295	68,648	145,158	85,390	547,859	598,931	462,515	*9,514
Paid-in or capital surplus	1,046,867	*28,159	*6,230	22,235	55,658	53,883	245,122	-375,971	256,258	*3,351
Retained earnings, unappropriated Less: Cost of treasury stock	-200,383 271,849	- 166,176 *8,238	16,410	228,398 *20,705	~67,154 *38,965	59,503 *5,448	-366,477 17,710	- 433,370 87,751	511,742 93,032	*16,742 *1
Think and the									· ·	
Total receipts	19,801,099	513,093	103,108	2,414,319	1,753,938	870,401	5,429,386	1,940,897	6,710,186	*65,770
Business receipts	19,081,757	467,921	*67,786	2,375,578	1,741,718	854,069	5,356,445	1,639,015	6,514,703	64,523
Interest	135,302	5,177	*1,116	9,832	2,149	2,703	19,167	47,713	46,213	*1,232
State and local	*2,902	_	-	_	-	_	_	*822	*2,080	_
Rents	212,464	*18,067	*1,370	*1,269	*1,316	_	*11,077	120,149	59,215	_
Royalties	*15,347	*767	*10,408	-	_	_	_	*2,234	1,938	_
Net short-term capital gain reduced by net long-term capital loss	*6,421		*1 204					*****		
Net long-term capital gain reduced by net	0,421	_	.*1,304	_		_	_	*4,512	*605	_
short-term capital loss	59,243	*2.039	*17,900	*235	- *756	•5	*10,897	18,584	*8,827	_
Net gain, noncapital assets	29,344	*2,495	_	*1,086	*752	*11,754	*1,363	*2,266	*9,627	_
Dividends received from domestic corporations	14,551	*69	_	-	*856		*856	*3,511	*9,258	_
Other receipts	243,768	16,558	*3,223	26,319	6,391	*1,871	29,580	102,090	57,720	*16 ~
Total deductions	20,082,896	527,488	100,189	2,430,288	1,726,445	881,606	5,629,749	1,940,322	6,783,938	62,871
Cost of sales and operations	7,956,266	239,492	*25,339	1,198,191	729,268	326.868	3,057,143	197,009	2,160,377	*22,578
Compensation of officers	2,047,069	*44,767	*8,290	206,321	132,696	*66,469	269.374	240,179	1,078,973	22,5/6
Repairs	288,240	9,384	*5,161	29,959	24,319	28,418	58,954	59,197	71,398	*1,451
Bad debts	53,905		*289	*3,955	*1,640	*4,813	15,228	21,205	6,775	
Rent paid on business property	1,015,570	30,371	*2,404	49,809	87,661	27,166	374,392	63,267	379,391	*1,109
Taxes paid	722,630	22,226	*4,835	94,938	52,812	28,963	157,609	81,927	278,087	*1,236
Interest paid	305,382	17,395	*2,358	30,874	26,049	19,903	70,715	74,055	61,276	*2,757
Contributions or gifts	7,576	*32	. —	923	*788	*326	892	1,175	2,746	*694
Amortization	44,902 665,094	*15 36,441	*10,196	*426 67,830	*491 74,075	*6,864 46,820	10,805 145,668	9,882 77,643	16,420	*1 *05
Net loss, noncapital assets	11,021	30,441	10,150	*2,751	/4,0/3	40,020	*2,213	*3,152	205,227 *2,905	*1,195
Other deductions	6,965,241	127.367	41,317	744,311	596,646	324,997	1,466,755	1,111,632	2,520,364	*31,851
Total receipts less total deductions	- 281,798	- 14,395	2.919	- 15.970	27.494	-11,205	-200,363	575	- 73,752	2.899
Net income (less deficit)	- 284,700	- 14,395	2,919	- 15,970	27,494	-11,205	- 200,363	- 247	-75,831	2,899
Net income	802,349	15,728	*15,989	83,187	85,301	51,403	129,332	147,599	259,546	*14,264
		10.515	*12,080	51,934	58,614	48,047	91,867	113,815	180,019	*11.445
	576,336 1	0.515 1								
Income subject to tax	576,336 93,934	*8,515 *1,289	1,812	7,808	10,934	7,624	13,858			
Income subject to tax Income tax, total Regular tax General business credit								17,445 17,445	30,187 30,187	*2,977 *2,977

^{*} 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. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1989

RETURNS OF ACTIVE CORPORATIONS, CONSOLIDATED RETURNS

Table 11—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Selected Industrial Divisions

	All						v	Vholesale and		Finance,	
Item	industrial divisions	Agriculture, forestry,	Mining	Construction	Manufacturing	Transportation and public		retail trade Wholesale	Retail	insurance, and real	Services
		and fishing				utilities	Total ²	trade	trade	estate	44.5
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Returns of active corporations,											
consolidated returns:											
Number of returns, total	74,243	913	1,691	4,099	11,995	3,792	18,191	8,415	9,755	21,263	11,97
	10 001 100 506	13,680,377	205,933,838	89,162,668	3,362,505,789	1,370,138,983	857,403,035	390,463,489	466,664,949	7,577,115,203	345,124,01
Total assets	13,821,420,526 577,398,061	680,769	5,618,716	5,197,550	58.079.060	19,662,103	23,303,077	11,750,295	11,542,097	450,989,769	13,828,3
Notes and accounts receivable	3.540,876,201	1,791,635	15,244,580	22,459,801	712,548,656	130,381,256	186,307,240	93,853,940	92,379,846	2,411,779,803	60,293,2
Less: Allowance for bad debts	94,512,469	37,599	229,284	213,213	12,861,306	3,702,607 27,371,963	3,578,292 174,637,614	2,089,573 85,521,530	1,487,937 89,090,201	70,439,776 18,941,664	3,449,7 13,272,1
Inventories	543,578,201	2,403,933	5,517,200	7,457,671	293,940,318	27,371,903	174,037,014				
Investments in Government obligations	671,240,060	*34,967	287,507	459,624	20,074,081	6,546,316	40,305,953	39,436,102	869,851	602,538,083	993,5
Tax-exempt securities	236,388,390	*99,521	141,837	474,611	12,049,197	2,218,167	13,400,312	797,473	12,602,839	207,530,730 467,011,540	474,0 23,072,0
Other current assets	804,522,680	647,582	5,224,877	7,209,643	180,315,271 19,344,476	56,220,714 1,261,181	64,792,272 4,884,369	38,536,771 1,202,989	26,245,702 3,681,381	13,525,247	878,
Loans to stockholders	41,480,370 1,316,726,021	78,435 45,035	856,568 ¹ 270,955	639,837 7,364,473	36,526,844	3,383,269	4,714,888	3,506,163	1,208,725	1,263,324,558	1,095,
Mortgage arfd real estate loans Other investments	2,954,358,479	1,995,315	96,956,105	18,595,316	864,060,805	210,785,692	97,630,346	40,499,853	57,037,479	1,590,949,584	73,339,
Depreciable assets	3,154,986,588	6,863,411	81,790,290	23,220,687	1,313,027,224	1,145,022,989	239,057,619	77,586,742 32,083,283	161,456,649 56,590,710	203,258,236 70,365,922	142,580, 51,232,
Less: Accumulated depreciation.	1,264,322,739	3,320,063	37,663,443 28,551,496	12,520,468 256,638	625,604,374 81,823,750	374,872,882 10,692,754	88,677,849 1,084,023	867,278	216,746	1,339,883	84,
Depletable assets Less: Accumulated depletion	124,192,830 52,880,679	359,508 *82,960	12,223,437	34,852	34,529,332	5,149,395	397,377	366,093	31,284	415,674	47,
Land	100,892,046	1,395,152	2,647,534	2,018,993	32,476,522	9,478,136	19,711,568	4,936,397	14,771,861	24,398,975 36,858,774	8,750, 30,734,
Intangible assets (amortizable)	397,630,955	73,125	5,267,678	1,226,681	242,247,353 44,160,231	49,505,973 6,754,070	31,706,634 4,033,350	11,306,981 1,559,778	20,369,272 2,463,671	6,192,231	5,632.
Less: Accumulated amortization .	69,051,258 837,916,790	33,917 686,526	2,014,273 9,688,932	230,186 5,579,862	213,147,476	88,087,424	52,553,987	16,759,702	35,765,903	432,081,960	36,088,
Other assets	037,510,790	000,020	3,000,002	-,5.5,002							l
Total liabilities	13,821,420,526	13,680,377	205,933,838	89,162,668	3,362,505,789	1,370,138,983	857,403,035	390,463,489	466,664,949	7,577,115,203	345,124,0
Accounts payable	818,819,871	1,010,788	11,232,696	13,626,764	278,920,104	80,170,687	120,675,205	54,399,193	66,260,516	286,841,519	26,215,
Mortgages, notes, and bonds			' '	·		E0 000 70-	150 050 100	100,445,072	52,740,065	549,480,170	35,066,
payable in less than one year	1,205,619,469	1,671,014	8,598,783	8,105,805	390,302,710 342,004,475	59,099,792 113,968,538	153,250,129 134,340,918	76,056,078	58,269,969	3,968,792,274	41,820,
Other current liabilities	4,622,559,482 113,442,956	1,051,773 360,255	7,940,683 2,470,566	12,635,005 819,461	55,809,131	3,973,290	10,025,781	5,237,329	4,740,258	34,893,517	5,085,
Loans from stockholders Mortgages, notes, and bonds	113,442,930	300,233	2,470,500	010,401		ľ				.07.740.507	114,320.
payable in one year or more	1,943,955,749		46,141,144	22,898,110	684,871,218	417,607,561	187,311,754	55,816,422 16,968,746	131,455,668 44,088,510	467,712,537 1,495,638,438	33,859,
Other liabilities	2,204,815,122	1	15,220,246	8,216,143	387,938,017	201,716,007	61,104,415 33,326,031	19,421,459	13,878,166	110,919,698	17,157,
Capital stock	466,321,230	809,097	7,802,352	3,015,939 12,270,148	135,554,418 571,278,004	157,726,752 201,325,480	80,929,354	30,093,948	50,782,001	362,023,982	66,527.
Paid-in or capital surplus Retained earnings, appropriated	1,393,952,283 56,231,441	2,417,911	97,103,000 117,866	115,005	6,657,443	2,601,659	596,039	214,217	381,822	45,833,663	308,
Retained earnings, appropriated	1,143,935,112	2,533,992	11,531,383	8,680,071	596,853,777	147,563,227	86,593,600	35,379,231	51,249,958	280,491,915	9,700,
Less: Cost of treasury stock	148,232,188	279,977	2,224,880	1,219,782	87,683,507	15,614,012	10,750,190	3,568,207	7,181,983	25,512,509	4,937,
		i				753,755,790	1,415,574,458	681,867,851	733,119,651	1,380,189,349	286,392,
Total receipts	6,885,607,494		76,539,229	120,026,866	2,834,891,156		1,353,639,164	655,221,323	697,852,321	641,433,013	250,742,
Business receipts	5,732,211,470		64,642,753 3,379,803	113,921,843 2,303,281	2,593,135,434 75,743,232	697,582,759 15,689,026	21,516,899	12,534,713	8,977,486	587,698,176	7,264,
Interest on Government obligations:	713,857,044	257,916	3,379,603	2,300,201	75,140,202	10,000,000	,,				
State and local	21,976,194		13,822	67,965	1,670,358	310,319	1,207,551	93,432	1,114,118	18,408,932 27,548,763	292 5,888
Rents	85,305,993		405,263	672,880	32,954,372 19,092,488	9,413,961 392,797	8,352,617 1,719,397	3,005,958 457,410	5,346,237 1,261,987	458,035	3,634
Royalties	25,587,247	43,652	183,089	63,157	19,092,488	392,/9/	1,719,337	107,410	1,201,001		
Net short-term capital gain reduced by net long-term capital loss	5,137,234	2,283	20,679	9,932	1,019,041	541,530	263,484	108,789	154,695	3,112,080	168
Net long-term capital gain reduced		1				0.501.005	2 224 222	952,305	2,281,623	15,116,280	4,097
by net short-term capital loss	54,406,186		2,330,824 740,814	474,709 294,730	20,410,445 10,434,101	8,501,225 5,309,222	3,234,333 2,071,611	1,082,470	989,141	5,732,261	2,007
Net gain, noncapital assets Dividends received from domestic	26,677,646	81,087	740,614	254,750	10,404,107	0,000,222					
corporations	13,350,293	9,026	317,896	52,539	3,635,349	1,731,500	598,311	209,735	388,528	6,726,112	278
Dividends received from foreign			540,000	100 007	29,379,159	351,115	916,484	517,477	399,007	1.199.904	486
corporations	32,988,045 174,110,140		510,398 3,993,889	106,837 2,058,995	47,417,177	13,932,334	22,054,608	7,684,240	14,354,507	72,755,794	11,532
Other receipts	174,710,140	007,200	0,000,000					1			
Total deductions	6,641,294,920	17,025,126	73,900,339	118,398,969	2,704,358,093	715,228,040	1,395,958,095	675,408,439		1,334,866,313	
Cost of sales and operations	3,782,166,589	12,771,330	43,633,655	94,629,458	1,779,696,967	326,618,005				374,611,803	
Compensation of officers	47,958,550	171,481	562,474	1,533,655	12,975,242	2,852,150	6,258,802	3,223,228 1,696,451	3,027,436 3,842,478	19,013,738 4,191,386	
Repairs	68,350,401 55,527,676	124,231	460,803 1,570,834	367,452 312,812	28,331,025 7,963,245	27,124,497 4,206,718	5,539,349 4,012,456	1,510,927	2,494,833	34,209,873	3,227
Rent paid on business property	100,693,389				27,025,789	19,528,295	24,090,191	4,285,760	19,800,921	18,797,111	1
Taxes paid		1		1	67,723,633	33,573,079		5,189,128	13,458,212	22,506,182	
Interest paid	658,290,361	523,049	5,754,931	3,436,254	135,968,879			17,819,553 148,476	23,952,080 330,766	400,730,386 681,209	
Contributions or gifts					2,159,167 8,184,277	547,307 2,906,855	479,242 1,829,150	716,525	1,112,582	3,327,346	
Amortization Depreciation	20,424,224 257,320,318				105,384,411	73,901,393		8,516,430	14,959,757	29,668,824	18,109
Depletion	8,302,487		2,128,597	45,988	5,340,168	581,740	66,303	57,981	8,322	119,726	
Advertising					49,761,855	4,327,513	20,634,861	6,179,740	14,454,813	7,495,807	4,501
Pension, profit-sharing, stock	31,364,635	38,946	262,623	455,973	14,826,513	5,378,515	3,094,119	1,044,182	2,049,937	5,380,220	
bonus, and annuity plans Employee benefit programs					46,295,732	14,769,396	8,913,227	2,678,277	6,234,748	10,146,591	4,485
Net loss, noncapital assets	16,304,218	18,089	201,057	129,726	1,816,410	3,546,696		252,786		9,263,148	
Other deductions	1,262,743,487				410,904,778	1	l .	56,206,854	138,203,921	394,722,961 45,323,036	1
Total receipts less total deductions	244,312,574	787,814	2,638,890	1,627,897	130,533,063	38,527,750	19,616,363	6,459,412	13,157,581	45,323,036	3,200
Constructive taxable income from	34,156,482	11,586	287,439	142,213	28,076,010	450,707	1,274,385	907,320	367,065	3,417,113	
related foreign corporations Net income (less deficit)	256,492,862					38,668,138	19,683,197	7,273,299	12,410,528	30,331,217	5,465
Income subject to tax	303,439,924	820,369	3,524,705	2,659,247	163,886,497	45,478,405		9,911,428		48,344,339	
ncome tax, total	107,216,256	290,959	1,433,449	927,525	57,417,572			3,449,064 3,354,671	5,922,483 5,748,273	17,261,199 16,471,977	
Regular	103,296,148		1,197,501	895,637	55,876,470			3,354,671	3,740,2/3	3,113	
Personal holding company tax Recapture of investment credit	. 13,499 327,037		2,209			115,094	15,491	3,771		21,630) !
Alternative minimum tax	. 3,119,384	11,824	240,093	20,707	1,101,250	717,896	202,283	81,606		691,903	
Environmental tax	1		8,331	2,260	1	1		12,175		72,590	1
Foreign tax credit	23,410,451		454,997	88,493			612,260	338,472	273,788	1,826,682	42
U.S. possessions tax credit			-	-	408,298			1 =	. =		
Orphan drug credit Nonconventional source fuel credit	. 14,190 . 82,454		*27,787	1294	31,344		*255			1,121	
General business credit			53,206	56,619	1,699,430	1,138,687	187,669			160,655 238,245	
General Dusiness Credit			27,476		340,464	82,294	19,910				

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

¹ Includes "Nature of business not allocable" which is not shown separately.

² Includes "Wholesale and retail trade not allocable" which is not shown separately.

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

Corporation Returns/1989

RETURNS OF ACTIVE FOREIGN CORPORATIONS WITH U.S. BUSINESS OPERATIONS, FORM

Table 12—Income Statements and Selected Tax Items, by Industrial Division

						Industrial division				
ttem	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Nature of business not allocable
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns of active foreign corporations with U.S. business operations, total	9,321 3,318	254 68	416 106	*39 *16	236 83	126 125	370 158	7,204 2,591	550 219	126 '52
Will list income] 3,510		,,,,							
Total receipts	102,862,063	100,683	745,472	*159,263	3,215,750	543,722	9,887,990	87,425,948	754,080	29,155
Business receipts	23,485,953 73,122,261	93,828 3,055	730,257 2,663	*113,542 *8,993	3,187,866 9,917	411,702 *4,671	9,800,620 19,491	8,635,293 73,051,459	512,731 21,557	*113 *455
Interest on Government obligations:		0,000	1 2,500	0,000						
State and local	67,402 564,639	2.476	*5,160	-5,830	-59	*5,669	3,318 *12	64,082 492,327	*2 53,073	*33
Rents	24,962	*44	*411	5,830	1,875	5,005	-	22,458	174	
Net short-term capital gain reduced by net long-term capital loss	94,985	_	(3)	-	1	_	_	94,984	_	_
Net long-term capital gain reduced by net short-term capital loss	727.185	*390	*17	4,550	*5,355	*914	7,302	675,682	*4,473	- 28.500
Net gain, noncapital assets	154,486	*57	*1,971	33	*1,567	1,014	*129	143,591	*6,100	*23
Dividends received from domestic corporations Dividends received from foreign corporations	89,184 73	ტ	2	-	7	12,200	_ 15	76,832 57	*112	*31
Other receipts	4,530,934	832	4,991	*26,313	9,104	107,550	57,102	4,169,183	155,858	_
Total deductions	102,925,319	137,863	891,763	*150,347	3,320,617	634,191	9,850,656	87,053,228	881,684	4,970
Cost of sales and operations	17,956,808	29,276	459,149	*91,981	2,965,847	128,512	9,455,610	4,638,598	187,836	-
Compensation of officers	311,654 154,348	*841 1,386	*8,311 *20,270	*785 *131	*8,881 1,412	*2,723 *29,166	7,674 4,030	261,939 82,244	20,499 15,672	-38
Repairs	1,520,125	1,386	*1,191	*381	*3,730	29,100	4,627	1,508,792	*1,397	
Rent paid on business property	633,048	3,163	12,796	*1,431	11,410	14,787	34,340	519,756	35,332	•33
Taxes paid	882,108	2,907	9,592	*5,279	11,776	6,960	19,243	798,523	27,563	*267
Interest paid	64,710,631	9,848	28,079	*12,103 *69	35,590 *1	*13,489 2	40,570 *100	64,480,501 5,785	90,423 *342	*28
Amortization	82,300	*64	*2,690	ශී	*10,201	*287	*110	65,617	3,330	_
Depreciation	789,367	60,689	61,915	3,470	31,389	80,050	10,378	459,126	82,295	55
Depletion	13,556 148,355	*258 *593	13,285 *10,550	121	12,180	*16	10.916	*13 41.815	72,165	-
Pension, profit-sharing, stock bonus, and annuity		333	· ·	'2'						
plans	40,903	-	1,076	*288	*2,512 9,932	14 *232	*979 5.405	35,787 204,762	*535 7,598	_
Employee benefit programs Net loss, noncapital assets	234,955 2,093,482	*2,987	*6,737 *1,203	*854	772	*37	*137	2,087,411	7,398 *81	_
Other deductions	13,347,381	25,843	254,922	*33,454	214,985	357,916	256,536	11,862,560	336,615	4,549
Total receipts less total deductions	-63,256	-37,180	- 146,291	*8,915	- 104,867	- 90,469	37,334	372,720	- 127,604	24,185
Foreign dividend income resulting from foreign taxes deemed paid	_	l –	_		_	1 _	_	_	_	_
Net income (less deficit)	- 130,658	-37,180	- 146,291	*8,915	- 104,867	- 90,469	34,016	308,639	- 127,605	24,185
Net income	3,546,814 3,677,472	2,151 39.331	11,593 157,885	*17,908 *8,993	23,347 128,214	*11,713 102,182	71,293 37,278	3,357,915 3,049,276	22,229 149,834	*28,664
Deficit	2,905,214	*1.408	.*90	*11.667	14.083	*5,939	35,788	2,787,689	19,936	*28,615
Income tax, total	1,038,725	*420	*406	*4,150	*4,793	2,005	15,005	994,838	7,263	*9,846
Regular tax	980,368	*419	*13	*3,967	*4,628	*2,005	11,617	941,880 *57	6,152 *18	*9,686
Recapture of investment credit	16.300	_	94	136	155	-	*438	15,318	-	159
Environmental tax	2,020	-	2	*10.	*10	_	*26	1,971	2	-
Branch tax	38,519	1	*296	*36 '	· –	-	*2,924	34,172	*1,090	-
Foreign tax credit	*2,390	_	-	_	_	_	_	*2,390		
Orphan drug credit	-	=	, =		_	_	=		_	1 =
General business credit	851	-	l –	_	-	_	26	825		-
Prior year minimum tax credit	*529	-	<u>_</u>	_	_	= '	****	445 12,372	*84 3	*41,366
Tax from Section I 1	57,299	_	l "	98	_	11	*3,448	12,3/2]	41,300
connected income	74,566	* *42	-	i –	_	_	*3,574	20,201	*11	*50,738
Tax from Section II ²	960,748	*419	*110	*4,112	*4,789	*2,005	12,055	921,755	6,088	*9,416
U.S. income tax paid or withheld on effectively connected income	117,301	*386	*330	*581	*3,794	11	•334	110,227	*968	*669

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

¹ Tax from Section I is excluded from total income tax amounts since the income is not effectively connected with the conduct of a trade or business in the U.S.

² Tax from Section II is the total tax from Schedule J Tax Computation on effectively connected income with the conduct of a trade or business in the U.S.

³ Less than \$500 per return.

RETURNS OF ACTIVE CORPORATIONS

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

Item	All	Selected industrial divisions Transportation Wholesale and retail trade Finance.												
	industrial Agriculture,					Transportation	Wh				0			
	divisions ¹	forestry, and fishing	Mining	Construction	Manufacturing	and public utilities	Total ²	Wholesale trade	Retail trade	insurance, and real estate	Services			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
Number of Returns With Income Tax														
Number of returns with-														
Income tax, total	942,620	33,805	9,494	107,337	93,946	38,582	282,068	108,580	172,584	161,231	213,599			
Regular tax before credits	918,090	32,918	8,768	103,609	89,828	37,240	275,947 8,717	104,910 4,632	170,134 4,085	156,975 2,345	210,525 3,198			
Recapture of investment credit	23,987 25,237	1,280 546	903 1,063	2,143 4,714	4,216 4,489	1,183 2,410	3,619	1,948	1,669	5,068	3,313			
Environmental tax	12,027	135	311	373	3,742	757	1,869	1,246	624	3,810	1,026			
Total income tax after	1									i				
Foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business and														
prior year minimum tax credits	910,055	31,712	8,713	103,756	88,994	36,654	274,216	106,757	166,643	158,634	204,819			
		•	·											
Returns With and Without Net Income	j													
Number of returns	3,627,863	123,195	41,631	393,103	301,346	156,037 1,763,550	1,012,980 787,256	320,971 320,906	689,305 466,302	592,832 8,212,034	989,850 378,928			
Dividends received from domestic corporations, total Less-than-20%-owned subject to 70% deduction	15,480,200 10,182,970	55,388 49,702	380,273 71,422	92,669 71,289	3,808,452 1,493,786	1,763,550 687,136	787,256 404,463	320,906 177,171	466,302 227,243	7,103,075	378,928			
20%-or-more-owned subject to 80% deduction.	4,411,565	5,510	304,528	17,282	1,871,127	986,880	313,302	110,635	202,667	849,650	63,286			
Certain preferred stock of less-than-20%-owned public utilities														
subject to 41 176% deduction	20,327	-	*557	*392	*196	*348	1,025	*189	*836	17,364	*445 *360			
Debt-financed stock of domestic and foreign corporations Certain preferred stock of 20%-or-more-owned—public utilities	205,294	_	3,302	*2,948	33,892	*86,867	14,559	*6,556	*8,003	63,366	360			
subject to 47.059% deduction	*403	_	*34	l –	_	_	*42	*42	_	*327	_			
Intragroup dividends qualifying for 100% deduction	204,959	-	_	*478	48,678	_	33,821	*7,454	*26,366	118,158	*3,824			
Amount received from IC-DISC or former DISC.	397,903	176	417	*279	360,746	2,319	19,841	18,859	*982	3,613	10,491			
Amount received by a small business investment—company qualifying for 100% deduction	56,780		•14	l _	27		204	_	204	56,481	*53			
Dividends received from foreign corporations, total	33,503,834	37,462	511,638	108,599	29,599,071	351,816	931,010	529,571	401,439	1,438,727	525,510			
Less-than-20%-owned subject to 70% deduction	7,364	_	*100	**668	2,711	5	*508	*150	*358	2,644	*728			
20%-or-more-owned subject to 80% deduction	19,385 713,076	*2,876	1,887 *15,268	*2,135	6,841 548,870	31 *16,016	*72 27.730	*72 4.523	*23.207	*1,415 90,604	*9,139 9,577			
Other foreign dividends	29,782,212	*20,755	469,743	100,979	26,306,119	312,809	866,239	490,941	375,298	1,299,351	406,217			
Certain FSC dividends qualifying for 100% deduction	2,981,797	*13,831	24,640	4,817	2,734,531	*22,955	36,461	33,885	2,576	44,713	99,850			
Constructive taxable income from related foreign corporations, total		11,586	287,458	143,668	28,186,662	450,707	1,289,901	922,711 563,081	367,190 117,865	3,956,180 2,947,200	774,038 503,653			
Includable income of Controlled Foreign Corporations Foreign dividend income resulting from foreign taxes deemed paid	17,671,561 17,428,638	706 *10,881	142,004 145,454	88,265 55,403	12,952,654 15,234,008	356,135 94,572	680,946 608,955	359,630	249,325	1,008,980	270,385			
Net income (less deficit)	389,010,675	1,550,580	3,144,686	8,736,930	180,476,024	39,073,953	36,155,437	18,764,751	17,358,958	108,907,351	11,020,194			
Statutory special deductions, total	124,182,714	790,879	2,896,387	1,848,978	17,935,255	5,872,869	5,853,306	2,939,757	2,911,173	84,992,745	3,972,077			
Net operating loss deduction	43,188,453	736,260	2,548,338	1,776,951	12,078,647	4,504,630	5,215,685	2,680,379	2,532,963	12,707,093	3,601,772			
Dividends received deduction	13,647,756 53,367	54,620	348,049	72,027	5,848,817 7,791	1,323,150 45,089	637,621 (³)	259,378	378,210 (³)	4,992,026 *487	370,306			
Deduction for dividends paid (Forms 1120-RIC and 1120-REIT)	67.293.138	_		· -	/./=	45,005	1 2	_	<u>'</u>	67,293,138] _			
Income subject to tax	371,054,512	2,149,977	4,469,841	7,754,260	183,394,792	48,352,668	42,065,915	18,137,830	23,892,211	64,854,675	17,945,448			
Income tax, total	127,754,021	605,850	1,771,670	2,327,882	63,780,169	17,176,596	13,595,625	5,833,257	7,754,799	22,693,200	5,785,655			
Regular tax Personal holding company tax	123,236,461 25,618	585,804	1,494,139	2,221,113	62,133,672 10,162	16,262,986 195	13,266,317 *730	5,704,090 *726	7,554,671 3	21,692,353 11,877	5,563,239 2,413			
Recapture of investment credit	354,889	1,419	2,614	8.884	165,002	117,147	23,848	7,498	16,350	22,551	13,425			
Alternative minimum tax	3,540,918	17,256	268,102	89,550	1,185,214	749,531	238,181	103,716	134,453	810,681	181,878			
Environmental tax	471,779	1,233	9:225	2,505	238,442	79,053	39,097	14,041 *2,924	25,055	85,431 34,172	16,790			
Branch tax (1120F)	38.519 21,817	<u> 1</u>	*296	*36		_	*2,924	2,924	_	21,817	1,090			
Excess net passive income tax (Form 1120S)	35,957	*134	12,443	*2,610	*1,084	_	*4,141	*1,743	*2,399	12,176	*3,362			
Adjustments to total tax	28,063	_	* 15,149	2,946	46,593	- 32,315	20,387	- 1,480	21,867	2,142	3,459			
Foreign tax credit	23,996,821	14,048	573,027	89,197	19,878,040	179,990	627,932	350,339	277,592	2,087,968	546,619			
U.S. possessions tax credit	2,793,603 14,190	2,743		4,796	2,696,471 14,190	54,973	6,267	3,112	3,154	12,219	15,936			
Nonconventional source fuel credit	82,792	_	27,993	*295	31,344	20,741	*291	*248	*42	1,216	*912			
General business credit	3,882,728	27,613	58,341	75,615	1,840,330	1,171,013	258,433	73,270	184,933	183,777	267,605			
Prior year minimum tax credit	836,681	3,863	31,834	51,355	349,865	85,298	28,936	14,715	14,221	261,390	24,141			
Foreign tax, U.S. possessions tax, nonconventional											1			
source fuel, orphan drug, general business and	1			1	1	1	I	1		1	1			
prior year minimum tax credits	96,147,206	557,583	1,080,476	2,106,624	38,969,929	15,664,580	12,673,766	5,391,573	7,274.855	20,146,630	4,930,443			
Estimated tax payments: 1988 overpayment claimed as a credit	8,935,781	go see	109,276	200 076	3,457,218	1,085,764	1,195,182	583,876	610,412	2,247,758	496,050			
1988 overpayment claimed as a credit	8,935,781	63,566 417,044	948,314	280,876 1,581,833	3,457,218 35,292,972	13,861,915	9.839.436	4,550,282	5.283.944	18.660.314	3,484,102			
Less refund of 1989 estimated tax payments	3,230,176	8.741	34,785	70,797	1,324,048	320,232	291,882	166,869	125,013	1,063,374	115,861			
Payments with application for extension of filing time	15,171,353	68,654	163,700	447,859	5,481,863	2,058,258	2,732,622	854,926	1,877,547	2,805,895	1,411,911			
Credit for tax paid by regulated investment companies	60,572 156,253	18.702	*31 6.775	24.693	*55 40.099	*49,247	9,548 13,166	1,976 8,807	*7,573 4,360	1,686 3,791	*1 8,027			
U.S. tax paid or withheld on effectively connected income (1120F)		18,702	6,775	24,693	40,099 *3,794	40,920	13,166	8,807	4,360	110,227	968			
Tax due at time of filing	3,884,164	110,155	70,374	414,882	872,588	202,984	892,544	466,502	423,123	859,119	449,025			
Tax overpayment	13,048,859	110,854	181,862	565,372	4,817,385	1,310,875	1,701,701	900.214	799.654	3,565,969	793.512			

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

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

³ Less than \$500 per return.

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

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S, 1120-REIT, AND 1120-RIC

Table 14—Number of Returns, Selected Income, Tax, Credits, and General Business Credit Items, by Selected Industrial Divisions

* *		Selected industrial divisions										
Item	All industrial	Agriculture,				Transportation	W	holesale and retail tra	ade	Finance, insurance.		
· ·	divisions 1	forestry, and fishing	Mining	Construction	Manufacturing	and public utilities	Total ²	Wholesale trade	Retail trade	and real estate	Services	
, , , , , , , , , , , , , , , , , , , ,	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Returns of active corporations other than Forms 1120S, 1120-REIT and 1120-RIC:			:									
Number of returns Net Income Income subject to tax Income tax before credits: Total Regular Credits: Foreign tax credit U.S. possessions tax credit Nonconventional source tuel credit General business credit	2,199,081 425,910,498 370,746,309 127,567,976 123,134,909 23,996,821 2,793,603 82,792 14,190 3,882,591	70,846 2,919,672 2,140,639 602,853 583,190 14,048 2,743 — — 27,613	26,308 7,237,751 4,450,347 1,752,418 1,487,511 573,027 27,993 58,341	252,474 9,531,345 7,705,234 2,307,588 2,204,312 89,197 4,796 295 75,615	195,472 200,845,791 183,319,222 63,741,930 62,108,077 19,878,040 2,696,471 31,344 14,190	93,807 54,070,198 48,324,283 17,166,477 16,253,335 179,990 54,973 20,741 1,171,013	629,208 47,741,240 42,000,801 13,558,665 13,243,376 627,932 6,267 291 258,433	223,287 20,988,525 18,104,379 5,815,061 5,691,676 350,339 3,112 248 73,270	403,677 26,715,463 23,861,512 7,736,364 7,544,473 277,592 3,154 42 184,933	366,826 81,623,455 64,813,167 22,647,082 21,681,418 2,087,968 12,219 1,216 1,216 183,641	552,174 21,854,867 17,925,679 5,773,595 5,556,852 546,619 15,936 15,936 122 267,605	
Prior year minimum tax credit General business credit items: Tentative general business credit Current year regular investment credit Tentative business energy investment credit Total allowable research credit Total jobs credit for current year Current year alcohol fuel credit Current year low-income housing credit Carryforward of general business credit from prior years Income tax after credits	836,681 19,673,161 1,282,913 61,758 1,340,808 333,092 3,853 37,338 16,544,113 95,961,298	3,863 222,733 93 3,241 2,050 *76 217,273 554,586	31,834 955,848 11,595 748 1,926 118 1165 950,453 1,061,223	51,355 417,611 12,074 35 1,526 2,428 	349,865 7,037,386 271,039 6,692 1,102,474 73,234 3,402 5,758 5,525,763 38,931,690	85,298 5,892,135 756,462 49,888 62,301 13,842 — 6,722 5,005,718 15,654,462	28,936 1,484,062 49,859 10 36,548 184,401 4,51 2,371 1,204,688 12,636,807	14,715 685,399 29,574 9 28,588 6,781 ————————————————————————————————————	795,627 20,285 11 7,960 177,620 451 1,665 587,218 7,256,420	261,390 1,453,821 128,433 4,372 16,610 14,711 (3) 21,126 1,253,363 20,100,649	24,141 2,204,754 63,358 115,644 42,408 253 1,980,882 4,918,383	

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

1 Includes "Nature of business not allocable" which is not shown separately.

² Includes "Wholesale and retail trade not allocable" which is not shown separately.

³Less than \$500 per return.

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

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S, 1120-REIT AND 1120-RIC

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

	Ail	Selected industrial divisions												
ttem	industrial divisions	Agriculture, forestry, and	Mining	Construction		Transportation	W	holesale and retail t	rade	Finance,	Services			
		fishing	withing	Construction	Manufacturing	and public utilities	Total 2	Wholesale trade	Retail trade	insurance, and real estate				
· · · · · · · · · · · · · · · · · · ·	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)			
Number of returns of active corporations, other than Forms 1120S, 1120–REIT and 1120–RIC	2,199,081	70,846	26,308	252,474	195,472	93,807	629,208	223,287	403,677	366,826	552,17			
Returns with alternative minimum tax items:									403,077	300,820	352,17			
Total assets	4.042.187.806	4,998,030	150,000,050			İ		1						
Business receipts	1,548,012,723	5,096,805	152,826,650	26,010,869	912,686,970	378,629,949	144,029,831	67,123,976	76,820,662	2,341,138,514	81,762,6			
Bad debts	14,314,225	6,123	41,398,876	41,220,248	729,348,698	180,746,205	277,270,895	140,715,112	136,149,024	211,157,173	61,696,9			
Depreciation	76,710,528	233,994	76,750 2,812,844	133,081	1,405,749	944,457	626,070	362,728	263,342	10,550,515	571,0			
Amortization	4,476,156	16,700	2,612,644	771,643 34,495	27,964,809	20,028,386	6,285,242	2,858,699	3,426,414	10,356,716	8,239,9			
Depletion	4,393,368	13,139	1,636,582	12,398	1,754,619	662,016	438,220	114,276	323,944	1,004,612	350,03			
Net income	62,554,914	280,933	4,402,919	719,669	2,330,517 28,845,611	339,053	17,666	16,950	716	42,081	1.9:			
Regular tax	10,490,188	14,651	675,946	73,043	6,140,204	7,584,564	2,908,681	1,725,154	1,182,108	15,401,570	2,400,23			
Recapture of investment credit	55,556	*73	965	270	31.370	1,279,513	265,337	91,564	173,773	1,705,071	336,15			
Alternative minimum tax	3,540,848	17,256	268 102	89,550	1,185,214	12,977 749,531	2,608	610	1,999	4,683	2,60			
Income tax after credits ³	7,867,170	31,755	447,737	160,864	2,795,964	1,856,654	238,181	103,716	134,453	810,612	181,87			
Alternative minimum tax items:			,	100,004	2,730,304	1,000,004	429,993	161,509	268,471	1,793,696	349,70			
Adjustment items:										ľ				
Depreciation of property placed in service after 1986														
Amortization of certified pollution control facilities after 1986.	14,505,795	43,390	669,686	169,412	6,549,915	2,993,986	1,410,884	586,500	824,377	1,289,672	1,375,13			
Amortization of mining exploration and development costs	19,219	_	- 1	-	*4,438	204	_		1 02.1,0,1	-3	1,373,13			
paid or incurred after 1986	000.007									-3	14,56			
Circulation expenses	290,667	_	150,772	67	116,467	12,087	7,931	7,931	l _	2,072	1,27			
Basis adjustment	-9,235 -811,359	-		_	-9	- 1	-		_	2,072	-9,22			
	-811,359	-552	- 17,530	- 1,350	- 179,268	- 92,464	- 149,055	- 93,681	- 55,375	- 72,817	-295,67			
Long-term contracts entered into after 2/28/86	1,319,648	(⁴)	*1.831	567,839	717,925	-4.933	*14.989	*** ***						
Installment sales of certain property	- 160,451	* - 1,394	- 52	-38,562	-66,200	- 14,288	*-6,135	*15,667	-678	10,526	11,47			
Merchant marine capital construction funds	1,059	•3			-6	1,062	-6,133	- 1,627	* - 4,508	-33,811	•			
Section 833(b) deduction	596,347			_	*-6	1,002	_	_	_		-			
Tax shelter farm activity loss	12,258	~	_	_	<u> </u>		_	_	=	596,354 12,258	-			
Passive activity tax	33,673	•2	* - 1,751	-41	- 12,539	*****								
Certain loss limitations	- 12	_	-37	-41	- 741	*338 -20	- 409	*679	* - 1.088	43,536	4,53			
Other adjustments	-1,158,213	* - 2,434	* - 6,445	*5.518	-1,167,467	*-2,902	7.015			*479	*306			
Total adjustments	14,639,395	39,014	796,474	702,883	5,962,509	2,893,068	7,615 1,285,820	-349 515,121	*7,964 770,693	9,933 1,858,198	- 2,032 1,100,362			
Tax preference items:						İ					,,			
Tax-exempt interest from private activity bonds after	1,995,730	*890	926,105	13,022	862,947	143,317	39,008	37,593	*1,414	9,919	52			
Appreciated property charitable deduction	68,656	158	*889	1,032	33,219	7.550	1.083	*972	112	20.010	***			
Appreciated property charitable deduction	57,168	-	107	1,256	41,856	3,858	*398	31	*366	20,913 9.013	*3,812			
Reserves for losses on bad debts of financial institutions	129,996	_	53,668	*794	30,904	31,456	*5,427	*4,799	*628	6,755	680 993			
1	26,525	-	46	. 110	860	3,036	_	-	-	22,452	*21			
Accelerated depreciation of real property placed in service				I	l					ł				
before 1987	317,026	634	2,701	1,861	127,282	41,562	32,409	0.700	20.01-					
Accelerated depreciation of leased personal property			_,	1,001	127,202	41,362	32,409	8,792	23,617	95,855	14,722			
placed in service before 1987	14,000	*123	*163	*150	1,583	*1,042	*2,497	-1	2,497	4,057	*4,386			
service before 1987	*8,407	-	_	_	*103	8,304				i				
Total tax preference items	2,618,335	1,805	983,679	18,687	1,098,762	240,125	81,181	52,547	28,634	168,963	25,134			
djusted net book income	68.536.276	416.199	2 542 510	1 000 704				i		l	, -			
Iternative minimum taxable income before NOLD	85,347,715	379,283	3,542,510 6,052,059	1,030,764	28,029,195	16,312,176	2,893,457	1,659,599	1,232,422	13,963,974	2,335,508			
Iternative tax net operating loss deduction	26,593,727	198,111	6,052,059 2,220,157	1,382,411	35,785,440	14,072,255	4,472,806	2,322,404	2,148,972	19,477,401	3,714,314			
iternative minimum tax toreign tax credit	3,637,724	59	287,760	437,776 *404	8,995,516	3,450,485	1,904,352	1,337,129	565,936	8,094,378	1,284,010			
entative minimum tax	8,207,222	32,428	474,462		2,672,588	13,131	55,817	19,077	36,740	520,960	87,005			
erieral business credit allowed against alternative	-,,	02,720	7/4,402	158,693	2,874,846	2,097,831	438,694	167,858	270,824	1,749,792	379,943			
	000 044	*590	7.000											
minimum taxegular tax after foreign and possessions tax credits	225,044		7.320	1,398	83,145	84.876	6,897	2.807	4,089	24,472	16,340			

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

¹ Includes "Nature of business not allocable" which is not shown separately.

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

³ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business, and prior year minimum tax credits.

⁴Less than \$500 per return.

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

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S, 1120-REIT, AND 1120-RIC

Table 16—Number of Returns and Selected Tax Items, by Size of Total Income Tax After Credits

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total income tax after credits are in whole dollars]

Size of total income tax after credits	Number of returns of active corporations, other	Income	Income tax be	efore credits 1	Foreign	u.s.	Non- conventional	General	Prior year	income tax after
	than Forms 1120S, 1120-REIT, and 1120-RIC	subject to tax	Total	Regular tax	tex credit	possessions tax credit	source fuel credit	business credit	tax credit	credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	2,199,081	370,746,309	127,567,976	123,134,909	23,996,821	2,793,603	82,792	3,882,591	836,681	95,961,298
Returns with net income	1,197,929	370,461,689	126,911,631	123,023,948	23,992,681	2,793,603	82,792	3,879,639	836,616	95,312,111
Returns without net income	1,001,152	² 284,620	⁴ 656,345	³ 110,961	4,139	_	-	2,953	*66	649,187
Returns with total income tax before credits ¹	931,950	370,745,433	127,567,976	123,134,813	23,996,821	2,793,603	82,792	3,882,591	836,681	95,961,298
Returns with total income tax after credits 1	899,384	366,723,436	126,263,346	121,829,495	23,924,536	1,616,227	82,792	3,829,752	833,709	95,961,298
Under \$6,000	653,167 76,952 39,956 20,958 14,228	7,448,927 3,758,897 2,735,531 1,922,741 1,387,976	1,256,619 641,070 550,985 462,417 340,238	1,237,952 618,417 526,059 441,007 322,590	5,686 4,994 4,487 2,029 4,162	170,375 38,361 43,452 88,214 9,035	*29 	52,843 13,841 11,276 9,837 7,024	3,666 3,475 2,776 964 2,212	1,024,021 580,399 488,994 361,373 317,806
\$25,000 under \$50,000 \$50,000 under \$75,000 \$75,000 under \$100,000 \$100,000 under \$250,000 \$250,000 under \$500,000	31,382 13,960 8,567 21,081 8,182	4,128,157 3,146,812 2,821,568 10,101,011 9,148,225	1,203,132 1,056,159 990,752 3,611,399 3,265,030	1,126,067 989,807 933,600 3,428,579 3,114,024	17,499 18,893 21,364 82,628 141,745	40,321 156,351 196,937 151,731 182,940	-166 *13 *63 *603	33,274 25,135 18,154 78,057 65,457	9,184 4,637 8,624 30,452 22,679	1,102,855 850,977 745,659 3,268,468 2,851,605
\$500,000 under \$1,000,000 \$1,000,000 under \$10,000,000 \$10,000,000 under \$50,000,000 \$50,000,000 under \$100,000,000 \$100,000,000 or more	4,593 5,239 820 153 147	10,148,755 53,718,944 64,954,694 39,421,018 151,880,179	3,636,439 19,314,638 23,463,716 13,914,238 52,556,515	3,447,565 18,306,963 22,128,918 13,394,067 51,813,880	213,327 3,272,984 4,106,409 2,514,853 13,513,477	121,228 417,282 — — —	*958 3,884 15,858 4,368 56,850	67,187 453,054 869,871 370,544 1,754,199	24,848 125,517 141,368 70,773 382,534	3,208,892 15,041,918 18,327,166 10,945,761 36,845,405

¹ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, general business, and prior year minimum tax credits.

2 Amount w... reported by life insurance companies and banks with life insurance departments taxable under special provision of the Internal Revenue Code.

3 Regular tax includes adjustments to income tax which tax credits could be used against.

⁴ Income tax before credits includes adjustments to income tax and adjustments to total tax.

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

INDEX

Accounting periods, 73 Accounts and notes payable, 73 Accounts payable, 73 Accumulated adjustments account, 73 *Adjustments to tax due or overpayment, 73

*Adjustments to total tax, 73

*Advertising, 74 Alcohol fuel credit, 74 Allowance for bad debts, 74 *Alternative minimum tax, 74 Amortization, 75

Bad debts, 76

*Branch tax of foreign corporations, 77

*Business receipts, 77 Calendar year returns, 78 Capital stock, 78 Cash. 78

*Compensation of officers, 78 Consolidated returns, 79

*Constructive taxable income from related foreign corporations, 79

*Contributions or gifts, 81 Cost of sales and operations, 81 Cost of treasury stock, 82 *Credit for federal tax on fuels, 82 Credit for tax paid by regulated investment companies, 82 Deficit, 82 Depletable assets, 82 *Depletion, 83

*Depreciable assets, 83

*Depreciation, 84

*Dividends received from domestic corporations, 85

*Dividends received from foreign corporations, 86

*Employee benefit programs, 86 Environmental tax, 86

*Estimated tax payments, 87 Excess net passive income tax, 87

*Foreign tax credit, 87 General business credit, 88

*Income subject to tax, 89

*Income tax, 90

*Income tax after credits, 91 Intangible assets, 91

*Interest, 91

Interest on government obligations: state and local, 92

*Interest paid, 92

*Inventories, 92

*Investment credit, 92 Investment credit carryover, 93

*Investments in government obligations, 94

*Jobs credit, 94 Land, 94 Loans from stockholders, 95 Loans to stockholders, 95 *Low-income housing credit, 95 *Members of controlled groups, 95

*Minimum tax credit, 96 Mortgages and real estate loans, 96 Mortgage, notes, and bonds payable, 96

*Net capital gains, 96

^{*} Definition has been modified from prior year reports to reflect processing or tax law changes as well as clarification of the explanations.

- *Net gain (or loss), noncapital assets, 97
- *Net income (or deficit), 99

Net long-term capital gain reduced by net short-term capital loss, 99

*Net operating loss deduction, 100 Net short-term capital gain reduced

by net long-term capital loss, 100

Net worth, 100

Noncalendar year returns, 100

Nonconventional source fuel credit, 100

Notes and accounts receivable, 100

Number of returns, 101

Orphan drug credit, 101

Other adjustments account, 101

Other assets, 102

Other capital assets less reserves, 102

- *Other credits and payments, 102
- *Other current assets, 102
- *Other current liabilities, 102
- *Other deductions, 103
- *Other investments, 103

Other investments and loans, 104

Other liabilities, 104

- *Other receipts, 104
- Other retained earnings, 1120S, 105
- *Overpaid windfall profit tax, 105
- *Overpayments claimed as a credit, 105

Paid-in or capital surplus, 105

Part-year returns, 105

Payments with applications for

extension of filing time

(Forms 7004), 105

*Pension, profit-sharing, stock bonus, and annuity plans, 106 Personal holding company tax, 106

Prior year minimum tax credit, 106

*Real estate investment trust, 106 Recapture of investment credit, 107 Recapture of low-income

housing credit, 108

Refund of estimated tax payments, 108

Regular tax, 108

- *Regulated investment company, 108
- *Rent paid on business property, 109

*Rents, 109

Repairs, 109

*Research activities credit, 109

Retained earnings, appropriated, 110

*Retained earnings, unappropriated, 110

Retained earnings, 1120S, 110
Returns of active corporations, 110

Returns of inactive corporations, 110 Returns with net income, 110 Returns without net income, 110

*Royalties, 110

*S corporation returns, 111
Shareholders' undistributed taxable

income previously taxed, 112 Size of business receipts, 112

*Size of income tax after credits, 113

Size of total assets, 113

*Statutory special deductions, 113

Taxable income, 115

Tax due at time of filing, 115.

*Tax from recomputing prior year

investment credit, 116

Tax from Section I (Form 1120F), 116

Tax from Section II (Form 1120F), 116

- *Tax overpayment, 117
- *Tax preference items, 117
- *Tax-exempt securities, 117 Taxes paid, 117

Total assets and total liabilities, 118

- Total deductions, 118
 *Total income tax, 118
- *Total receipts, 119

Total receipts less total deductions, 119

- *Total special deductions, 119
- U.S. possessions tax credit, 119

*U.S. tax paid or withheld at source,

(Form 1120F), 120

Zero assets, 120

EXPLANATION OF TERMS

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

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

Accounting Periods

Among the several classifications used in this report, tax return data are classified according to the accounting periods used by corporations. For a detailed discussion of this classification, see Time Period Employed in section 1, Introduction. The Tax Reform Act of 1986 introduced required calendar year accounting periods for S corporations and qualified personal service corporations. This requirement was subsequently revised so that under Code section 444 these corporations could elect a noncalendar year accounting period.

Accounts and Notes Payable

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

Accounts Payable

Relatively short-term liabilities arising from the conduct of trade or business which were not secured by promissory notes were generally included under this heading.

Accumulated Adjustments Account

This balance sheet account for S corporations was established by the Subchapter S Revision Act of 1982. The accumulated adjustments account was determined by taking into account all items of income, loss and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). After the year-end income and expense adjustments were made, the account was reduced by distributions made during the tax year. At the end of the tax year, if the corporation had a balance in its retained earnings account, the accumulated adjustments account was determined by taking into account only the taxable income and deductible losses and expenses for the current tax year.

Adjustments to Tax Due or Overpayment (*)

These were the adjustments included in Tax Due or Overpayment on page one of the form usually at the bottom margin. Examples of these adjustments are Code section 1291 interest; and other interest and penalties not included in one of the line items.

Adjustments to Total Tax (*)

These were the adjustments included in line 10, total tax by the taxpayer. Adjustments included on this line were tax deferred payments for certain tax under the

transition rule of 1986; deferred tax on undistributed earnings of a qualified electing fund; and deferred tax on installment payments of tax attributable to LIFO recapture by corporations making an S corporation election.

Advertising (*)

Advertising expenses were allowed as a deduction under Code section 263(b), if they were ordinary and necessary and bore a reasonable relation to the trade or business of the corporation. The amount shown in the statistics includes advertising identified as part of the cost of sales and operations, or capitalized under section 263A, as well as advertising reported separately as a business deduction. The statistics included combined amounts reported as advertising and promotion and advertising and publicity. For corporations whose principal business activity was: the printing and publishing of newspapers and periodicals; radio and television broadcasting; telephone, telegraph, or other communication services, the statistics did not include advertising expenses incurred in the preparation of customers' advertising. If identified, these amounts were treated as part of the cost of sales and operations.

For all 1120-A corporations advertising identified in Other Deductions or attached schedules was included in the statistics for advertising.

Alcohol Fuel Credit

An income tax credit was available for alcohol (other than alcohol produced from petroleum, natural gas, or coal) used as a fuel (whether partially or completely comprised of alcohol) in internal combustion engines. In general, the credit was available to the blender in the case of pure alcohol fuels. The amount of the credit was 60 cents per gallon for alcohol of at least 190 proof and 45 cents per gallon for alcohol between 150 and 190 proof. No credit was available for alcohol of less than 150 proof.

The Windfall Profit Tax Act of I980 contained provisions for the alcohol fuel credit. The credit was generally available for alcohol sold or used after September 30, 1980, and before January 1, 1993. The credit was claimed as one of the components of the general business credit. For a discussion of the income tax limitations and carryback and carryforward provisions of the credit, see General Business Credit, in this section.

The alcohol fuel credit was included (as a component) in the general business credit shown in the tables. The components of the general business credit were shown separately in Table 14.

Allowance for Bad Debts

Most corporations identified on their balance sheet the allowance or reserve set aside to cover uncollectible or doubtful notes, accounts, and loans as an adjustment to notes and accounts receivable. A few corporations, however, reported only net receivables and, thus, did not show their allowance for bad debts. The statistics for both the allowance and for the gross amount of Notes and Accounts Receivable were understated by these unidentified amounts.

Additionally, the allowance was not available from balance sheets of tax returns filed by life and certain mutual insurance companies for prior years. However, beginning with Tax Year 1987, data for these accounts became available from income tax returns filed by certain nonlife mutual insurance companies, as well as for certain stock insurance companies which filed a Form 1120-PC. On the other hand, the statistics for both accounts continue to be understated by the amounts unidentified for life insurance companies.

Since corporation tax return balance sheets did not provide for the separate reporting of reserves for uncollectible mortgage and real estate loans, many banks and savings and loan associations may have included such reserves in the allowance for bad debts. If, on the other hand, these reserves were reported in supporting schedules, they were later added to the allowance for bad debts during statistical processing. However, in some cases, the supporting schedules were not attached to the return and the amount may be understated.

Alternative Minimum Tax (*)

The alternative minimum tax was designed to ensure that no taxpayer with substantial economic income could avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. The former minimum tax did not adequately address tax avoidance, for two reasons: (1) it did not define a comprehensive income base (2) it did not sufficiently approach the measurement of economic income. The computation of the alternative minimum tax addressed both these concerns through the treatment of adjustment items, tax preference items, and the book income adjustment.

To compute the alternative minimum tax (AMT), adjustments were made to the income subject to regular tax (before the net operating loss deduction). Adjustment items could either increase or decrease the income subject to regular tax. The adjustments reflected the difference in treatment of certain items under the regular tax system versus the treatment under the AMT system. The accelerated aspect of specific income tax items under the regular system were adjusted and the same items were adjusted to satisfy the intent of the AMT system. The AMT adjustment was the difference between the two systems for each item.

The adjustment items included:

- Depreciation of tangible property placed in service after 1986;
- Amortization of certified pollution control facilities placed in service after 1986;
- (3) Amortization of mining exploration and development costs paid or incurred after 1986;
- (4) Amortization of circulation expenses of personal holding companies only;
- (5) Basis adjustment for property sold during the vear;
- (6) Long term contracts entered into after February 28, 1986;
- (7) Installment sales of certain property;
- (8) Merchant marine capital construction funds;
- (9) IRC section 833(b) deduction;
- (10) Losses from tax shelter farm activities;
- (11) Passive activity losses;
- (12) Income with respect to the possessions tax credit and alcohol fuel credit;
- (13) Certain loss limitations;
- (14) Beneficiaries of estates and trusts:
- (15) Reported profits not taxed (book income or adjusted current earnings).

Tax preference items were added to the income base of the alternative minimum tax, as they were to the income base of the former minimum tax. These tax items typically express more permanent differences between the regular tax system and the AMT system. Tax preference items added to the income base of the alternative minimum tax included:

- Accelerated depreciation of real property placed in service before 1987;
- (2) Accelerated depreciation of leased personal property placed in service before 1987 (personal holding companies only);

- (3) Amortization of certified pollution control facilities placed in service before 1987;
- (4) Percentage depletion;
- (5) Intangible drilling costs;
- (6) Bad debt deductions of financial institutions;
- (7) Tax-exempt interest on specified private activity bonds; and
- (8) Charitable contribution of appreciated property.

Thus, the income subject to regular tax before NOLD reconciled by the adjustment items, tax preference items, and the book income adjustment became the alternative minimum taxable income (AMTI). AMTI could then be reduced by the alternative tax NOLD, but not by more than 90 percent. The AMTI could be further reduced by an exemption amount; the maximum was \$40,000. No exemption applied when the alternative minimum taxable income exceeded \$310,000.

The tentative minimum tax was determined by applying a 20 percent rate of tax to the alternative minimum taxable income after the reduction for the alternative tax NOLD and the income exemption. The tentative minimum tax could be reduced by an AMT foreign tax credit and carryover of unused investment credits. The foreign tax credit was computed under the AMT system and could not become part of that credit allowed under the regular tax system. Up to 25 percent of the tentative minimum tax remaining after the AMT foreign tax credit could be reduced by the carryover of investment tax credits.

The amount by which the remaining tentative minimum tax exceeded the regular tax after reduction by the foreign tax credit (under the regular system) and the possessions tax credit was the alternative minimum tax.

Amortization

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

bond premiums (Code section 171)
certain business startup expenditures (Code section 195)

computer software costs

expenditures to remove architectural and transportation barriers to the handicapped and elderly (Code section 190)

lessee's improvements to leased property, leasehold improvements (Code section 178)

organizational expenditures of corporations (Code section 248)

optional write-off of certain tax preferences over a specified period (Code section 59(e))

pollution control facilities (Code section 169 limited by Code section 291)

qualified forestation and reforestation expenditures (Code section 194)

railroad rolling stock (Code section 184)

research and experimental expenditures (Code section 174).

The amounts shown in the statistics included any identifiable amortization (as described above) reported as part of the cost of sales and operations or in the schedule in support of depreciation as described below. Amortization was reported separately on Form 4562, Depreciation and Amortization and not on a separate line of the income statement of the tax return. The amount of amortization was also reported in Other Deductions. However, when amortization was shown separately for the statistics, the amount was excluded from Other Deductions. Because some corporations may not have identified amortization separately on Form 4562, the statistics for Amortization may be understated and Other Deductions may be overstated by the same amounts.

Beginning with the 1986 statistics, all deduction amounts identified as amortization by the taxpayer were included in amortization with the following exceptions: (1) when the property appeared to actually be depreciable rather than amortizable property, and (2) when the amortization was for intangible drilling costs, which was included in Other Deductions in the statistics. See also: Alternative Minimum Tax.

Bad Debts

Bad debts occurring during the year, or a reasonable addition to an allowance or reserve for bad debts, were allowable as a deduction under Code sections 166 and 585, respectively. Included in the statistics were amounts such as bad check losses, worthless government or corporate bonds, notes for commercial and mutual banks and for bank holding companies, write-offs, net loss from agents or premiums from other insurance companies, and uncollectible railway revenue.

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

For commercial banks, the deductible additions to the reserves decreased in three transitional steps. The decrease was achieved over a period of years through a decline in allowable percentages of eligible outstanding loans. By 1983, the allowable percentage had been reduced to 0.6 percent. For small business investment companies, deductions for additions to the reserves, using an industry average as the norm, were permitted during the first 10 years of a company's existence. Thereafter, additions to the reserves had to be based on a corporation's own experience.

The reserve method of computing the deduction for bad debts was repealed for large banks and for small business investment companies by the Tax Reform Act of 1986. Thereafter, the deduction was to be based on actual losses for the current and 5 preceding years, using the specific charge-off method, the same as for other businesses.

A bank was treated as a large bank, for any taxable year beginning after December 31, 1986, if the average adjusted basis of all assets of the bank (or any controlled group, as defined under Code section 1563(c)(1), of which the bank was a member) exceeded \$500 million. The average adjusted bases was to be determined quarterly. Large banks were required to recapture the balance of their bad debt reserves over a period of four taxable years, beginning with the year of disqualification. The year of disqualification was the first taxable year after December 31, 1986 for which the bank was considered to be a large bank. A bank could suspend the recapture of its reserves for any year in which it was a financially troubled bank, as defined under Code section 585(c)(3)(B).

Specific rules governing the recapture of the bad debt reserve were provided. In the disqualification year, at least 10 percent of the balance in the reserve for bad debts was to be included in income. The remaining balance was to be recaptured at prescribed

rates over three taxable years. A bank could elect to recapture more than 10 percent of the reserve in the disqualification year. If that election were made, different rates of recapture were prescribed.

An alternative to recapturing the reserve was available to a large bank in the disqualification year. An election could be made in the disqualification year to use a cut-off method of accounting for the reserve for bad debts. Members of a consolidated group could not make the election independently. Each bank, included in a consolidated income tax return, was obligated by the election (if made) by the consolidated group. As defined under Code section 585(c)(4), a bank using this method could maintain its reserve for bad debts but charge any losses resulting from loans held by the bank against the reserve. No deduction would be allowed for additions to the reserve account.

An option for computing the deduction for bad debts was available to mutual savings banks, domestic building and loans associations, cooperative banks and certain stock associations. Under the tax reforms of 1986, those organizations, which met certain asset qualifications could continue to use the reserve method. However, they could only deduct a maximum of 0.6 percent of an adjusted taxable income, provided it did not increase the reserve beyond 0.6 percent of the qualifying outstanding loans. For this purpose, taxable income was before the deduction for the bad debt reserve as specified under Code section 593(b)(2).

Amounts of recovered bad debts reported by corporations which deducted actual bad debts and the recapture of bad debt reserve accounts were included in the statistics for Other Receipts.

Branch Tax of Foreign Corporations (*)

The U.S. earnings and profits of a foreign corporation became subject to a branch profits tax without consideration for the ratio of U.S. income to the total income of the foreign corporation, for tax years beginning after December 31, 1986. A 30 percent rate of tax was imposed on the earnings and profits as well as the interest paid by or to a foreign corporation from its trade or business activities conducted in the United States. The provisions under Code section 884 were introduced to lessen the disparity of U.S. taxation between U.S. corporations owned by foreign persons and foreign corporations doing business through their own unincorporated branches in the United States. This provision of U.S. tax laws also required

coordination with income tax treaties between the United States and foreign countries. Under tax treaties the tax rates could be lower than the 30 percent tax rate imposed by U.S. tax laws.

The branch profits tax was imposed on the dividend equivalent amount or the earnings and profits of a U.S. branch of a foreign corporation that was attributable to its income effectively connected (or treated as effectively connected under Code section 897) with a U.S. trade or business. The rate of tax varied based on the treaty conditions with the country in which the foreign corporation was a resident. The effectively connected earnings and profits were adjusted to identify changes in a branch's U.S. net equity under two circumstances: (1) to reflect any reinvestment of the branch's earnings in assets in the U.S. trade or business (or reduce liabilities in the U.S. trade or business); and (2) to reflect any prior reinvested earnings that were considered remitted to the home office of the foreign corporation.

Certain earnings and profits attributable to income effectively connected with a U.S trade or business were exempt from the branch profits tax. The tax exempt earnings included: (1) certain earnings of a foreign sales corporation as described in Code sections 921(d) and 926(b); (2) earnings of foreign transportation carriers (such as ships and aircraft) that were exempt from U.S. tax by reciprocal exemption; (3) earnings derived from the sale of any interest in U.S. real property holding corporations; (4) interest income derived by a possession bank from U.S. obligations as described in Code section 882(e); (5) earnings derived by certain insurance companies which elected to have income treated as effectively connected income; and (6) income of foreign governments and international organizations exempt under Code section 892.

The branch tax was the sum of the tax imposed on the earnings and profits and interest payments of the foreign corporation. The branch tax was reported on the Form 1120-F U.S. Income Tax Return of a Foreign Corporation. The tax was included in Total Income Tax in the statistics. It was also shown separately in the statistics for foreign corporations with U.S. business operations in Table 12 of this report.

Business Receipts (*)

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

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

Business receipts included rents reported as a principal business income by real estate operators as well as by certain types of manufacturing, public utility, and service corporations. The latter corporations included manufacturers that frequently rented rather than sold products, such as automatic data processing equipment; lessors of public utility facilities, such as docks, warehouses, and pipelines; and companies engaged in rental services, such as providing lodging places and the rental of automobiles or clothing. In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, exchange collections, discounts, and service charges. Some companies reported these items on attached schedules as other income, not as business receipts. For such companies, the items were included in the statistics for business receipts, not for the other income. Condominium management fees reported by condominium management and cooperative housing associations were also included in business receipts.

Since interest was the principal operating income of banking and savings institutions, interest was included in the statistics for Interest and excluded from business receipts. Interest could be included in the statistics for business receipts within the finance industries, but only if it was not separately identified on the tax returns. Some banking institutions reported business receipts from the sale of Federal funds and included the purchase price of those funds as part of cost of sales and operations. For those companies, business receipts were reduced by the purchase price of those funds and the purchase price was excluded from Cost of Sales and Operations.

Regulated Investment Companies and Real Estate Investment Trusts do not report business receipts. Also in the finance, insurance, and real estate industries, premium income of most insurance companies was included in business receipts. However, certain

nonlife insurance companies could elect to be taxed on their investment income only, if their net written premiums or direct written premiums (whichever was greater) exceeded \$350,000 but not over \$1,200,000. Under this election the premium income was not reported. Consequently, total business receipts for insurance carriers could be slightly understated.

In addition to the income types described above which were uniquely treated by law, by the tax return, or for the statistics, there were certain other kinds of income from sales and operations that were not reflected in business receipts. In general, this income was included as part of the much broader category, sales of property used in trade or business. For additional information about this income see: Net Gain (or Loss), Noncapital Assets and Net Capital Gains.

Calendar Year Returns

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

Capital Stock

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

Cash

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

Compensation of Officers (*)

Salaries, wages, stock bonuses, bonds, and other forms of compensation were included in this deduction item if they were identified as having been paid to officers for personal services rendered. Also included were compensation of officers identified as part of cost of goods sold. Contributions to a 401(k) plan or a salary reduction (SEP) agreement were included in the statistics for Pension, Profit Sharing (etc.) plans. Understatement was possible to the extent compensation was reported as part of another deduction item

(such as an overall employee compensation figure) and, if not clearly identified, was included in the statistics for Cost of Sales and Operations or Other Deductions. Directors fees reported elsewhere by the Corporation were not included in these statistics.

Consolidated Returns

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

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

Under Code section 1504(c) corporations could elect to include their domestic insurance companies in consolidated tax returns. There could be three separate components of this type of consolidated return:

(a) non-insurance companies; (b) life insurance companies; and (c) property and casualty insurance companies.

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

Constructive Taxable Income from Related Foreign Corporations (*)

This item represented the sum of (1) includable income from Controlled Foreign Corporations and (2) foreign dividend gross-up. Both were income

constructed for U.S. income tax purposes, and were not actual business receipts. For most purposes, a foreign corporation was considered controlled if more than 50 percent of its voting stock was controlled by U.S. persons, including domestic corporations, each of whom owned at least 10 percent of its voting stock.

Includable Income

The earnings and profits of a Controlled Foreign Corporation (CFC) became subject to U.S. taxation, prior to the Subpart F provisions, only when the income was actually distributed to the U.S. sharehold rs or repatriated to the United States. In many cases, those earnings and profits were not distributed to the shareholders, unlike the earnings and profits of domestic corporations. Because the earnings were being held undistributed outside the United States, the income from CFC's was not subject to U.S. tax.

The Subpart F provisions, instituted under Code section 952, drew certain earnings and profits of CFC's under the umbrella of U.S. taxation. The provisions required that the worldwide gross income of U.S. corporations include a portion of the undistributed earnings and profits from their CFC'S. Thus, the income of CFC's became subject to U.S. tax through deemed distributions to the U.S. shareholders.

The deemed distributions represented foreign income, that while not actually received by U.S. shareholders, was to be included in income subject to U.S. tax (i.e. includable income from Controlled Foreign Corporations). The includable income consisted of:

- (1) Subpart F income, defined below;
- (2) any previously excluded Subpart F income which had been invested in qualified assets in less developed countries, and which was either withdrawn from those countries or repatriated to the U.S. shareholders and therefore became taxable;
- (3) any previously excluded Subpart F income which had been withdrawn from foreign base company shipping operations; and
- (4) any increase in Controlled Foreign Corporation earnings due to investment in U.S. property.

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

(1) income from premiums for insurance issued by foreign companies which were Controlled Foreign Corporations when the insurance was

issued outside the country of incorporation of the CFC (as determined under Code section 953);

- (2) foreign base company income, which included:
 - (a) "foreign personal holding company. income"- income derived from portfolio investments or from passive investments;
 - (b) foreign base company sales income was generally sales income from personal property which was purchased or sold in a transaction involving a related corporation and:
 - produced outside the country of incorporation of the CFC, and
 - (2) used outside the country of incorporation of the CFC;
 - (c) "foreign base company services income"
 in general, income from services performed or furnished for a related person,
 which included corporations, outside the
 country of incorporation of the Controlled
 Foreign Corporation, but with certain
 exceptions;
 - (d) "foreign base company shipping income" - in general, income derived from the use of aircraft or vessels in foreign commerce or income from the performance of services directly related to the use or sale of any such aircraft or vessels; and
 - "foreign base company oil-related income" (e) - in general, this was income from the non-extraction business activities, related to foreign oil or gas, which were conducted outside the foreign country where the oil or gas was extracted. The non-extraction business activities of the foreign corporation included processing, transporting, distributing, and selling oil or gas and derived products for use or consumption outside the foreign country in which the oil or gas was extracted. Also, income from the sale of assets used in the non-extraction business activities were included in the oil-related income.
- (3) income from participation in international

- boycotts not sanctioned by the United States;
- (4) illegal bribes, kickbacks, or other payments to a government official; and
- (5) income derived from any foreign country during any period for which a foreign tax credit would be denied for taxes paid to those countries, as described in Code section 901(j), (i.e. a government: which was not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, which provided support for international terrorism, and beginning January 1, 1988, the country of South Africa until specific requirements of the Comprehensive Anti-Apartheid Act of 1986 would be met).

Foreign Dividend Gross-Up

Foreign dividend gross-up was constructive taxable income to corporations which claimed a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations, including its Controlled Foreign Corporations. The U.S. corporation's share of the total foreign taxes was proportionate to the ratio of the dividend received (actual or constructive) to the total earnings and profits of the related foreign corporation. The foreign taxes were treated as deemed paid by the U.S. corporation. In order to receive credit against U.S. tax, the foreign taxes deemed paid needed to be included in the corporation's worldwide income as well. They were included in income as an increase to foreign dividends; a dividend gross-up. The dividend gross-up was the equivalent amount of the foreign taxes deemed paid by the U.S. corporation.

Constructive Taxable Income

Foreign dividend gross-up, resulting from foreign taxes deemed paid, and includable income from Controlled Foreign Corporations were combined and presented in the statistics as Constructive Taxable Income from Related Foreign Corporations. The components were presented separately in Table 13. Neither includable income from Controlled Foreign Corporations nor foreign dividend gross-up were included in the statistics for Total Receipts.

The statistics for Constructive Taxable Income from Related Foreign Corporations reflected variation in taxpayer reporting in certain cases. Some corporations

reported foreign dividends received as includable income from Controlled Foreign Corporations, while others reported includable income from Controlled Foreign Corporations as foreign dividends received. Also, some corporations reported dividend gross-up for foreign taxes deemed paid as foreign dividends received, while others reported foreign dividends received as dividend gross-up. Still others incorrectly reported dividend gross-up for foreign taxes paid directly by the U.S. corporation. All foreign dividends were reported on the dividends received schedule of the U.S. income tax return, including actual and constructive receipt.

The statistics could have reflected these variations in taxpayer reporting, to the extent that the specific nature of the dividend was not identified on supporting schedules attached to the U.S. income tax return. However, when specifically identified elsewhere on the return, the amounts were included in the statistics for the type of foreign dividend, as specifically identified, rather than for the items as reported on the dividend received schedule.

Contributions or Gifts (*)

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

- (1) the deduction for contributions;
- special deductions for dividends received and for dividends paid on certain preferred stock of public utilities;
- (3) any allowable deduction resulting from the repurchase of bonds, as described under Code section 249;
- (4) deduction allowed for payments to the National Railroad Passenger Corporation, as described under Code section 250;
- (5) any net operating loss carryback under Code section 172;
- (6) any capital loss carryback to the tax year under Code section 1212(a)(1).

Also, certain additional adjustments were required in the case of life insurance companies. A corporation except a Personal Holding Company or a service organization could receive a larger deduction for contributing scientific property used for research to an institution of higher education under Code section 170(e).

Charitable contributions over the 10 percent limitation could be carried forward to the next 5 tax years; however, the carryover was not allowed if it increased a net operating loss carryover.

The amount shown in the statistics included contributions identified as part of cost and sales and operations as well as contributions reported as a business deduction.

Charitable contributions paid by S corporations were directly passed through to the shareholders, rather than indirectly as a business deduction. The statistics did not include contributions paid by S corporations, Regulated Investment Companies or Real Estate Investment Trusts.

Cost of Sales and Operations

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

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

Many items that were allowable deductions prior to the 1986 tax reforms were required to be capitalized or included in inventory under the 1986 I.R Code. Uniform capitalization rules of Code section 263A resulted from the 1986 tax reforms and were generally effective for taxable years beginning after December 31, 1986. With respect to inventory, some of the indirect costs which were required to be capitalized included such items as: administration expenses; taxes; depreciation; insurance costs, compensation paid to officers attributable to services; rework labor, and contributions to pension, stock bonus, and certain profit sharing, annuity, or deferred compensation plans. Corporations which were subject to the rules were required to capitalize direct costs and an allocable portion of most indirect costs that related to the assets produced or acquired for resale. Special rules were provided for the capitalization of interest expense paid or incurred in the course of production. The uniform capitalization rules also applied to the production of

property constructed or improved for use in a trade or business or in an activity engaged in for profit. Corporations were required to revalue their beginning inventory to reflect the costs under Code section 263A, which were not previously included in inventory.

The rules did not apply to personal property acquired for resale for corporations with annual average gross receipts of \$10,000,000 or less; to timber; to property produced under a long-term contract. Special rules were provided for farmers.

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

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

See also Business Receipts.

Cost of Treasury Stock

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

The amounts shown may be somewhat understated. Treasury stock intended for resale may have been reported as an asset on some tax returns and, if not clearly identified as for resale, would have been

included in the statistics for Other Investments. When identified, though, such stock was included in the statistics for Cost of Treasury Stock.

Credit for Federal Tax on Fuels (*)

Code section 34 allowed a credit in full or in stated amounts for excise taxes on:

- gasoline used on farms for farming purposes
 (Code section 6420);
- (2) gasoline used for nonhighway purposes or by local transit systems (Code section 6421); and
- (3) fuel not used for taxable purposes (Code section 6427); such as, on the sale of fuel when tax has been imposed under section 4041(a) or (e) and the purchaser uses such fuel other than for the use for which sold, or resells such fuel.

It was also used to claim the credit for purchase of qualified diesel-powered highway vehicles.

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These taxes could be applied as a credit against income tax liability or could have been, under certain conditions, refunded directly.

Credit for Tax Paid by Regulated Investment Companies

Regulated investment companies were required to pay tax at the 34 percent rate on amounts of undistributed net long-term capital gain less net short-term capital loss. Stockholder corporations, for their part, were required to include in the computation of their long-term capital gains any such gains designated by the parent as undistributed dividends. The stockholder corporations were then deemed to have paid the tax on the undistributed long-term capital gain dividends and were allowed a credit (or a refund) for the tax they were deemed to have paid. It was this credit which comprised this item.

Deficit

See Net Income (or Deficit).

Depletable Assets

Depletable assets represented, in general, the gross end-of-year value of mineral property, oil and gas wells, other natural deposits, standing timber, intagible

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

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

Depletion (*)

This deduction was allowed for the exhaustion of mines, oil and gas wells, other natural deposits and timber. For standing timber, depletion was computed on the basis of cost. In the case of natural deposits, the depletion was computed either on the basis of cost or upon a fixed percentage of the gross income, less rents and royalties, from the depletable property.

Generally, for gas and oil wells the gross income was the actual sales price, or representative market or field price if the gas or oil were later converted or manufactured prior to sale. For other natural deposits, gross income was defined to include income from mining or extraction and certain treatment processes as well. Additionally, exploration expenditures, previously deducted, were required under provisions of Code section 617, to be recaptured or included in income when the mine reached the production stage. Under elective provisions of the Code, exploration and development expenditures connected with certain domestic natural deposits (except gas and oil) could be deducted currently, treated as deferred expenses, or capitalized. The write-offs of deferred amounts were not included in the statistics as part of depletion. Excluded in the statistics were amounts of depletion shown by the corporation as a deduction in computing net gain or loss from sale of depletion assets, except timber, under Code section 631(a).

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

section 613 and ranged from 5 to 22 percent. Percentage depletion could not generally be used for oil and gas wells, except for certain small producers as defined under Code section 613A. As explained under Net capital gains, the cutting of timber was eligible for net long term capital gain treatment under Code section 1231. If timber depletion was used in the computation of gain (or loss), it could not be identified for the statistics. Because of taxpayer reporting variations involving the computation of gain or loss, or of gross receipts from sales (and the cost of sales and operations or depletion deduction), the depletion statistics may be incomplete for industries in which sales of cut timber or of lumber or wood products are a major source of income. The amounts shown in the statistics included any identifiable depletion reported as part of the cost of sales and operations. Amortization of Intangible Drilling Costs in not included in the statistics but is part of Other Deductions. For 1120-A corporations depletion reported in Other Deductions or an attached schedule is included in these statistics

These statistics did not include depletion paid by Regulated Investment Companies or Real Estate Investment Trusts.

See also Alternative Minimum Tax.

Depreciable Assets (*)

Depreciable assets, reported on the corporation's end-of-year balance sheet, consisted of tangible property (such as buildings and equipment) which was used in the trade or business or held for the production of income and which had a useful life of one year or more. The statistics for this item could include fully depreciated assets still in use and partially completed assets for which no deduction was allowed, when the corporation reported them as depreciable in its balance sheet. The statistics for depreciable assets exclude those intangible assets which were depreciable or amortizable only for tax purposes. Such assets, patents and copyrights for example, were includable in Intangible Assets. The amounts shown as accumulated depreciation represent the portion of the assets that were written off in the current year, as well as in prior years. In general, depreciable assets were the gross amounts before adjustments for depreciation or amortization charged in current and prior years. corporations, however, reported only the net amount of depreciable assets after adjusting for these depreciation or amortization charges. Certain insurance companies were included among the corporations which reported

only a net amount of depreciable assets. Life insurance companies and some property and casualty insurance companies reported their balance sheet information in the format required by State insurance regulations. This format usually provided for the reporting of only net depreciable assets and only the home and branch office buildings and equipment were included. Other real estate holdings of these corporations were reported as other investments.

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

Depreciation (*)

The Tax Reform Act of 1986 introduced the Modified Accelerated Cost Recovery System (MACRS) and changed the rules for section 179 property for property placed in service after December 31, 1986. Section 179 property is property that meets certain conditions and therefore can be expensed in the year the property was first utilized instead of depreciation over several years. The maximum amount of allowable section 179 expense was increased to \$10,000. However, if total cost for section 179 property placed in service after December 31, 1986 was more than \$200,000, then the total expense deduction was to be reduced by the amount by which the cost exceeded \$200,000. For tax year 1989, the taxpayer was required to provide additional information regarding the Section 179 expense deduction, including the carryover of disallowed deduction from the prior year, the carryover of the disallowed deduction to 1990, and the computation of the taxable income limitation under section 179 (b)(3).

Taxpayers who use the MACRS depreciation rules also had to recompute their depreciation for purposes of figuring their minimum tax. There were eight classes of recovery property under MACRS using the General Depreciation System or the Alternative Depreciation System and reported on Form 4562-Depreciation of Property Placed in Service After December 31, 1986. They included: 3-, 5-, 7-, 10-, 15-, 20- year property, residential rental property and nonresidential real property. Generally, the first six classifications were for depreciable property, other than buildings

while the last two were real property, or buildings. The 3-year class included tangible depreciable property with a class life of 4 years or less, 5-year property included property with a class life of more than 4 years, but less than 10 years. For example, computers or peripheral equipment would be classified as 5-year property under GDS. The 7-year property had a class life of 10 years or more, but less than 16 years; this class also included any property which did not have a class life and which had not been designated by law as being in any other class. Office furniture, for example, would be classified as 7-year property under GDS. The property in the 10-year class included property with a class life of 16 years or more, but less than 20 years. The 15-year property had class lives of 20 years or more, but less than 25 years; and the 20-year property included class lives of 25 years or more.

The prescribed method for "General Depreciation System (GDS)" property in the 3-, 5-, 7-, or 10- year classes was a method called 200 percent declining balance over 3, 5, 7, or 10 years, switching to the straight-line method for the first taxable year in which that method resulted in a higher deduction. For property in the 15- or 20- year class, the 150 percent declining balance method over 15 or 20 years was prescribed. In both cases, a half-year convention (half-year's depreciation for the first year in service, no matter when in the tax year the property was acquired) had to be used.

If more than 40 percent of the total cost or other basis of all property placed in service during the tax year was placed in service during the last 3 months of that year, then the mid-quarter convention must be used for all property placed in service during the year. This rule did not apply to nonresidential real property or residential rental property. For residential rental property the prescribed method was straight-line over 27.5 years and for non-residential real property, straight-line over 31.5 years. The applicable convention was the mid-month convention which treated all property placed in service during any month as placed in service on the mid-point of such month.

Instead of using the prescribed method, "the Alternate Depreciation System" (ADS), primarily requiring the straight-line method, could be elected. The recovery period for computing ADS was based on the class life: 12 years for personal property with no class life, 40 years for nonresidential real property or residential rental, and the class life for all other property. The election to use the straight-line method for a class of

property applied to all property in that class that was placed in service during the tax year of the election. For all classes and methods, salvage value was treated as zero.

The taxpayer could also make an irrevocable election to use the 150 percent declining balance method for one or more classes of property (except for residential rental, nonresidential real property or any tree or vinebearing fruit or nuts). If this election was made, then the recovery periods would follow the ADS system.

Depreciation on tangible assets first placed in service after 1980 and before 1987 was to be determined under the Accelerated Cost Recovery System (ACRS), except to the extent that the property did not qualify as recovery property. If a corporation had a binding contract on a piece of property before the MACRS rules went into effect, but did not place the property in service until the 1988 accounting period, the property was considered transition property. The ACRS rules were applied for depreciation. For 1988, ACRS property placed into service in prior years was combined with other depreciation and reported as one item. Whereas, prior year MACRS property was reported separately from the current year. Under ACRS, the cost of eligible property was recovered over a 3-, 5-, 10-, 15-, 18-, or 19-year period, depending on the type of property.

The deduction was determined by applying the statutory percentage for the appropriate class of property to its unadjusted basis. An Alternate Depreciation System, a straight-line method, could have been used for 3-, 5-, and 10- year property using a half-year convention. The Alternate System could have also been elected for 15-, 18-, or 19- year real property and low income housing property, but the mid-month convention applied.

There were five types of property that had to be depreciated under ADS using the straight-line method: (1) property used mainly outside the U.S., (2) tax-exempt use property, (3) property financed by tax-exempt obligations, and (4) certain imported property, and (5) any property used primarily in a farming business and placed in service when a section 263A (d)(3) election was made. The depreciation for listed property used 50% or less in a trade or business was also subject to the straight-line method.

Automobiles, which are listed property, have certain limits on the annual depreciation that is allowed. The limitations, which vary depending on the recovery year,

were increased for automobiles placed in service during 1989 due to an inflation adjustment.

Dividends Received from Domestic Corporations (*)

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

Dividends from Interest Charge Domestic International Sales Corporations (IC-DISC's) and from former Domestic International Sales Corporations (DISC's) that were deductible were included as domestic dividends received. Certain other dividends, not deductible, were treated for the statistics as Other Receipts.

For most of the domestic dividends received, the deductible portion was equal to either (1) 70 percent if the dividends were from less than 20 percent owned domestic corporations, or (2) 80 percent if the dividends were from 20 percent or more owned domestic corporations (ownership is determined by the voting power and value of the stock of the issuing corporation). However, the deduction was equivalent to about 50 percent of the dividends received on certain preferred stock of public utilities. A 100-percent deduction was allowed for dividends received by members of a controlled group from other members of the same controlled group when a consolidated return was not used to report for the group as a whole. This deduction was allowed when the group did not elect to file a consolidated return and agreed instead to apportion a single tax bracket exemption amount among the group members in computing income tax.

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

Under provisions of the 1984 Tax Reform Act corporate shareholders reduced the deduction for dividends received on debt-financed portfolio stock. The

provision generally reduced the deduction for dividends received on debt-financed portfolio stock so that the deduction was available, in effect, only with respect to dividends attributable to that portion of the stock which was not debt financed. Generally, this was accomplished by determining the percentage of the cost of an investment in stock which was debt financed and by reducing the otherwise allowable dividends received deduction, with respect to any dividends received on that stock, by that percentage. The reduction in the amount allowable as a dividends received deduction could not exceed the amount of interest deduction allocable to the dividend.

This amount was reported as part of domestic dividends even though it also represented debt-financed stock of foreign corporations.

Dividends Received from Foreign Corporations (*)

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

Dividends received from foreign corporations consisted of:

- dividends, subject to (1) the 70 percent deduction when received from less than 20 percent owned foreign corporations and certain FSC's, or (2) the 80 percent deduction when received from 20 percent or more owned foreign corporations and certain FSC's;
- (2) dividends, subject to the 100-percent deduction, received by U.S. corporations from wholly-owned foreign subsidiaries all of whose gross income was effectively connected with the conduct of a U.S. trade or business, or received from a FSC when the dividends were from earnings and profits attributable to foreign trade income; and
- (3) any other foreign dividends, not subject to a deduction, which included: certain gains from the sale, exchange, or redemption of Controlled Foreign Corporation stock.

Because foreign dividend gross-up and includable income from Controlled Foreign Corporations were not actual receipts, for statistical purposes, they were excluded from dividends received. Both were combined and presented in the statistics as Constructive Taxable Income from Related Foreign Corporations.

The statistics for foreign dividends received reflected variation in taxpayer reporting in certain cases. Some corporations reported foreign dividends received as includable income from Controlled Foreign Corporations, while others reported includable income from Controlled Foreign Corporations as foreign dividends received. Also, some corporations reported dividend gross-up for taxes deemed paid as foreign dividends received, while others reported foreign dividends received as dividend gross-up. All foreign dividends, actual and constructive, were reported on the dividends received schedule of the U.S. income tax return.

These variations in taxpayer reporting could have been reflected in the statistics, to the extent that the specific nature of the dividend was not identified on supporting attachments to the tax return. However, when specifically identified elsewhere on the return, the amounts were included in the statistics for the type of foreign dividend, as specifically identified, rather than for the items as reported on the dividend received schedule.

Employee Benefit Programs (*)

Contributions made by employees to such plans as death benefit plans, insurance plans, health plans, accident and sickness plans, and other welfare plans were deductible under Code section 162(i). Generally, such programs were not an incidental part of a pension, profit sharing plan or other funded deferred compensation plan, Deductions for a welfare benefit fund were limited to the qualified cost of the fund for the taxable year, as described under Code section 419. Direct payments for employees welfare were not included as employees benefits, only payments into a fund for employee benefits.

Included in the statistics for this item were amounts identified as part of the cost of sales and operations, or capitalized under section 263A. Regulated Investment Companies and Real Estate Investment Trusts do not report employee benefits. Some mining companies could have reported an amount for a combination of welfare/retirement plans, when identified, the combined amount was included in the statistics for contributions to employee benefit plans.

Environmental Tax

Corporations were required to pay the environmental tax, as a result of the Superfund Amendments and Reauthorization Act of 1986. The requirements for this

tax were provided under the Code section 59A. The tax was based on a modified alternative minimum taxable income of the corporation in excess of \$2,000,000. (Members of a controlled group of corporations were entitled to one \$2,000,000 exemption.) The amount of the excess income was subject to a .12 percent rate of tax. The modified alternative minimum taxable income was alternative minimum taxable income without consideration for the alternative tax net operating loss deduction and the allowable deduction from income for the environmental tax. For an explanation of alternative minimum taxable income, see Alternative Minimum Tax. For purposes of determining the regular tax, the amount of the current year environmental tax was allowed as a deduction from the current year gross income under Code section 164 (a). In general, the environmental tax was effective for taxable years beginning after December 31, 1986 and before January 1, 1992.

Estimated Tax Payments (*)

Corporations not exempt from taxation were required to make quarterly tax payments if the estimated tax for the taxable year was expected to be \$500 or more. The tax was estimated by applying the regular graduated corporate tax rates to the expected taxable income for the taxable year (personal service corporations estimated their tax using a flat 34 percent tax rate), then the excess of the regular tax (estimated) over the amount the corporation estimated as the sum of credits against regular tax (including credits for foreign taxes, possessions tax, production or sale of nonconventional source fuels, orphan drug research, general business incentives, and prior year minimum tax) plus any recapture tax of investment credit or of low income housing credit, alternative minimum tax, environmental tax minus credit for Federal tax on fuels. The lesser of 90 percent of the estimated tax for the current taxable year or 100 percent of the tax due on the previous year return was used to calculate the installment payments.

Estimated tax payments shown in this report may be somewhat less than the legal maximum percentages of tax due because, under the provisions of Code section 6655, certain tolerances were allowed in the relationship of the installment payments to the tax. For example, a corporation was not required to pay an estimated tax greater than the amount of tax liability for the previous year provided that the corporation had a tax liability for the previous year. Besides the limitations based on law, payments shown in the statistics may be slightly understated because of taxpayer reporting variations and the inability to identify all of the

amounts from the tax returns. Separate statistics were presented for the components of net estimated tax payments which include 1988 overpayments claimed as a credit, 1989 estimated tax payments, and refund of estimated tax payments.

Excess Net Passive Income Tax

The Subchapter S Revision Act of 1982 imposed a limitation on passive income for S corporations which had accumulated earnings or profits from prior subchapter C status. A tax was imposed on the net passive income in excess of 25 percent of gross receipts. The income was taxed at the regular corporate tax rate of 34 percent. Passive investment income, in general, was gross receipts derived from rents, royalties, dividends, interest, annuities, or the sales or exchange of stock or securities.

Prior to 1982 under Code section 1372, an S corporation was generally not allowed to have passive investment income greater than 20 percent of its gross receipts unless that taxable year was the first or second year the corporation commenced the active conduct of any trade or business or the passive investment income for such taxable year was less than \$3,000.

Foreign Tax Credit (*)

Code section 901 allowed a credit against the U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions including Puerto Rico. When determining the foreign tax credit, income, deductions pertaining to foreign branches, and Section 863(b) activities were included in the computation of worldwide income. These had been excluded in previous years.

The credit could be claimed by domestic corporations, by foreign sales corporations (FSC's) for taxes paid on the foreign trade income, and also by fureign corporations engaged in trade or business in the United States for taxes paid on income effectively connected with the U.S. business. Additionally, stockholders of Domestic International Sales Corporations (DISC's) could claim a credit for foreign taxes paid by an DISC. However, the credit was not allowed for S Corporations because their income was primarily taxed through their shareholders. These corporations also had to exclude any foreign taxes paid or accrued from the deduction for taxes paid in computing their net income from trade or business activities. Instead, the foreign taxes were passed through to the shareholders

for their use as a foreign tax credit (or a deduction).

The credit was also not allowed for regulated investment companies which elected under Code section 853 to allow their stockholders to claim the credit for the foreign taxes paid. (Under this election, these companies also excluded foreign taxes paid or accrued from the deduction for taxes to compute net income.) However, if the election were not made, the regulated investment company could claim the foreign tax credit.

A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The credit could be reduced for taxes paid on foreign income from operations involving participation or cooperation with an international boycott. The U.S. income tax which could be reduced by the credit excluded the recapture taxes for investment credit and low-income housing credit, the alternative minimum tax, the Personal Holding Company tax and the environmental tax.

After 1986, the foreign tax credit was computed separately for foreign taxes paid or accrued with respect to nine categories of income. These were: (1) passive income; (2) high withholding tax interest; (3) financial services income; (4) shipping income; (5) dividends from each noncontrolled section 902 corporation; (6) dividends from a DISC or former DISC; (7) foreign trade income of a FSC; (8) distributions of a FSC or former FSC; and (9) all other income from sources outside the United States. For each category, the credit was computed subject to a limitation which prevented the corporations from using foreign tax credits to reduce U.S. tax liability on U.S. sourced This limitation was determined using the income. overall method.

Using the overall method the credit was limited to that percentage of the total U.S. income tax against which the credit was allowed as represented by the ratio of taxable income from foreign sources to worldwide taxable income. The taxpayer totaled the taxes paid to all foreign countries and possessions which was then subjected to a limitation computed by multiplying the U.S. tax liability by a fraction where the numerator consisted of taxable income from foreign sources (after relevant deductions) and the denominator was worldwide taxable income. The limitation fraction is not permitted to exceed 1.00 for any separate limitation and was applied separately for each income category.

Foreign taxes in excess of the limitation for any one year could be carried back, chronologically, to the 2 preceding years and then carried over to the 5 succeeding years to reduce income tax, subject to the foreign tax credit limitation of the years to which they were carried under section 904(c).

The foreign tax credit was not allowed for taxes paid to certain foreign countries whose government: was not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, which provided support for international terrorism. No foreign tax credit was allowed for foreign taxes paid or accrued to South Africa after December 31, 1987.

Foreign tax credit figured and reported for alternative minimum tax purposes was not included in these statistics.

General Business Credit

The Tax Reform Act of 1986 made several changes to the general business credit. This credit consisted of a combination of five individual credits - investment credit (Form 3468), jobs credit (Form 5884), alcohol fuel credit (Form 6478), research credit (Form 6765) and the low-income nousing credit (Form 8586). The orphan drug credit, which was also reported on Form 6765 was not included as part of the general business credit. If a corporation claimed more than one of these credits, reported a carryforward, or had credits from a passive activity, Form 3800 was to be filed with the income tax return.

The purpose of the general business credit was to provide a uniform limitation on the amount that could be used to reduce tax liability and to establish uniform rules for carrybacks and carryforwards. Each of the five credits were computed separately. The total of the credits became the general business credit for the purpose of applying the maximum tax liability rules and the carryback and carryforward rules.

Generally, S corporations computed these credits at the corporate level, the credits were then passed through to the shareholders. The regular investment credit and energy investment credit were exceptions. The S corporation reported the basis in the qualifying property to each shareholder. The shareholders themselves computed the regular investment and energy

investment credits. However, S corporations which were previously C corporations could use business credit carryforwards to reduce tax on their net recognized built-in gains.

Effective for tax years beginning after December 31, 1985, the general business credit reduced the tax liability to the extent of 100 percent of the first \$25,000 of net tax liability and 75 percent of the net tax liability over \$25,000. An additional limitation was also imposed on the general business credit as a result of the alternative minimum tax introduced by the Tax Reform Act of 1986.

When the credit exceeded: the \$25,000-plus-75 percent limitation in any year, or the excess of income tax liability over tentative minimum tax; the excess became an unused business credit. An unused business credit could be carried back to the three years preceding the unused credit year and forward to the 15 years following that year. An amount of carryforward of the general business credit was shown separately in Table 14, as a component of the general business credit. Use of carryback provisions would require that a prior year return be amended. Amended returns were not included in the corporate sample. Therefore, any changes in tax liability due to carryback of unused business credits were not reflected in the statistics.

Income Subject to Tax (*)

Because of the different types of corporations, U.S. tax was imposed on a variety of corporate tax bases. These were the taxable income bases defined by Code section 63, used by the majority of corporations to which the tax rates applied; the tax base of S corporations electing to be taxed through their shareholders; the tax bases applicable to life and nonlife insurance companies; and the amounts taxable to regulated investment companies and real estate investment trusts. Most of these tax bases were represented in the statistics for Income Subject to Tax.

For most corporations, income subject to tax consisted of net income minus certain statutory special deductions (described in this report under a separate heading). However, there were certain exceptions. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. For those returns, income subject to tax was reduced to zero and the excess of the two special deductions became the statutory loss for the year. This current

year statutory loss became available for a net operating loss deduction over the prescribed carryback and carryover periods.

Also, the tax bases of life insurance companies, regulated investment companies, and real estate investment trusts were not defined as net income less statutory special deductions. For S corporations with a limited tax liability on capital gains, the statistics for income subject to tax represented the ordinary income from the normal business activities of the corporation. No special deductions were allowed to reduce this income.

For the life insurance companies, net income was derived from gain or loss from operations to which statutory special deductions were added back; income subject to tax was gain from operations (which included statutory special deductions) less (if applicable) the small life insurance company deduction. To this amount were added: (1) amounts resulting from the limitation of noninsurance losses, and (2) amounts subtracted from the policyholders' surplus account (which contained income nontaxable in the year earned, but taxable later on when withdrawn from this reserve account).

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

Provisions under Code section 1504(c) allowed corporations to elect to include their domestic insurance companies in a consolidated tax return. There could be three separate components of this type of consolidated return:

- (a) non-insurance companies;
- (b) life insurance companies; and
- (c) property and casualty insurance companies.

For companies which elected to file a consolidated return under Code section 1504(c), the income tax was based on the consolidated amount of income subject to tax. Net income in the statistics represented the aggregate for the separate components of the consolidation. However, specific limitations were imposed on the use of nonlife business activity losses as an offset to life insurance gains for the purpose of computing income subject to tax and income tax. As a result, a

consolidated return under Code section 1504(c) with a net deficit could report income subject to tax.

In the case of regulated investment companies, any undistributed income, other than undistributed long-term capital gains, was included in the statistics for income subject to tax. This portion of the undistributed income was taxed at the normal graduated corporate tax rates. Any net long-term capital gain (reduced by net short-term capital loss) which was not distributed to stockholders was taxed at a flat 34 percent rate. The undistributed portion of the long-term capital gains were excluded from the statistics for income subject to tax.

See also, Income Tax.

Income Tax (*)

The maximum corporate regular tax rate was reduced to 34 percent, under the Tax Reform Act of 1986. The benefit of a graduated tax rate was phased out for income over \$100,000. The number of tax brackets was reduced to three. For tax years which began on July 1, 1987 and thereafter, the corporate taxable income brackets and regular tax rates were:

Taxable income	Tax R	late
Not over \$50,000		15
Over \$50,000 but not over \$75,000		25
Over \$75,000		34

An additional 5 percent tax was imposed on income in excess of \$100,000. The maximum additional tax was \$11,750. Corporate taxable income in excess of \$335,000 was in effect subject to a regular flat tax rate of 34 percent.

Prior to the Tax Reform Act of 1986, for corporations with net long-term capital gains, an alternative method of tax computation was advantageous if using the alternative method resulted in a lower tax liability than the liability would have been using the regular method. The alternative tax on capital gains was repealed by the 1986 Tax Reform Act. Generally, after July 1987, capital gains were included in taxable income and taxed at the normal graduated corporate tax rates, except for S corporations and regulated investment companies. However, as provided by the Technical and Miscellaneous Revenue Act of 1988, any

gain recognized by a qualified life insurance company on the redemption of certain market discount bonds were subject to tax at the rate of 31.6 percent. (See Income Subject to Tax.)

For corporations which elected to be treated as S corporations, an income tax was imposed on certain long-term capital gains, as well as recognized built-in gains and excess net passive income of companies which were formerly C corporations. The tax liability was not passed through to the shareholders of the corporation. The taxes paid on capital gains or recognized built-in gains by S corporations were included in the corporate statistics as regular income tax. The taxes paid on excess net passive income were included in total income tax but were excluded from regular income tax.

A small number of corporations without net income had an income tax liability. The tax from those returns was included in the statistics as regular income tax. The tax resulted from:

- -- (1) -- special statutory provisions applicable to life insurance businesses;
 - (2) the provisions under Code section 594 allowing certain banking institutions with life insurance departments to compute tax separately from the banking activity; and
 - (3) the provisions under Code Section 1504(c) allowing corporations to elect to include their domestic insurance companies in consolidate tax returns.
 - (a) non-insurance companies;
 - (b) life insurance companies; and
 - (c) property and casualty insurance companies.

For companies which elected to file a consolidated return under Code section 1504(c), net income in the statistics represented the aggregate for the separate components of the consolidation. The income tax was based on the consolidated taxable income. Specific limitations were imposed on the use of nonlife business activity losses as an offset to life insurance gains for the purpose of computing income subject to tax and income tax. As a result, a consolidated return under Code section 1504(c) with a net deficit could report income subject to tax and income tax.

Income tax, or regular tax in the statistics, was the amount of tax before reduction by tax credits for:

foreign taxes, possessions tax, orphan drug research, the production or sale of fuels from nonconventional sources, general business incentives, and the prior year minimum tax. Income tax was shown separately as regular tax and included in total income tax in the statistics.

Some adjustments were made to income tax returns by the taxpayer due to the election of bank holding companies to pay in installments the tax attributable to the sale of certain assets whose divestiture is certified by the Board of Governors of the Federal Reserve System; interest on tax attributable to payments received on installment sales of certain timeshares and residential lots; interest on tax deferred under the installment method for certain non-dealer installment obligations; and deferred tax amount for shareholders in a passive foreign investment company that received an excess distribution or deposed of its investment during the year.

Adjustments made to income tax returns after they were filed could affect the final tax liability and the tax due. Such adjustments were not reflected in the statistics. Adjustments could result from tax examination or the use of carryback provisions for:

- net operating losses and certain capital losses, which generate adjustments to taxable income and consequently create adjustments to the tax liability; and
- (2) unused foreign taxes and unused general business credits which would cause adjustments to income tax through recomputed credits.

The use of these carryback provisions would require that a corporation file an amended income tax return. Amended returns were excluded from the corporate sample.

Therefore, the statistics differ somewhat from the actual income tax collections and the final income tax liability of corporations for the Tax Year. Publication 55, Annual Report of the Commissioner and Chief Counsel of Internal Revenue, contains income tax collection data on a fiscal year basis as opposed to the income year basis used in this publication. Publication 55 is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402.

See Total Income Tax and Income Tax After Credits in this section.

Income Tax After Credits

Income tax after credits in the statistics represents total income tax less the sum of credits for: foreign tax; U.S. possessions tax; orphan drug research; the production or sale of fuels from nonconventional sources; general business incentives; and prior year minimum tax.

See Income Tax and Total Income Tax in this section.

Intangible Assets

The total gross value (before the reduction by amounts of accumulated amortization) of contracts, copyrights, formulas, licenses, patents, registered trademarks, research or experimental expenditures and similar assets were included in this category only if amortization (or depreciation) was actually being taken. These assets could be amortized only if they had a definite life and value.

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

Interest (*)

Taxable interest, a component of total receipts, was received from obligations issued by the United States, its agencies, or its instrumentalities. Interest received on loans, notes, mortgages, arbitrage bonds, nonexempt private activity bonds, corporate bonds, bank deposits, and tax refunds was also included in this item. The interest received was reduced by the amortizable bond premium, as defined under Code section 171. For installment sales, interest received included amounts stated in the contract and certain unstated amounts of interest, as defined under Code section 483.

Interest received from tax-exempt state or municipal bonds and ESOP loans was not included in this item. 1120S interest received is not included in this item but is separately reported on the Schedule K. Corporations were not allowed to offset any interest expense against interest income. However, if the corporation reported only a net amount, this figure was used in the statistics. See Interest Paid.

Interest on Government Obligations: State and Local

The interest received from certain government obligations was not subject to U.S. income tax. These tax-exempt obligations included those issued by states, municipalities and other local governments, the District of Columbia, and U.S. possessions, including Puerto Rico. The amounts shown for this item were reduced by the amortizable bond premium.

For statistical presentation, this interest was included in Total Receipts. However, it was not included in net income (less deficit) or income subject to tax.

Most corporations reported this tax-exempt interest in the Reconciliation of income per books with income per returns (see Schedule M-1 on the Form 1120 in section 6 of this report). Because of variations in taxpayer reporting, this item may not have always been identified. Therefore, the statistics could be understated for interest received from state and local government obligations.

Interest Paid (*)

These amounts include interest paid by corporations on business indebtedness including amounts paid on installment purchases if they were stated in the contract, as well as certain unstated amounts defined under Code section 483. For banking and savings institutions, the statistics also included interest paid on deposits and withdrawable shares. For mutual savings banks, building and loan associations and cooperative banks, interest paid includes amounts paid or credited to the accounts of depositors as dividends, interest or earnings under Code section 591. Interest identified as part of the cost of sales and operations, or capitalized under Section 263A, was excluded from cost of sales and included in the statistics as interest paid. Tax-exempt interest is not included in these statistics. See Total Receipts for further information.

Inventories (*)

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

generally identified by first-in, first-out (FIFO) or last-in, first-out (LIFO) methods.

When inventories were reported by companies within certain financial industries, the amounts were included in the statistics for Other Investments and excluded from inventories. For commodity brokers, dealers and exchanges, and other holding and investment companies (except bank holding companies), inventories were included in Other Investments for companies which were nonconsolidated or consolidated with only financial subsidiaries. Inventories were included in Other Investments, when reported by security brokers and dealers, whether consolidated or nonconsolidated.

Inventories were included in the statistics for Other Current Assets and excluded from inventories when reported by other nonconsolidated corporations within the Finance, Insurance, and Real Estate industrial division. However, inventories were included in Other Current Assets, if reported by bank holding companies, whether a "pure" consolidated or nonconsolidated. If bank holding companies were consolidated with nonfinancial subs, inventories were included in the statistics.

Inventories included in the statistics for the Finance, Insurance, and Real Estate industrial division were those reported by consolidated financial companies with diversified nonfinancial subsidiaries.

See also Cost of Sales and Operations.

Investment Credit (*)

The Tax Reform Act of 1986 repealed the regular portion of the investment credit for most taxpayers. For property placed in service after December 31, 1985, no regular investment credit could be claimed unless the property was:

- (1) Transition property, for example, construction in progress on December 31, 1985;
- (2) Qualified progress expenditure property; or
- (3) Qualified timber property treated as section 38 property under Code section 48(a)(1)(F):

No regular investment credit could be claimed for property, such as, automobiles, delivery trucks, office equipment, and farm equipment unless it was transition property on December 31, 1985, or it fell into one of

the other categories listed above.

The 1986 Tax Act also extended for three years the business energy portion of the investment credit for solar, geothermal, and ocean thermal property and for two years for biomass property. The rehabilitation portion of the investment credit was also modified. The allowable credit for rehabilitation property was reduced; for older nonresidential buildings from 15 or 20 percent of the qualified investment to 10 percent and for certified historic structures from 25 percent to 20 percent.

For qualified progress expenditures property, a corporation could elect to claim an investment credit for taxable years before the qualified property was placed in service. For periods after 1985, the depreciable basis of the property was to be reduced by the full amount of the credit. Prior to the 1986 Tax Act, a corporation could elect to reduce the available credit rather than the basis of the property.

The investment credit (before limitations) for qualified timber property was 10 percent of the qualified investment. The credit for transition property and qualified progress expenditure property was also 10 percent of the qualified investment. After June 30, 1987, a 35 percent reduction applied to the regular 10 percent investment credit for those properties except for qualified timber property. The amount of the reduction could not be carried to any other tax year.

Generally, investment credit property included the following:

- tangible personal property defined in Code section 48(a)(1). Tangible personal property comprised all property contained in or attached to a building, such as, machinery or equipment. Certain types of property, even though physically located outside a building or accessory to a building, were also considered tangible personal property;
- (2) elevators and escalators;
- (3) other tangible property, including certain real property, used as an integral part of manufacturing, production, or extraction, or used as a research facility or bulk storage facility;
- (4) livestock other than horses as long as not sold and replaced by substantially identical animals during a relatively short period of time;
- (5) certain single-purpose agricultural or horticultural structures defined in Code section 48(p);

- (6) rehabilitation expenditures for qualified 30-year buildings, 40-year buildings, and certified historic structures;
- (7) forestation and reforestation expenditures that are amortizable under Code section 194; and
- (8) petroleum storage facilities.

A corporation could also claim an investment credit for certain vessels under special provisions of Code sections 46(g)(1) through (6) for certain maritime property.

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

The investment credit could not reduce the recapture taxes for the investment credit or low-income housing credit; the alternative minimum tax; the environmental tax; the personal holding company tax; or the tax liability of S corporations for capital gains or excess net passive investment income. Shareholders of S corporations computed the regular investment credit, it was not computed at the corporate level by the S corporation. The S corporation reported the basis in the qualifying property to each shareholder for this purpose.

The investment credit was claimed as one of the components of the general business credit. For a discussion of the income tax limitations and carryback and carryforward provisions of the credit, see General Business Credit, in this section.

The investment credit was included (as a component) in the general business credit shown in the tables. The components of the general business credit were shown separately in Table 14; the tentative business energy credit was not included in the regular investment credit.

See Recapture of Investment Credit.

Investment Credit Carryover

The 1984 Tax Reform Act provided that unexpired investment credit from each pre-1984 taxable year would be combined with other credits into the general business credit carryforward from each unused credit

year to be carried to post-1983 years. The carryforward period was not to exceed 15 years from the year of the original unused credit. The unused credit was applied first to the earliest of the years to which it could be carried, and then to each of the other tax years, in chronological order. Because the data in this book do not include any information from amended returns, the statistics do not reflect any changes in tax liability due to the use of investment credit carryback.

See Investment Credit.

Investments in Government Obligations (*)

This balance sheet asset item comprised U.S. obligations, including those of instrumentalities of the Federal Government. State and local government obligations, the interest on which is excluded from gross income under section 103(a), is included in Tax-Exempt Securities.

Balance sheet data for mutual property and casualty insurance companies were extracted from the income tax return; Form 1120-PC, rather than the annual statement, beginning with Tax Year 1987. Prior to 1987, these companies filed tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data were then extracted from the annual statement attached to the returns.

Some mutual property and casualty insurance companies included Investments in Government Obligations with Other Investments on the income tax return, Form 1120-PC. When identified, the amounts were included in the statistics for Investments in Government Obligations and excluded from Other Investments.

The comparability of balance sheet data could have been affected by differences in reporting on the annual statement for years prior to 1987 and on the income tax return Form 1120-PC, beginning with 1987. Comparison of data reported on the annual statement to that reported on the Form 1120-PC indicated that Investments in Government Obligations was often more clearly identified on the annual statement than on the income tax return. Thus, the statistics could be overstated for Other Investments and understated for Investments in Government Obligations, to the extent that Investments in Government Obligations may not have been identified on the tax return.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987 these

companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A, rather than an annual statement. Therefore, the comparability of balance sheet data, before and after 1987, was not generally affected by the tax return filed by nonlife stock insurance companies.

See also: Tax-Exempt Securities.

Jobs Credit (*)

The credit was allowed to taxpayers who hired individuals from any of the following targeted groups: (1) vocational rehabilitation referrals; (2) economically disadvantaged young adults; (3) Vietnam era veterans from an economically disadvantaged family; (4) federal, state, and local welfare recipients; (5) general assistance recipients; (6) economically-disadvantaged former felons; (7) youths participating in a qualified cooperative education program; (8) eligible work incentive employees; or (9) qualified summer youth employees, age 16 or 17, who first worked for the corporation between May 1 and September 15, 1988.

ARTHUR BOTH OF BUILDING ARTHUR

For employees hired before September 30, 1990, only qualified first-year wages could be used to determine the jobs credit. The credit was limited to the sum of: 40 percent of the first \$6,000 of qualified first-year wages, and 40 percent of the first \$3,000 of qualified summer youth employee wages, (for work done in any 14-day period between May 1 and September 15). The 1988 Tax Act reduced the percentage for qualified summer youth employee wages, from 85 percent to 40 percent for those employees hired after December 1988.

The jobs credit was claimed as one of the components of the general business credit. For a discussion of the income tax limitations and carryback and carryforward provisions of the credit, see General Business Credit, in this section. The jobs credit was included (as a component) in the general business credit shown in the tables. The components of the general business credit were shown separately in Table 14.

Land

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

reclassified as land, but land improvements remained as depreciable assets.

Loans from Stockholders

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

Loans to Stockholders

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

Low-Income Housing Credit (*)

The Tax Reform Act of 1986 introduced new credits for owners of residential rental property providing low-income housing. These credits replaced existing tax incentives for low-income housing such as preferential depreciation, five-year amortization of rehabilitation expenditures and special treatment of construction period interest and taxes.

The Tax Reform Act of 1986 provided a credit of 70 percent of the qualified basis of each new low-income building placed in service after 1986 (30 percent in the case of certain federally subsidized new buildings or certain existing buildings purchased and placed in service). This credit could be taken over a 10-year period so that the present value of the 10 annual credit amounts as of the last day of the first year of the credit period equaled 70 percent (or 30 percent) of the qualified basis.

The maximum annual credit percentage for new buildings placed in service during 1987 was 9 percent for each of the 10 years in the credit period (4 percent for federally subsidized new buildings, and existing buildings). For buildings placed in service after 1987 the credit percentage was determined by the Internal Revenue Service.

The low-income housing credit could only be claimed for residential rental projects that meet the requirements of one of the following tests:

(1) 20-50 Test: 20 percent or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 50 percent or less of the area median gross income, or

(2) 40-60 Test: 40 percent or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 60 percent or less of the area median gross income.

A unit was rent restricted if the gross rent did not exceed 30 percent of the income limitation in (1) or (2) above for individuals occupying the unit. A corporation could elect to classify a project under either one of the above criteria. Once made, the election was irrevocable.

The low-income housing credit was claimed as one of the components of the general business credit. For a discussion of the income tax limitations and carryback and carryforward provisions of the credit, see General Business Credit, in this section.

The low-income housing credit is included (as a component) in the general business credit shown in the tables. The components of the general business credit are shown separately in Table 14.

Members of Controlled Groups (*)

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

These provisions also effectively covered the filing prerequisites for most consolidated returns since the stock ownership requirement used to define an affiliated group eligible to file a consolidated return was similar to the controlled group ownership requirements. In computing income tax, Code sections 1561 and 1563 limited the taxable income brackets to a maximum amount in such brackets, whether or not the group was included in a consolidated return. (See Consolidated Returns.)

The controlled group provisions applied when (1) a common parent corporation had 80 percent or more control of one or more chains of subsidiaries (parent-subsidiary group), or (2) five or fewer persons (individuals, estates, or trusts), individually or in combination, had 80 percent or more control of each of two or more corporations, but where the sum of each person's identical ownership in the group totaled more than 50 percent (brother-sister group). Identical ownership was considered to be the lowest common percent

ownership of an individual owner in each of the corporations comprising the group. Thus, if a company had ownership in each corporation in a given group and the smallest percent ownership was, for example, 5 percent of corporation A, that company's identical ownership in the entire group was considered to be 5 percent. Combination groups were possible when a person or persons controlled two or more corporations, one of which was the parent of one or more subsidiary corporations.

As of 1981, insurance companies were allowed, under Code section 1504(c) to be included in a controlled group with noninsurance companies, as long as the noninsurance companies had been members of the affiliated group for 5 taxable years (see Consolidated Returns). Prior to 1981, two or more related life insurance companies were required to be treated as a controlled group separate from any other corporation to which they were related.

Minimum Tax Credit (*)

See: Prior Year Minimum Tax Credit: "

Mortgage and Real Estate Loans

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

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

Mortgages, Notes, and Bonds Payable

These liabilities were separated on the balance sheet according to the length of time to maturity of the obligations payable in less than one year or payable in more than one year. The length of time to maturity was based on the date of the balance sheet rather than on the date of issue of the obligations.

Accordingly, long-term obligations, maturing within

the coming year were included together with shortterm obligations in the statistics for mortgages, notes, and bonds payable in less than one year.

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

Net Capital Gains (*)

Net capital gains represented the excess of gains over losses from the sales or exchanges of capital assets subject to the limitations described below. The long-term capital gain holding period was more than 6 months for assets acquired after June 22, 1984 and before January 1, 1988. For assets purchased after January 1988, any recognized capital gain or loss qualified for long-term treatment if the assets were held for one year or less, the gain or loss was treated as short term. This was the same holding period that had applied to assets acquired before June 23, 1984.

Net short-term gains (reduced by net long-term losses) and net long-term gains (reduced by net short-term losses) were generally taxed as ordinary income after July 1987. Certain capital gains for some corporations, however, were subject to a flat 34 percent tax rate.

Excess net losses could be carried back as shortterm losses to be applied against the net capital gains of the 3 preceding years; any losses remaining after carryback were carried over the 5 succeeding years. Use of the carryback for excess net losses was limited; it was not allowed to increase or cause a deductible net operating loss for prior years and was not allowed for foreign expropriation capital losses (although a special carryover period of 10 years for such losses was allowed instead) or for capital losses of S corporations. A net capital loss for a Regulated Investment Company could be carried forward 8 years instead of 5 years. If the unused capital loss carryover was not eliminated within the prescribed span of years, it could not be taken. Regardless of origin, all carrybacks and carryovers were treated as short-term capital losses for carryback and carryover purposes.

In general, capital assets for tax purposes meant property regarded or treated as an investment, such as stocks and bonds. Code section 1221 defined the

capital assets (or transactions) to which special treatment applied as all property held by the corporation except:

- (1) an inventorible asset:
- (2) property held for sale to customers in the ordinary course of business;
- (3) notes and accounts receivable acquired in the ordinary course of business;
- (4) certain publications of the United States Government:
- depreciable property used in the trade or business;
 real property used in the trade or business;
 and
- (6) certain copyrights, literary, musical, or artistic compositions or similar properties.

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

Under section 1231, capital gains provisions could have applied to a net gain from dispositions of or certain transactions involving specified types of business assets that were otherwise considered noncapital assets, based on Code section 1221. Gains and losses from the dispositions or transactions first had to be aggregated. If the overall result was a net gain, it was included in the computation of net long-term capital gain, but if the overall result was a net loss, it was included in the computation of ordinary income as a net loss from noncapital assets. Thus, a net gain under section 1231 could receive treatment as a long-term capital gain, while a net loss under section 1231 could receive treatment as an ordinary loss fully deductible against all types of income and not just against capital gain income.

The types of property (or transactions) to which Code section 1231 applied are described in the Net Gain (or Loss), Noncapital Asset Section.

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

resulted from involuntary conversions, not only of the property types or transactions otherwise covered by Code section 1231, but also of the capital assets defined in Code section 1221, if they were held for more than 6 months (or more than one year after January 1988). Gain or loss from involuntary conversions such as by condemnation were included in the regular consolidation of Code section 1231 gains and losses. However, a separate netting of gains and losses was required for involuntary conversions by theft, or from fire, storm, shipwreck or other casualty, whether insured or uninsured. If the result was a net loss, it was treated as a fully deductible loss (without regard to other Code section 1231 transactions) and was excluded from the capital gain statistics. If, on the other hand, the result was a net gain, then it was consolidated with other gains and losses under Code section 1231.

See the discussions of Net Gain (or Loss), Noncapital Assets and Other Deductions.

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

In general, noncapital assets related to property of a business nature. Special rules governing the computation of a net gain or loss from noncapital assets were provided under Code section 1231. Transactions treated under these special provisions included:

- (1) the sale or exchange of real or depreciable property used in a trade business;
- (2) the cutting or disposal of timber treated as a sale or exchange under Code section 631(a) and (b);
- (3) the disposal of coal or iron ore treated as a sale under Code section 631(c);
- (4) the sale or exchange of livestock (excluding poultry) used in a trade or business for draft, breeding, dairy, or sporting purposes; if held for at least 12 months (24 months for horses and cattle);
- (5) the sale or exchange of unharvested crops; and
- (6) the involuntary conversion of property or capital assets due to partial or total destruction, theft, seizure, requisition, or condemnation.

Transactions not treated under the section 1231 provisions included the sale or exchange of: (a) inventory or property ordinarily held for sale; (b) certain copyrights; (c) literary, musical, or artistic compositions; (d) letters or memorandums; (e) U.S. Government publications; or (f) other similar property.

Under section 1231, capital gains provisions could have applied to a net gain from dispositions of or certain transactions involving specified types of business assets that were otherwise considered noncapital assets, based on Code section 1221. Gains and losses from the dispositions or transactions first had to be aggregated. If the overall result was a net gain, it was included in the computation of net long-term capital gain, but if the overall result was a net loss, it was included in the computation of ordinary income as a net loss from noncapital assets.

For a long-term capital gain or loss, the required holding period of the asset was more than one year for assets acquired before June 23, 1984 and after December 31, 1987. The long-term holding period was more than six months for assets acquired after June 22, 1984 and before January 1, 1988.

Gains and losses resulting from involuntary conversions, due mostly to casualty and theft, received special treatment. Such losses were to be included in the computation of net gain or loss, noncapital assets. However, some corporations reported them in Other Deductions, in which case, the losses were included in the statistics for Other Deductions. No attempt was made to recompute the net gain or loss from noncapital assets for such returns.

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

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

Code sections 1245 and 1250:

The depreciable or amortizable property to which Code section 1245 applied was: (1) personal property other than livestock, whether tangible (such as machinery and equipment) or intangible (such as patents and

copyrights); and (2) other tangible property including certain realty other than buildings and their structural components, if it were an integral part of specified business activities, or which constituted research or storage facilities used in connection with such activities. The business activities qualifying were manufacturing, production, extraction, or the providing of transportation, communications, electrical energy, gas, water, or sewage disposal services.

The depreciable property to which Code section 1250 applied was depreciable real property not subject to recapture rules under section 1245. In general, this property consisted of buildings and their structural components, in the case of tangible property; or leaseholds of land, in the case of intangible property. Section 1250 generally applied when depreciation was computed using an accelerated method of computation.

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

Code section 1252:

Under Code section 1252, net gain or loss from noncapital assets included ordinary gains from the sale or other disposition of certain types of farm lands which would otherwise have been eligible for long-term capital gain treatment under section 1231. Dispositions already regarded as ordinary gain or loss using section 1250 rules were excluded.

This recapture was based on a declining annual percentage of total deductions for expenditures. The percentage was reduced to zero when land was held for 10 years or more, at which time the additional recapture did not apply.

Code section 1254:

Code section 1254 required that a gain from the disposition of oil, gas, or geothermal property placed in service before January 1, 1987 be treated as ordinary income. When the disposition of such property resulted in a gain, the intangible drilling costs, depletion, mine exploration and development costs were to be recaptured under Code sections 263, 616, and 617.

Net Income (or Deficit) (*)

This was the difference between gross receipts and the ordinary and necessary business deductions allowed by the Code, and reflected not only actual receipts but constructive receipts as well (i.e., certain income from Controlled Foreign Corporations and foreign dividend gross-up). Interest from State and local government obligations was excluded from this item.

Net income was generally larger than the amounts shown in the statistics for Income Subject to Tax. Certain statutory special deductions, including the net operating loss deduction, were allowed to most corporations for computing their taxable income. Income subject to tax generally represented net income reduced by the statutory special deductions. These statutory special deductions, however, were not allowed to reduce certain taxable income of S corporations, life insurance companies, regulated investment companies, and real estate investment trusts.

Also, included in the net income was ordinary income form the normal trade or business activities of S corporations. Although the income was taxable to the shareholders, it was used for the statistics as a measure of corporate business activity for these companies. For tax purposes, net income for S corporations excluded passive income such as rents and other portfolio investments. (This income was also taxable to the shareholders.) Certain long-term capital gains, however, were taxable to S corporations before, the gains were passed through to the shareholders. These gains were excluded from net income. When the capital gains were taxable to the S corporation, the gains were included in the statistics for net long-term capital gain reduced by net short-term capital loss presented in Tables 2, 3, and 9. The net long-term capital gain did not include the net recognized built-in gains of S corporations which were formerly C corporations.

The statistics for net income (or deficit) also included the "effectively connected income" of foreign corporations operating in the United States. Generally, income was considered effectively connected if the foreign corporation conducted a trade or business in the United States and the income was attributable to that businness.

For non-life insurance companies subject to tax

under Code section 831, the net income (or dericit) in this report was the sum of investment income, the statutory underwriting income, and certain other statutory receipts unique to these companies reduced by the ordinary business deductions and certain other statutory deductions.

Some small non-life insurance companies could elect to compute income tax on their taxable investment income only. Under the election, they were not required to report underwriting income. To make the election the company's net or direct written premiums were required to be over \$350,000 but not over \$1,200,000. Therefore, the statistics for net income included only net investment income for those companies.

In the statistics, the net income (or deficit) for life insurance companies, consisted of the gain or loss from operations adjusted by adding back the special deductions for dividends received and for operating losses incurred. Gain or loss from operations included both underwriting and investment income, reduced by ordinary business deductions, additions to required reserves, certain other statutory deductions unique to these companies, and deductions for dividends received and operating losses incurred.

Provisions under Code section 1504(c) allowed corporations to elect to include their domestic insurance companies in a consolidated tax return. There could be three separate components of this type of consolidated return: (a) non-insurance companies; (b) life insurance companies.

For companies which elected to file a consolidated return under Code section 1504(c), net income in the statistics represented the aggregate for the separate components of the consolidation. However, specific limitations were imposed on the use of nonlife business activity losses as an offset to life insurance gains for the purpose of computing income subject to tax and income tax. The income tax was based on the consolidated amount of income subject to tax. As a result, a consolidated return under Code section 1504(c) with a net deficit could report income subject to tax.

Net Long-Term Capital Gain Reduced by Net Short-Term Capital Loss

See Net Capital Gains in this section

Net Operating Loss Deduction (*)

See: Statutory Special Deductions.

Net Short-Term Capital Gain Reduced by Net Long-Term Capital Loss

See Net Capital Gains in this section.

Net Worth

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

- (1) capital stock;
- (2) paid-in or capital surplus;
- (3) retained earnings, appropriated;
- (4) retained earnings, unappropriated;
- (5) less the cost of treasury stock.

Four additional items were included in net worth for corporations filing Form 1120S:

- (1) accumulated adjustments account;
- (2) other adjustments account;
- (3) other retained earnings, 1120S; and
- (4) shareholders' undistributed taxable income.

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

Noncalendar Year Returns

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

Nonconventional Source Fuel Credit

This credit was allowed for the sale of qualified fuels produced from a nonconventional source. Prior to 1980, no income tax credit was available for the production and sale of fuel derived from energy sources other than oil and conventional sources of natural gas. Congress encouraged the use of fuels derived from other energy sources by providing a tax incentive for their production and sale. Because these alternative fuels frequently competed with oil and gas, production incentives were linked to the uncontrolled price of

domestic oil and were to be phased out when efficiently produced alternative fuels could compete effectively with oil.

In general, the amount of credit was equal to \$3 for each quantity of fuel that would yield energy equal to that of a barrel of oil, the so-called barrel-of-oil equivalent which was approximately 5.8 million British Thermal Units (BTU's). The Crude Oil Windfall Profit Tax Act of 1980 provided a tax credit for the domestic production and sale of qualified fuels to unrelated persons. Such fuels generally had to be produced and sold after December 31, 1979, and before January 1, 2001, from facilities placed in service after December 31, 1979, and before January 1, 1990, or from wells drilled after December 31, 1979, and before January 1, 1990, on properties which began production after December 31, 1979. Only production within the U.S. or a U.S. possession was taken into account.

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

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

The tax credit was to be phased out proportionately as the annual average wellhead price for a barrel of uncontrolled domestic oil (the reference price) rose, adjusted for inflation. The reference price was estimated by the Secretary of the Treasury and published, together with the inflation adjustment factor, by April of the year following that for which the credit was to be computed. The inflation adjustment factor was the gross national product (GNP) implicit price deflator for the calendar year expressed as a percent of the GNP implicit price deflator for 1979.

Notes and Accounts Receivable

In general, notes and accounts receivable were the gross amounts arising from business sales or services to customers on credit during the ordinary course of trade or business. These current assets would normally be converted to cash within 1 year. This category

included certificates of deposit, commercial paper, charge accounts, current intercompany receivables, property improvement loans, and trade acceptances. Current nontrade receivables were generally included in Other Current Assets.

Certain savings and loan associations reported loans and mortgages as notes and accounts receivable. When identified, such mortgage loans were included in the statistics for Mortgage and Real Estate Loans, rather than Notes and Accounts Receivable.

The gross amount of the receivables and the corresponding adjustment account, Allowance for Bad Debts, were reported on the balance sheets of most corporation income tax forms. For an explanation of the adjustment account, see: Allowance for Bad Debts. Some corporations, however, reported only the net amount of the accounts receivable.

In the case of life insurance companies, balance sheet data were extracted from the annual statement attached to the income tax return, Form 1120L. Form requirements of the annual statement were prescribed under State law. Consequently, data reported on the annual statement were not always comparable to that reported on the balance sheet of the income tax returns of noninsurance companies. For example, only the net amount of the accounts receivable was reported on the annual statement for life insurance companies.

For mutual property and casualty insurance companies, balance sheet data were extracted from the income tax return, Form 1120-PC, rather than the annual statement, beginning with 1987. The balance sheet on the Form 1120-PC provided for reporting both the gross receivables and the allowance for bad debts. Prior to 1987, these companies filed income tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data for the statistics were extracted from the annual statements attached to the returns. Only the net amount of the accounts receivable was reported on the annual statements. Therefore, the tax form change, from Form 1120M to Form 1120-PC, affected the comparability of the balance sheet data, before and after 1987, for mutual property and casualty insurance companies.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987 these companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A. Balance sheet data for the statistics were not extracted from an

annual statement. Therefore, the change in tax forms did not affect the comparability of balance sheet data for nonlife stock insurance companies.

Notes and Accounts Receivable, Net were presented in the statistics for tables 6 and 7. The amount shown was after the reduction for the allowance for bad debts.

Number of Returns

Returns of inactive corporations were excluded from the statistics. (See Returns of Inactive Corporations.) For most tables, the total number of returns represented all active corporations which filed the various types of Form 1120 tax returns sampled for the corporate program. For some tables, the number of returns was limited to corporations which filed specific types of Form 1120. Those included Form 1120-A, Form 1120S, and Form 1120F. The number of returns was limited for other tables by excluding specific types of Form 1120. Those tables were limited to Forms 1120, other than Forms 1120S, 1120-REIT, and 1120-RIC. One table was limited to the number of consolidated returns of active corporations. The number of returns with net income was also provided in some tables, while other tables were limited to returns with net income. The number of returns with income tax was provided in one table.

See also: Consolidated Returns and Returns of Active Corporations.

Orphan Drug Credit

Orphan drug credit was a credit against tax for an amount equal to 50 percent of the qualified clinical testing expenses of certain drugs for rare disease or conditions. In order to claim the credit, the expenses must have been for a drug that was designated as an orphan drug under Section 526 of the Federal Food, Drug and Cosmetic Act. Form 6765 is used for claiming the orphan drug credit. The income tax against which the credit was applied was the remaining U.S. income tax after reductions by the credits for taxes paid to foreign countries and possessions.

Other Adjustments Account

The other adjustments account was maintained only by S corporations that had accumulated earnings and profits at year end. The account was adjusted for tax-exempt income and nondeductible expenses of the

corporation. After these adjustments the account was reduced for distributions made during the tax year.

Other Assets

In general, other assets were comprised of noncurrent assets which were not allocable to a specific account on the balance sheet, and certain assets not identified as current or noncurrent. Both tangible and intangible assets were included in this category. Also included were assets such as: deposits on contracts, interest discounts, and guaranty deposits, when reported as noncurrent assets. Other assets of life insurance companies included the market value of real estate and that portion of stock and bond holdings in excess of book value.

When identified on the tax return, assets held for investment were not included in Other Assets.

Other Capital Assets Less Reserves

This item, shown in Tables 6 and 7, consisted of depletable assets less accumulated depletion, land and intangible assets less accumulated amortization. Each is described separately under its own heading in this section.

Other Credit and Payments (*)

This amount, shown in Table 8, was the sum of overpaid windfall profits tax, credit for tax paid by regulated investment companies and credit for Federal tax on fuels. Each is explained under its own heading in this section.

Other Current Assets (*)

Other current assets included assets not allocable to a specific current account listed on the balance sheet of the tax form and assets reported as short-term, but without identification of a specific current account.

Marketable securities, prepaid expenses (unless reported as long-term), nontrade receivables, coupons and dividends receivable, and similar items were included in this asset account. Also included were amounts in excess of billings for contract work in progress reported as current by construction corporations.

When reported by certain nonconsolidated financial companies, inventories were included in the statistics

for other current assets, rather than for inventories. Those nonconsolidated financial companies included banks, credit agencies, insurance companies, insurance agents, brokers, real estate operators, lessors, condominium management and cooperative housing associations. Inventories were included in other current assets if reported by bank holding companies, whether a "pure" consolidated or nonconsolidated; however, if consolidated with nonfinancial subsidiaries, then inventories were not moved to Other Current Assets.

Other Current Liabilities (*)

Other current liabilities included certain amounts due and payable within the coming year. The account was comprised of accrued expenses, as well as current payables not arising from the purchase of goods and services. Examples of other current liabilities were taxes accrued or payable, accrued employee accounts such as for payrolls and contributions to benefit plans, dividends payable, overdrafts, accrued interest or rent, and deposits and withdrawable shares of banking and savings institutions, if not reported as long-term by the corporation. For construction corporations, amounts for uncompleted contracts or jobs in progress were included in this item, if reported as current.

Balance sheet data for mutual property and casualty insurance companies were extracted from the income tax return, Form 1120-PC, rather than the annual statement, beginning with Tax Year 1987. Prior to that year, these companies filed tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data were then extracted from the annual statement attached to the returns.

The comparability of balance sheet data could have been affected by differences in reporting on the income tax return Form 1120-PC, beginning with 1987, and on the annual statement for years prior to 1987. Mutual property and casualty insurance companies frequently included Losses in Other Liabilities on the income tax return. Whereas in prior years, Losses were reported on the annual statement and included in Other Current Liabilities during statistical processing. Thus, Other Current Liabilities may be understated while Other Liabilities may be overstated, compared to the pre-1987 data, obtained from the annual statement.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987 these

companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A, rather than an annual statement. Therefore, the comparability of balance sheet data, before and after 1987, was not generally affected by the tax return filed by nonlife stock insurance companies.

Other Deductions (*)

Other deductions comprised: (1) business expenses which were not allocable to a specific deduction item on the tax return, or which were not included elsewhere on the tax return, and (2) certain amounts which were given special treatment in the course of statistical processing, and (3) the amount for salaries and wages reported on the tax return.

The first category included such items as administrative, general, and selling expenses; bonuses and commissions (unless reported as cost of goods or salaries and wages); delivery, freight, and shipping expenses; sales discounts; travel and entertainment expenses; utility expenses not reported as part of the cost of goods sold; and similar items. Certain dividends may be deducted from an employee stock ownership plan under section 404(k). For meal and entertainment only 80 percent is deductible, with a few exceptions. The second category included amortization of intangible drilling costs, unrealized profit on current-year installment sales, direct pensions (paid by a company to an individual but not to pension plans), employee welfare (but not payments to welfare or benefit plans), moving expenses (for employees), partnership net losses, and patronage dividends paid. Also included were itemized business deductions and other deductions unique to life and property and casualty insurance companies.

For corporations filing a Form 1120-A, advertising, depletion, and deductions for pension, profit-sharing and employee benefit plans were moved to the appropriate item.

The statistics for other deductions may include losses resulting from involuntary conversions by theft, or from fire, storm, shipwreck, or other casualty, if these losses were reported in the taxpayer's own schedule for other deductions. For the statistics, no attempt was made to transfer the data to the ordinary gains or losses computation.

Also included are any adjustment items reported by corporations and listed in other deductions. The statistics for Other Deductions excluded amounts for

amortization reported on the Form 4562, Depreciation and Amortization, and included net foreign currency loss for Regulated Investment Companies.

Losses from involuntary conversions which were reported as ordinar, losses on Form 4797, Supplemental Schedule of Gains and Losses, were included in the statistics for Net Gain (or Loss), Noncapital Assets. See also the discussion under Net Capital Gains in this section.

Other Investments

This category generally included long-term non-Government investments and certain investments for which no distinction could be made as to their current or long-term nature. Non-Government investments were generally not held for conversion to another form of investment within the current year. Examples of non-government investments included stocks, bonds, loans to subsidiaries, treasury stocks reported as assets, and other types of financial securities.

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

When inventories were reported by companies within certain financial industries, the amounts were included in the statistics for Other Investments. For commodity brokers, dealers, and exchanges and other holding and investment companies (except bank holding companies), inventories were included in Other Investments for those companies which were nonconsolidated or consolidated with only financial subsidiaries. Inventories were included in Other Investments when reported by security brokers and dealers, whether consolidated or nonconsolidated.

The statistics may be somewhat overstated by amounts reported for treasury stock. When treasury stock held for resale or for future distribution was reported as an asset, rather than a liability, the treasury stock was included in the statistics for Other Investments.

Balance sheet data for mutual property and casualty insurance companies were extracted from the income tax return, Form 1120-PC, rather than the annual

statement, beginning with Tax Year 1987. Prior to 1987, these companies filed tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data were then extracted from the annual statement attached to the returns.

Some mutual property and casualty insurance companies included Investments in Government Obligations with Other Investments on the income tax return, Form 1120-PC. When identified, the amounts were included in the statistics for Investments in Government Obligations and excluded from Other Investments.

The comparability of balance sheet data could have been affected by differences in reporting on the annual statement for years prior to 1987 and on the income tax return Form 1120-PC, beginning with 1987. Comparison of data reported on the annual statement to that reported on the Form 1120-PC indicated that Investments in Government Obligations was often more clearly identified on the annual statement than on the income tax return. Thus, the statistics could be overstated for Other Investments and understated for Investments in Government Obligations, to the extent that Investments in Government Obligations may not have been identified on the tax return.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987 these companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A, rather than an annual statement. Therefore, the comparability of balance sheet data, before and after 1987, was not generally affected by the tax return filed by nonlife stock insurance companies.

Other Investments and Loans

This item, shown in Tables 6 and 7, was the sum of loans to stockholders, mortgage and real estate loans, and other investments. Each was described separately under its own heading in this section.

Other Liabilities

Other liabilities were obligations which were not allocable to a specific account on the balance sheet and which were either noncurrent accounts, in general not due within 1 year, or accounts which could not be identified as either current or long-term. The excess of reserves for amortization, depreciation, and depletion over the respective asset accounts were included in this balance sheet account.

Examples of other liabilities were deferred or unearned income not reported as part of a current account, provisions for future taxes based on the effects of either accelerated depreciation or possible income tax adjustments such as for the investment credit, and principal amounts of employee and similar funds. Accounts and notes payable, borrowed securities, commissions, intercompany accounts, loans, overdrafts, and unearned income are also included.

Balance sheet data for mutual property and casualty insurance companies were extracted from the income tax return, Form 1120-PC, rather than the annual statement, beginning with Tax Year 1987. Prior to that year, these companies filed tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data were then extracted from the annual statement attached to the returns.

The comparability of balance sheet data could have been affected by differences in reporting on the income tax return Form 1120-PC, beginning with 1987, and on the annual statement for years prior to 1987. Mutual property and casualty insurance companies frequently included Losses in Other Liabilities on the income tax return. Whereas in prior years, Losses were reported on the annual statement and included in Other Current Liabilities during statistical processing. Thus, Other Liabilities may be overstated while Other Current Liabilities may be understated, compared to the pre-1987 data, obtained from the annual statement.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987 these companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A, rather than an annual statement. Therefore, the comparability of balance sheet data, before and after 1987, was not generally affected by the tax return filed by nonlife stock insurance companies.

Other Receipts (*)

Other receipts included amounts not elsewhere reported on the return form, such as: profits from sales of commodities other than the principal commodity in which the corporation dealt; income from minor operations; cash discounts; income from claims, license rights, judgments, and joint ventures; net amount earned under operating agreements; profit from commissaries; profit on prior-years' collections (installment basis); profit on the purchase of a corporation's own bonds; recoveries of losses and bad debts previously

claimed for tax purposes; refunds for the cancellation of contracts; and income from sales of scrap, salvage, or waste.

Also regarded as other receipts were certain dividends received, such as from Federal Reserve and Federal Home Loan Banks, and from the following special classes of corporations: corporations deriving a large percent of their gross income from sources within a U.S. possession; and tax-exempt charitable, educational, religious, scientific and literary organizations, and mutual and cooperative societies including farmers' cooperatives. Payments with respect to security loans and net foreign currency gains for regulated investment companies.

See also, Business Receipts.

Other Retained Earnings, 1120S

Other retained earnings, 1120S, include the appropriated and unappropriated retained earnings accumulated in prior years when the S Corporation was a C corporation or a small business corporation prior to 1983. Generally, the S Corporation would have a balance in Retained Earnings, 1120S only if it had ending balances in appropriated or unappropriated retained earnings prior to the current tax year.

Overpaid Windfall Profits Tax (*)

A corporation which overpaid its windfall profit tax could claim a credit for the overpayment on its income tax return. Although the producer of oil was liable for the tax, the first purchaser of the oil generally withheld the tax and deposited it. The producer could claim any overwithholding as a credit against its income tax.

The windfall profit tax was a federal excise tax on the windfall profit from domestically produced crude oil. For newly discovered oil, the tax rate decreased from 22.5 percent in 1987 to 20 percent in 1988, to 15 percent in 1989 and thereafter.

The windfall profit tax was repealed by the Omnibus Trade and Competitiveness Act of 1988, for crude oil removed on or after August 23, 1988. Rules for phasing out the tax were provided under Chapter 45 of the I.R. Code.

Overpayments Claimed as a Credit (*)

This was overpayments of income tax for 1988 that

were not refunded. Instead of requesting refunds, certain corporations specifically requested that the tax overpayments be credited towards their 1989 estimated tax. The credit was reflected in the estimated tax payments shown in Table 8.

Paid-In or Capital Surplus

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

Part-Year Returns

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

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

These statistics were derived from the income tax returns, rather than from the application for extension of time to file, Form 7004. The automatic extension of time to file a corporate tax return was 6 months.

A request for an extension of time to file the return did not postpone the payment of tax. When an extension was filed on Form 7004, the full amount of tax liability was due.

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

Pension, Profit Sharing, Stock Bonus, and Annuity Plans (*)

Employers who maintained a pension, profit-sharing or other funded deferred compensation plan were required to file a Form 5500, 5500-C, 5500-R, or 5500-EZ depending on the number of participants. Contributions made by employers to these plans were

deductible under Code section 404. Excess contributions could be carried over to succeeding years.

Amounts labeled "pension" identified else-where on the return were left where reported. Companies other than mining companies that reported an amount for a combination of welfare/retirement plans, the combined amount was included in the statistics for contributions to pension and profit-sharing plans. Amounts found in Other Deductions for an 1120-A return identified, as pension and profit-sharing, stock bonus, and annuity plans, were included in these statistics.

This item was not reported for Regulated Investment Companies and Real Estate Investment Trusts.

Pension and profit-sharing identified as part of the cost of sales and operations, or capitalized under Section 263A, was excluded from cost of sales and included in the statistics as pension, profit-sharing, stock bonus, and annuity plans.

Personal Holding Company Tax

In addition to the regular income tax and the alternative minimum tax, corporations classified as personal holding companies could be liable for a tax equal to 28 percent of their undistributed personal holding company income. A corporation was treated as a personal holding company under Section 542 if at least 60 percent of its adjusted ordinary gross income for the tax year was personal holding company income and, at any time during the last half of the tax year, more than 50 percent of the value of its outstanding stock was owned directly or indirectly by not more than five individuals.

The tax was imposed on the personal holding company's undistributed income after certain adjustments less the dividends paid deduction. Since most personal holding companies distributed all of their personal holding company income, only a small number were actually liable for the tax.

The tax was included in the statistics for industries other than Holding and Other Investment Companies, because a personal holding company could be a subsidiary included in a consolidated return classified in another industry. The following corporations were exempt from personal holding company tax: corporations exempt from income tax, banks, domestic building and loan associations, life insurance and security companies, certain lending and finance companies,

foreign personal holding companies, and certain small business investment companies.

The statistics could be slightly understated because the personal holding company tax was not always reported separately from the regular income tax.

Prior Year Minimum Tax Credit

Beginning in 1988, corporations could reduce their regular income tax liability with the prior year minimum tax credit, if an alternative minimum tax had been paid for any year after 1986. The credit was designed to prevent double taxation of the same income. The dual tax could result from the imposition of tax on the same income under the alternative and regular tax systems. Under the alternative tax system, a corporation could be required to pay a portion of tax that would otherwise be deferred under the regular system. The minimum tax credit could act as a mechanism to coordinate the two tax systems.

The credit was allowed for a portion of the alternative minimum tax from a prior year. The prior year alternative minimum tax was recomputed to disregard three tax preference items: percentage depletion, charitable contributions of appreciated property, and tax exempt interest on bonds. The credit was limited to the excess of regular tax after credits over the current year tentative minimum tax. Any unused portion of the prior year minimum tax credit could be carried forward indefinitely to reduce the regular tax. The credit was not designed to reduce any minimum tax liability. There were no carryback provisions for this tax credit.

See also, Alternative Minimum Tax.

Real Estate Investment Trust (*)

Certain corporations, trusts, or associations elected to be taxed as a real estate investment trust (REIT). To qualify as a real estate investment trust, the trust had to meet certain ownership, purpose, income and diversification requirements. A beneficial ownership of the trust had to be established through transferable shares or transferable certificates of beneficial interest. Although the beneficial ownership had to be held by 100 or more persons, this rule did not apply for the first tax year of the trust. The trust could not be closely held i.e, five or fewer persons could not hold ownership of more than 50 percent of the trust. This rule did not apply for the first tax year of the trust.

To qualify as a real estate investment trust for any tax year, the trust also had to satisfy certain gross income and diversification of investment requirements. These requirements were established through limitations on income. The limitations were imposed on the components of income and percentages of total gross income from certain components. For the purpose of computing the limitations, certain prohibited income was excluded from the total gross income.

At least 95 percent of the total gross income of a real estate investment trust was required to be from: (a) dividends, (b) interest, (c) rents from real property, (d) gain from the sale of stock, securities, and real property, (e) abatements and refunds of taxes on real property, (f) income and gain from foreclosure property, (g) gain from the sale of a real estate asset which was not a prohibited asset, and (h) amounts received or accrued as consideration for entering into agreements:

- (1) to make loans secured by mortgages (on real property or on interest in real property); or
- (2) to purchase or lease real property (including interest in real property and interest in mortgages on real property).

At least 75 percent of the total gross income of a real estate investment trust had to be derived from (a) rents from real property, (b) interest on obligations secured by mortgages on real property (or on interests in real property),(c) gain from the sale of real property (included interests in real property and interest in mortgages on real property) which was not prohibited property or property held primarily for sale to customers in the ordinary course of business, (d) dividends and gain from the sale of transferable shares (or transferable certificates of beneficial interest) in other qualified real estate investment trusts (e) abatements and refunds of taxes on real property, (f) income and gain from foreclosure property, (g) gain from the sale of a real estate asset which was not a prohibited sale, and (h) amounts received or accrued as consideration for entering into agreements concerning real property.

Less than 30 percent of the total gross income of a real estate investment trust could be derived from the sale or other disposition of: (a) stock or securities held for less than one year (b) property in a transaction which was a prohibited transaction, and (c) real property (including interests in real property and interests in mortgages on real property) held for less than four

years other than:

- (1) property converted involuntarily or in compliance with tax laws and
- (2) property which was foreclosure property.

At the close of each quarter of a taxable year, a real estate investment trust also had to satisfy certain asset requirements. At least 75 percent of its total assets were to consist of real estate assets, cash and cash items (including receivables), and Government securities. No more than 25 percent of its total assets could consist of securities other than Government securities. Limitations were further imposed on the amount of securities that could be issued to the trust by any one issuer. For a single issuer, the value of securities was limited to 5 percent of the total assets of the trust and to 10 percent of the outstanding voting securities of the issuer.

Financial institutions, such as mutual savings banks, cooperative banks, domestic building and loan associations, savings and loans associations and insurance companies to which subchapter L of the Code applies could not make this election. Foreign corporations were also excluded from this provision of U.S. tax law.

Recapture of Investment Credit

This tax was formerly described as Tax from Recomputing Prior-Year Investment Credit, in the statistics. The recapture tax was required when depreciable (or amortizable) property, used in computing the investment credit of a prior year, was either disposed of or ceased to be qualifying property before the end of its useful life assumed at the time the credit was originally computed.

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

For investment credit property placed in service after 1980, a 2-percent recapture rule applied. The regular credit was computed upon early disposition by allowing a 2 percent credit for each year the property was held. Therefore, no recapture was required for eligible 5 year, 10-year, or 15-year recovery property held for at least

5 years or for eligible 3-year property held for at least 3 years. If certain listed property such as transportation, entertainment, recreation or amusement property placed in service after June 18, 1984 ceased to be used predominantly for business, corporations would have to recapture the investment credit claimed for the property. Unless otherwise indicated, the recapture tax of investment credit was included in the statistics for Income Tax in this report.

See also, Investment Credit.

Recapture of Low-Income Housing Credit

The Tax Reform Act of 1986 introduced the low-income housing credit. The Tax Act made the credit available for owners of qualified residential rental property which provided low-income housing. A 15 year compliance period for maintaining certain requirements was imposed on the residential rental building. Since the low-income housing credit was first claimed for Tax Year 1987, the recapture became applicable for 1988.

A part of the low-income housing credit, claimed in a previous year, had to be recaptured in a current tax year throughout the compliance period when:

- an owner's qualified basis in the building decreased from the previous tax year, or
- (2) the building or an interest in the building was disposed of after the credit was taken in previous years, or
- (3) a building failed to meet the percentage requirements for the number of low-income units ("set aside" requirements).

The decrease in basis had to exceed any additions to the qualified basis in the property after the property was placed in service. The recapture rule was not required for disposition of a building, if the owner had posted a satisfactory bond.

The amount of the recapture was based on the accelerated portion of the low-income housing credit claimed in previous years. This amount was generally equivalent to one-third of the previously claimed credit. The decrease in qualified basis, expressed as a percent of the total qualified basis in the rental property, was applied to the accelerated portion of the credit. For cases involving the disposition of the building or failure to meet the percentage requirements for low-income units, the full amount of the accelerated portion of the

previously claimed credit was to be recaptured.

Interest was added to the recaptured accelerated portion of the credit to determine the final amount of the credit recapture. The interest was charged at the federally prescribed overpayment rate and determined quarterly. The interest could not be used as a business deduction against income.

No income tax credits could reduce the amount of the credit recapture. Any amount of unused low-income housing credit, carryforwards and carrybacks, were also to be decreased by the amount of the recapture. For 1988, no amount of recapture for the low-income housing credit was included in the computation of total income tax. Data on the reduction of any carryforward of unused credits was not available.

Refund of Estimated Tax Payments

A corporation which determined that it had overpaid its estimated tax could file for a quick refund or adjustment of the overpayment even before it filed its return. The estimated tax overpayment had to be at least \$500 and be at least 10 percent of the expected final income tax liability reported on the tax return. The application for refund had to be made within 2-1/2 months after the close of the taxable year and before the corporation had filed its income tax return.

Regular Tax

See Income Tax, in this section.

Regulated Investment Company (*)

A regulated investment company had to be a domestic corporation registered with the Securities and Exchange Commission. The company was registered as a management company, business development company, or a unit investment trust (defined under the Investment Act of 1940) or a common trust fund or similar fund (excluded from the definition of investment company under the 1940 Act) which was not exempt from taxation as a corporation under section 584 of the Internal Revenue Code.

A regulated investment company was required to derive at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities or

currencies. Less than 30 percent of the total gross income could be derived from the sale or other disposition of any of the following held for less than three months: stock or securities, options, futures, forward contracts, or foreign currencies not directly related to company's principal business.

Certain restrictions also applied to the deduction for dividends paid (excluding capital gain dividends) of a regulated investment company. This deduction had to equal or exceed the sum of: 90 percent of the company's taxable income (without regard to the dividend deduction) and 90 percent of its net income from tax exempt obligations.

Certain rules limiting diversified investments were also imposed on a regulated investment company. The company was required to meet those rules at the close of each quarter of its taxable year. At least 50 percent of its total assets had to be cash and cash items (including receivables), Government securities, securities of other regulated investment companies and other securities.

Limitations were further imposed on the amount of securities that could be issued to a regulated investment company by any one issuer. For a single issuer, the value of securities was limited to 5 percent of the total assets of the regulated investment company and to 10 percent of the outstanding voting securities of the issuer. Not more than 25 percent of the total assets of the regulated investment company could be invested in securities of any one issuer, or of two or more issuers (if controlled by the regulated investment company) engaged in the same or similar trades or businesses.

If a regulated investment company had more than one fund, each fund was treated as a separate corporation for income tax purposes.

Rent Paid on Business Property (*)

This deduction consisted of rents paid for the use of land or structures, and rents paid for leased roads, rolling stock, and work equipment for railroad companies. Some corporations reported taxes paid and other specific expenses with rents paid. When identified, those items were included in the statistics for the respective deductions and excluded from Rents Paid.

Rent identified as part of the cost of sales and operations, or capitalized under Section 263A, was excluded

from cost of sales and included in the statistics as rent paid on business property.

Rents (*)

These were the gross amounts received for the use or occupancy of property. Expenses related to rental property, such as depreciation, repairs, interest paid, and taxes paid, were not deducted directly from the rental income, but were reported as business deductions from total receipts. Corporations engaged in manufacturing, public utilities, wholesale and retail trade, and services frequently leased rather than sold their products. The rental income of those companies was included in the statistics for Business Receipts, rather than in Rents. For real estate operators and condominium management and cooperative housing associations, rental income was included in Business Receipts rather than in Rents, if the expense schedule indicated that the owner operated the building rather than leased it. Rent received by hotels, motels and other lodging places was also included in Business receipts.

No rent is reported for Regulated Investment Companies or S corporations.

Repairs

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

Research Activities Credit (*)

The Tax Reform Act of 1986 made several major changes to the research credit and the 1988 Tax Act extended the credit for qualified expenses incurred through 1989.

The research credit was the sum of: 1) 20 percent of the excess of qualified research expenses for the current year over the average research expenses in the base period (the three immediately preceding tax years), and 2) 20 percent of the university basic research payments. The base period research expenses could never comprise less than half of the qualified research expenses for the current tax year. In the case

of a short taxable year, research expenditures were annualized.

Starting in 1986, research was limited to research undertaken to discover information, technological in nature and useful in the development of a new or improved business component. The research had to be conducted within the United States and could not involve the social sciences or humanities. Research funded by another person, by a grant, or by a government agency was ineligible for the credit.

The research activities credit (but not the orphan drug credit) was claimed as one of the components of the general business credit. For a discussion of the income tax limitations and carryback and carryforward provisions of the credit, see: General Business Credit.

The research activities credit was included (as a component) in the general business credit shown in the tables. The components of the general business credit were shown separately in Table 14.

Retained Earnings, Appropriated....

Earnings set aside for specific purposes and not available for distribution to stockholders were included under this heading. Included were guaranty funds (for certain finance companies), reserves for plant expansion, bond retirements, contingencies for extraordinary losses and general loss reserves. Also included were the total amount of all the companies reserves not defined as valuation reserves or reserves included in other liabilities. Specifically excluded were the reserves for bad debts, depreciation, depletion, and amortization, which are shown separately in this report. Unrealized appreciation was included in retained earnings unappropriated. Unrealized profits were included in other liabilities. Unearned income, if not current, was also included in other liabilities. Any amount of retained earnings not identified as appropriated or unappropriated was considered unappropriated for purposes of these statistics.

Retained Earnings, Unappropriated

Retained earnings, unappropriated, consisted of the retained earnings and profits of the corporation less any reserves (these reserves are shown in the statistics as Retained Earnings, Appropriated). Dividends and distributions to stockholders were paid from this account. These accumulated earnings included income

from normal and discontinued operations, extraordinary gains or losses and prior period adjustments. Also included were undistributed or undivided earnings (income or profits), and earned surplus. For railroads, these earnings included additions to property and funded debt retired through income and surplus. Net amounts, after reduction for negative amounts reported, were presented in the statistics.

Retained Earnings, 1120S

See Other Retained Earnings, 1120S, in this section.

Returns of Active Corporations

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

Returns of Inactive Corporations

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

Returns With Net Income

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

Returns Without Net Income

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

Royalties (*)

Royalties were gross payments received, generally on an agreed percentage basis, for the use of property

rights before taking deductions for depletion, taxes, etc. Included were amounts received from such properties as copyrights, patents, and trademarks; and from natural resources such as timber, mineral mines, and oil wells. Expenses relating to royalties, depletion or taxes, were not deducted directly from this income, but were reported among the various business deductions from total gross income. No royalties are included in the statistics for Regulated Investment Companies, Real Estate Investment Trusts and S corporations.

Excluded from the statistics were certain royalties received under a lease agreement on timber, coal deposits, and domestic iron ore deposits, which were allowed special tax treatment. Under elective provisions of Code section 631, the net gain or loss on such royalties was included in the computation of net gain or loss on sales or exchanges of certain business property under section 1231. If the overall result of this computation was a net gain, it was treated as a long-term capital gain. If the overall result was a net loss, it was fully deductible in the current year as an ordinary noncapital loss.

See the discussions of Net Capital Gains and Net Gain (or Loss), Noncapital Assets.

S Corporation Returns (*)

Form 1120S, U.S. Income Tax Return for an S Corporation, was filed by corporations electing to be taxed through their shareholders under Code section 1362.

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

- (1) have more than 35 shareholders;
- (2) have as a shareholder a person (other than an estate or trust) who was not an individual;
- (3) have a nonresident alien as a shareholder;
- (4) have more than one class of stock;

An S corporation also could not be a financial institution that was a bank, including certain mutual savings banks, cooperative banks, and domestic building and loan associations, or an insurance company (other than certain stock casualty companies). A corporation electing a possessions tax credit could not also elect to be an S corporation. A FSC or an IC-DISC or former DISC was also excluded from making an election to be treated as an S corporation.

An election could be terminated, when among other reasons, an S corporation had for each of three consecutive tax years: both Subchapter C earnings and profits and more than 25 percent of gross receipts derived from passive investment income as defined in Section 1362(d)(3)(D).

Every S corporation was required to file a return on Form 1120S even though it may not have been subject to tax. The corporation reported gross income and allowable deductions from its ordinary trade or business activities. The corporation's ordinary income was passed through (deemed distributed) to its shareholders. Generally, each shareholder's share of the income (loss) and expenses of the corporation was passed through pro-rata on a per-share, daily basis. The income or loss from passive investments were also passed through to the shareholders. The net income (or loss) from the business operations and the passive investment activities were reported on Schedule K of the Form 1120S.

As a result of the Tax Reform Act of 1986, for tax years which began after December 31, 1986, all S corporations regardless of when they became S corporations were required to use a permitted tax year. A permitted tax year was a tax year ending December 31 (a calendar tax year) or any other ending accounting period, if the S corporation established a business purpose for the accounting period to the satisfaction of the Internal Revenue Service. Subsequent changes to this provision allowed S corporations an election to have an accounting period other than the permitted tax year. Certain restrictions were imposed on the election. The deferral period between tax years could not be longer than 3 months and the S corporation could be a member of a tiered structure that consisted only of partnerships or S corporations.

Also added by the 1986 Tax Act, Code section 469 generally limited shareholders from offsetting any income that was not from passive activities with losses from passive activities. The shareholders also could only offset taxes on income from passive activities with credits from those passive activities. These limitations required that S corporations report income or loss separately on Schedule K for each of the following types of passive activities: (1) rental real estate activity, (2) rental activity other than real estate rental, and (3) portfolio income and related expenses not derived in the ordinary course of a trade or business, such as interest, dividends and royalties, for example.

A tax on built-in capital gains was imposed on corporations which elected to be S corporations after December 31, 1986. An S corporation could be liable for the built-in gains tax if:

- it was a corporation with subchapter C earnings and profits prior to making the election to be treated as an S corporation,
- (2) it had a recognized built-in gain within 10 years from the first day of the first tax year it became an S corporation,
- (3) the recognized built-in gains for the tax year did not exceed the net unrealized built-in gain minus the recognized built-in gains that were subject to tax for prior years within the recognition period (10 years).

The net unrealized built-in gain was the amount by which the fair market value of the assets of the S corporation exceeded the aggregate adjusted basis of the assets held by the corporation on the first day of its first effective tax year as an S corporation. Any gain on the disposition of those assets was to be considered as a recognized built-in gain by the S corporation during the first 10 years of its existence.

The tax was imposed on the lesser of: (a) the recognized built-in gain for the tax year or (b) an amount of taxable income computed as though the corporation were not an S corporation. For corporations which elected to be treated as S corporations on or after March 31, 1988, any built-in gains in excess of the current year taxable income limitation was to be treated as a recognized built-in gain for the following tax year.

For purposes of computing the taxable amount of the built-in gains, the S corporation was allowed a carryforward of any net operating loss (NOL) or capital loss from the period when it was not an S corporation. Certain business credit carryforwards from when an S corporation was a C corporation could also reduce the tax on recognized built-in gains. The tax was imposed at a 34 percent rate. The recognized built-in gains tax was included in the statistics for Total Income Tax.

If a corporation made an election to be treated as an S corporation before January 1, 1987, a tax was imposed on certain capital gains of the S corporation. An existing corporation that elected to become an S corporation was subject to a tax for the first 3 taxable years of the election. On the other hand, a new

corporation which had been in existence for less than 4 years and which was an electing S corporation for each year of its existence was not subject to the tax at all. Section 1374 of the Code before the enactment of the Tax Reform Act of 1986 provided that the tax be imposed on the lower of the following: (1) the excess of net long-term capital gain (reduced by net short-term capital loss) over \$25,000 when net long-term capital gain was more than 50 percent of a net income that was over \$25,000, or (2) net income computed as though the corporation were not an S corporation. For this purpose, the amount of capital gain was also determined using a substituted basis for the asset (i.e., the basis that was transferred from another corporation which was not also an electing S corporation). After July 1987, capital gains were taxed at the regular income tax rate of 34 percent for all corporations. Foreign tax credit, U.S. possessions tax credit, orphan drug credit, nonconventional source fuel credit, and general business credit were not available to the corporation to reduce this tax. (The cost of investment credit property was allocated to shareholders for their use in computing their credits.) Also, see Excess Net Passive Income Tax.

Shareholders' Undistributed Taxable Income Previously Taxed

This account represented a balance sheet item unique to S corporations. The account was maintained only if the S corporation had a balance in the account at the beginning of its tax year. It consisted of accumulated taxable income, i.e., net income (or deficit), earned by S corporations since they had first elected to be taxed through their shareholders, to the extent that the taxable income had not been distributed to the shareholders. Taxable income, whether distributed or not to the shareholders, was taxable to the shareholders in the year earned so that later distributions from this account were nontaxable. (See S Corporation Returns.) This item is reflected in the statistics for Other Retained Earnings, 1120S and Net Worth in tables which show tnese items.

Size of Business Receipts

Returns for nonfinance industries were classified by size of gross receipts from sales and operations. Returns of industries within the finance, insurance, and real estate industrial division, were classified by size of total receipts (the sum of business receipts and investment income).

See: Business Receipts and Total Receipts.

Size of Income Tax After Credits (*)

This classification was based on the amount of total income tax less the sum of credits for: foreign taxes; U.S. possessions tax; orphan drug research; the production or sale of fuels from nonconventional sources; general business incentives; and prior year minimum tax. Total income tax included the regular tax, personal holding company tax, recapture taxes for investment credit and low-income housing credit, alternative minimum tax, environmental tax, branch tax (Form 1120F), taxes paid by real estate investment trusts on certain income from: foreclosure property, failure to meet source of income requirements, and prohibited transactions (Tax from Part II, Part III, and Part IV, Form 1120-REIT, respectively), tax on undistributed net capital gain of regulated investment companies (Tax from Part II, line 4, Form 1120-RIC), taxes paid by S corporations on excess net passive income, certain capital gains, and net recognized built-in gains, and adjustments to income tax. For S corporations, only the tax on certain net recognized built-in gains was reduced by a carryover of general business credits from previous years as a C corporation.

Size of Total Assets

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

Statutory Special Deductions (*)

Statutory special deductions represented the sum of the deductions for: (1) net operating losses of prior years, (2) total special deductions as defined by the Code, i.e., the sum of deductions for dividends received and for dividends paid on certain preferred stock of public utilities, (3) deduction for dividends paid for

Regulated Investment Companies and Real Estate Investment Trusts, and (4) Section 857(b)(2)(E) deduction reported by Real Estate Investment Trusts. Since these deductions were allowed by law, in addition to ordinary and necessary business deductions, they were shown in the statistics as deductions from net income. In general, net income less statutory special deductions equaled income subject to tax. However, the dividend deduction was not restricted to returns with net income, nor, in general, to the amount of net income, and thus became part of the statutory net operating loss for some corporations. Special deductions for dividends were not allowed to S corporations which elected to be taxed through shareholders. However, S corporations, which were C corporations prior to the S election, could reduce their net recognized built-in gains by the net operating loss carried forward from those years as a C corporation.

The statutory special deductions contained in the statistics were defined as follows:

Net operating loss deduction (NOLD)-The total net operating loss deduction was based on statutory net operating losses of prior or subsequent years which could be used to reduce taxable income for a specified number of years. The amount shown in this report, however, consisted only of losses from prior years actually used to reduce taxable income for the current year. Losses incurred after the current year and carried back to that year at a later date would be reported on amended income tax returns. Amended income tax returns were not used for this report. general, losses were carried back over a 3-year period, chronologically, and any amount not offset against income during that time could then be carried forward against income for a period not exceeding 15 years. A corporation however, could carry back for 10 years, the part of a net operating loss attributable to a product liability loss.

Real Estate Investment Trusts (REIT's) could not carry back any net operating loss (NOL) but could carryover the NOL for fifteen years. Regulated Investment Companies (RIC's) were not allowed a NOLD. S corporations which were formerly C corporations were allowed to use any carryover of net operating losses from previous years as a C corporation. However, this carryover could reduce only the net recognized built-in

gains of the S corporation. The former provisions for a ten year carryback and five year carryover period for banks was repealed for taxable years that began after 1986. Thereafter, banks were generally allowed a carryback period of 3 years and a carryover period for 15 years. Except that, a special 10 year carryback provision was allowed to certain commercial banks which used the specific charge-off method for computing bad debts.

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

The net operating loss deducted for the current year was the excess of allowable deductions over gross income with certain adjustments: no NOLD was allowed, and capital losses were only deductible to the extent of capital gains. A deduction for dividends received was allowed without regard to limitations.

- (2) Total special deductions-For stock acquired after March 1, 1986, no deduction was allowable if the corporation held the stock for 45 days or less, or 90 days or less if it was cumulative preferred stock. The total special deductions contained in this report were the sum of the following deductions:
 - (a) <u>Dividends received deduction</u>-The intercorporate dividends received deduction, under Code sections 243-246, was the sum of the following components:
 - (1) Deductions equal to 70 percent of dividends received from less than 20 percent owned domestic corporations, and 80 percent of dividends received from 20 percent or more owned domestic corporations These particular deductions accounted for the major portion of the dividends received deduction. A small business investment company, operating under the Small Business Investment Act of 1958 could deduct 100 percent of dividends received from domestic corporations subject to income tax.
 - (2) A deduction reduced from the 80 percent/70 percent dividends received

from debt-financed portfolio stock - The 80 percent/70 percent deduction was reduced by a percentage that was related to the amount of debt incurred to acquire the stock. This reduction was calculated by multiplying the difference between 100 percent and the average portfolio indebtedness by 80 percent or 70 percent, depending on the percentage of ownership.

- (3) A deduction equal to 70 percent of certain dividends received from less than 20 percent owned foreign corporations and 80 percent of certain dividends received from 20 percent or more owned foreign corporations-
 - (a) which had been engaged in a trade or business within the United States for at least 3 years and
 - (b) which also had at least 50 percent of their gross income effectively connected with the U.S. trade or business. To qualify for the deduction the corporation must own at least 10 percent of the stock of the foreign corporation by vote and value.
- (4) A deduction equal to 100 percent of certain qualifying dividends received by members of an affiliated group not electing to file consolidated returns, but sharing instead, one set of graduated income tax brackets under Code section 1561;
- (5) A deduction equal to 100 percent of dividends received from wholly-owned foreign subsidiaries whose entire gross income was effectively connected with the conduct of a trade or business within the United States;
- of dividends received on certain preferred stock of less than 20 percent owned public utilities and about 47 percent of dividends received on certain preferred stock of 20 percent or more owned public utilities for which a dividends paid deduction, described below, was also allowed the distributing corporation;
- (7) In the case of life insurance companies, the above percentage deductions were

further reduced by the ratio of investment yield less total exclusions (operations) to investment yield.

- (b) Limitation on the Dividends Received Deduction-The aggregate amount of dividends received deductions that a corporation could take was limited to 70 percent (80 percent for 20 percent owned corporations) of its taxable income. For limitation purposes taxable income was computed without regard to any net operating loss deduction, dividends received or paid deduction or capital loss carryback. The limitation did not apply for the year if the full dividends received deduction resulted in a net operating loss. Small business investment companies were also excluded from this limitation.
- (c) Deduction for dividends paid on certain preferred stock of public utilities-For public utility companies, as defined by law, a special deduction was allowable under Code section 247 for dividends if paid on certain preferred cumulative stock deemed issued prior to October 1, 1942. This deduction, based on the income tax rate, amounted to about 41 percent of the dividends paid on such stock. dividends paid were greater than net income reduced (in general) by all other statutory special deductions for the year, the deduction could not exceed the above described percentage of net income after this adjustment.
- (3) Deduction for Dividends Paid for Regulated Investment Companies and Real Estate Investment Trusts-The deduction for dividends paid as reported by Regulated Investment Companies and Real Estate Investment Trusts was generally the sum of (1) dividends paid during the taxable year, (2) the consent dividends for the taxable year, and (3) for personal holding companies, the dividend carryover as described in Code section 564.

For Regulated Investment Companies, the deduction must equal or exceed the sum of: 90 percent of its taxable income (excluding the dividend deduction) and 90 percent of its net income from tax exempt obligations.

For Real Estate Investment Companies, the deduction must equal or exceed the sum of: 95

- percent of its Real Estate Investment Trust taxable income (excluding the dividend deduction and any net capital gain) and 95 percent of the excess of its net income from foreclosure property over the tax imposed on such income by Code section 857(b)(4)(A), minus any excess noncash income as determined under Code section 857(e).
- (4) Section 857(b)(2)(E) deduction reported by Real Estate Investment Trusts-This deduction was equivalent to the tax imposed on Real Estate Investment Trusts that fail to meet the income requirements. Specifically, a 100 percent tax was imposed on the net income attributable to the greater of the amounts by which the trust failed to meet the 75 percent or 95 percent income test as outlined in the definition for Real Estate Investment Trusts.

Taxable income

See Income Subject to Tax.

Tax Due at Time of Filing

Tax due was the amount by which the income tax liability at the time the return was filed exceeded payments and credits for certain taxes previously paid. For a corporation to have an income tax liability, the regular income tax less certain credits plus other taxes were not reduced to zero. The regular income tax could be reduced to zero by credits for: foreign taxes, possessions tax, orphan drug research, the production or sale of fuels from nonconventional sources, general business incentives, and prior year minimum tax. Other taxes consisted of: tax on the undistributed income of personal holding companies; recapture taxes of investment credit and low-income housing credit; environmental tax; tax on excess net passive income, certain net long-term capital gains, and net recognized built-in gains of S corporations; tax on the undistributed net capital gain of regulated investment companies; tax on the net income of foreclosure property, failure to meet income requirements, and prohibited transactions of real estate investment trusts; and the branch tax of foreign corporations.

Based on this total income tax, tax due was the amount of the remaining tax liability plus any penalty for underpayment of estimated tax after taking into account: (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for

extension of time in which to file; (c) estimated tax payments less refunds; (d) credit for federal taxes on fuels; (e) overpaid windfall profit tax; (f) prior year overpayment of tax applied to current year; (g) credit by reciprocal for tax paid under Code section 835(d); and (h) 1988 special estimated tax payments from property and casualty insurance companies.

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

Some adjustments were made to income tax returns by the taxpayer and included in the tax due. Adjustments made to income tax returns after they were filed could affect the final tax liability and the tax due. Such adjustments were not reflected in the statistics. Adjustments could result from tax examination or the use of carryback provisions for: net operating losses; certain capital losses; unused foreign taxes paid or accrued; and unused general business credits. See: Income Tax and Adjustments to Tax Due or Overpayment.

Tax from Recomputing Prior Year Investment Credit (*)

See Recapture of Investment Credit.

Tax from Section I (Form 1120F)

This tax was reported by foreign corporations on Form 1120F. The tax was imposed on U.S. source income not directly related to a business activity conducted in the United States, (i.e. not effectively connected income). The income was generally taxed at a flat 30 percent rate or at tax treaty rates if lower. The tax treaty rates resulted from negotiated treaties between the United States and the country in which the foreign company was incorporated. Fifty percent of the income received by foreign companies from transportation activities that began and ended in the United States was treated as U.S. source income. The U.S. source transportation income was taxed at a 4 percent rate. U.S. source income that was not effectively connected income of foreign corporations was subject to withholding provisions for U.S. income tax.

U.S. tax reported on Section I of Form 1120F was included in the statistics only for those resident foreign

companies which also had income that was effectively connected with the conduct of a trade or business in the United States. Foreign corporations which did not conduct business activities in the United States but had U.S. source income were also required to report the income and U.S. tax on section I of the Form 1120F. The U.S. tax for these companies was excluded from the statistics.

Tax from Section I was not included in the statistics for Total Income Tax, because the Section I tax was generally withheld from income at the source while total income tax was generally a computed tax liability based on taxable income. Section I tax was not included in the statistics for Tax Due or Tax Overpayment. This tax was presented separately in Table 12.

Tax From Section II (Form 1120F)

U.S. tax was imposed on income from the trade or business activities conducted in the United States by resident foreign corporations. Income from those trade or business activities was reported on Section II of the Form 1120F as effectively connected income and was subject to the regular U.S. corporate tax rates. Foreign corporations which did not conduct business activities in the United States could elect to treat income from U.S. real property as effectively connected income and were allowed regular business deductions against that income. Foreign companies organized in U.S. possessions to conduct banking business were generally required to report interest received on U.S. obligations as effectively connected income. Any gain or loss from the disposition of U.S. real property by foreign corporations was also treated as effectively connected income for U.S. tax purposes. This portion of U.S. source income of resident foreign corporations was included in the statistics for Income Subject to Tax.

Section II tax was the U.S. tax on the effectively connected income of resident foreign corporations. This tax was regular income tax reduced by credits for: foreign taxes (for foreign corporations this was actually taxes paid to the United States on the effectively connected income), the production and sale of fuels from nonconventional sources, orphan drug research, general business incentives, and prior year minimum tax. The recapture taxes of investment credit and low-income housing credit were added to the balance of regular tax after credits. Section II tax was presented separately in Table 12. Any alternative minimum tax and environmental tax reported by foreign corporations were added to this tax and included in the statistics for Total Income Tax.

Tax Overpayment (*)

Tax overpayment was the excess amount of payments and credits, for taxes previously paid, over total income tax liability at the time the return was filed. For a corporation to have an income tax liability, the regular income tax less certain credits plus other taxes were not reduced to zero. The regular income tax could be reduced to zero by credits for: foreign taxes, possessions tax, orphan drug research, the production or sale of fuels from nonconventional sources, general business incentives, and prior year minimum tax.

Other taxes consisted of: tax on the undistributed income of personal holding companies; recapture taxes of investment credit and low-income housing credit; environmental tax; tax on excess net passive income, certain net long-term capital gains, and net recognized built-in gains of S corporations; tax on the undistributed net capital gain of regulated investment companies; tax on the net income of foreclosure property, failure to meet income requirements, and prohibited transactions of real estate investment trusts; and the branch tax of foreign corporations.

Based on this total income tax, the tax overpayment was the amount by which certain payments and credits exceeded the tax liability plus any penalty for underpayment of estimated tax. The payments and credits represented the sum of: (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) estimated tax payments less refunds; (d) credit for Federal tax on special fuels; (e) overpaid windfall profit tax; (f) prior year overpayment of tax applied to current year; (g) credit by reciprocal for tax paid under Code section 835(d); and (h) special estimated tax payments from property and casualty insurance companies.

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

Some adjustments were made to income tax returns by the taxpayer and included in overpayment. Adjustments made to income tax returns after they were filed could affect the final tax liability and the tax overpayment. Such adjustments were not reflected in the statistics. Adjustments could result from tax examination or the use of carryback provisions for: net operating losses; certain capital losses; unused foreign taxes paid

or accrued; and unused general business credits. See: Income Tax; Tax Due at Time of Filing, and Adjustments to Tax Due or Overpayment.

Tax Preference Items (*)

See Alternative Minimum Tax.

Tax-Exempt Securities (*)

This balance sheet asset item comprised (1) state and local government obligations, the interest on which is excludible from gross income under section 103(a), and (2) stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the corporation. Examples included bond anticipation notes, project notes, Public Housing Authority bonds, and state and local revenue bonds.

Taxes Paid

Taxes paid included the amounts reported as an ordinary and necessary business deduction as well as identifiable amounts reported in the cost of sales and operations schedules. Included among the deductible taxes were ordinary State and local taxes paid or accrued during the year; social security and payroll taxes; unemployment insurance taxes; excise taxes, import and tariff duties; business, license and privilege taxes; and the environmental tax. Income and profit taxes paid to foreign countries or U.S. possessions were also deductible unless claimed as a credit against income tax. However, S corporations (primarily taxed through their shareholders) had to exclude any foreign taxes paid or accrued from the deduction for taxe, paid in computing their net income from trade or business activities. Instead, the foreign taxes were passed through to the shareholders for their use as a foreign tax credit (or a deduction). Regulated investment companies also had to exclude those foreign taxes from the deduction for taxes when they elected under Code section 853 to allow their stockholders to claim a foreign tax credit (or a deduction) for the foreign taxes paid. (However, if the election were not made, a regulated investment company could include foreign taxes paid in the deduction for taxes or claim a foreign tax credit.) See Foreign Tax Credit.

Taxes not deductible generally included Federal income and excess profits taxes (the environmental tax was an exception), gift taxes, taxes assessed against

local benefits, and certain other taxes, including state or local taxes that were paid or incurred in connection with an acquisition or disposition of property. Taxes related to the acquisition of property were to be treated as part of the cost of the property, while taxes related to the disposition of property were to be treated as a reduction in the amount realized from the disposition.

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

Total Assets amd Total Liabilities

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

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

Tax returns filed by life insurance companies on Forms 1120L did not provide a separate schedule for reporting balance sheet information. Most life insurance companies did; however, attach copies of their annual statements to their federal income tax returns. The annual statements were produced for administering State law; they were not official income tax forms produced by the Internal Revenue Service. The asset and liability data contained in this report for these companies were obtained from the annual statements and reference books. These sources were also used for any

other insurance company when the U.S. income tax return did not include a separate schedule for reporting the balance sheet data. Balance sheet data for mutual property and casualty insurance companies were extracted from the income tax return, Form 1120-PC, rather than the annual statement, beginning with Tax Year 1987. Previously, these companies filed tax returns on Form 1120M, which did not include a balance sheet. The balance sheet data were then extracted from the annual statement attached to the returns.

Stock property and casualty insurance companies also filed income tax returns on the Form 1120-PC, beginning with 1987. However, prior to 1987, these companies reported balance sheet data on the income tax return, Form 1120 or Form 1120-A, rather than on an annual statement.

Total Deductions

As presented in the tables of this publication, total deductions comprised (1) the cost of sales and operations, (2) the ordinary and necessary business deductions from gross income, and (3) net loss from sales of noncapital assets. Components of total deductions are shown in the income statement segment of various tables throughout this report.

For certain small non-life insurance companies with net or written premiums (whichever was greater) over \$350,000 but not over \$1,200,000, total deductions represented only investment expenses; underwriting business expenses were excluded by law.

See also, Total Receipts.

Total Income Tax (*)

The statistics for Total Income Tax, Income Tax, Total, and Income Tax before Credits include:

- regular income tax before reduction by any tax credits, which included tax on certain net long-term capital gains, and net recognized built-in gains of S corporations (see Income Tax, in this section);
- (2) personal holding company tax (described under a separate heading);
- (3) recapture of investment credit (described under a separate heading);
- (4) recapture of low-income housing credit (described under a separate heading);

- (5) alternative minimum tax;
- (6) environmental tax;
- (7) tax on excess net passive income of S corporations (described under a separate heading):
- (8) tax on undistributed net capital gain as provided under Code section 852(b)(3) for regulated investment companies ("Tax from Part II, line 4 (1120-RIC," in the statistics);
- (9) tax from certain income of real estate investment trusts:
 - (a) net income on foreclosure property ("Tax from Part II, 1120-REIT," in the statistics);
 - (b) section 857(b) income from failure to meet source of income requirements ("Tax from Part III, 1120-REIT," in the statistics); and
 - (c) net income from prohibited transactions ("Tax from Part IV, 1120-REIT," in the statistics);
- (10) the branch tax computed by foreign corporations on the earnings and profits and interest income of their U.S. branches (Form 1120 F); and
- (11) any adjustments to total income tax.

Some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture taxes of investment credit and low-income housing credit. A small number of corporations without net income and regular tax reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. See also Income Tax for a description of: (1) returns without net income having regular tax and (2) taxes not included in the statistics for returns with adjustments to tax from tax examination or use of carryback provisions of tax credits.

See also, Adjustments to Total Tax.

See Investment Credit.

Total Receipts (*)

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

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

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

Long-term capital gains were excluded for Regulated Investment Companies and Real Estate Investment Trusts. Short-term capital gains were excluded for S corporations.

For certain small non-life insurance companies, with net or direct written premiums (whichever was greater) over \$350,000 but not over \$1,200,000, the gross taxable receipts included in the statistics represented only the receipts from investments; underwriting income was excluded by law. (See also Total Deductions.)

Total Receipts Less Total Deductions

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

Total Special Deductions (*)

See Statutory Special Deductions.

U.S. Possessions Tax Credit

In order to provide a tax incentive for domestic corporations to invest in Puerto Rico and U.S. possessions (including American Samoa, Guam, Johnston Island, Midway Islands, and Wake Island), the Tax Reform Act of 1976 added a tax credit - the U.S. possessions tax credit in lieu of the ordinary foreign tax credit. Under Code section 936, the U.S. possessions tax credit was equal to the U.S. tax on a corporation's income from the active conduct of a trade or business within a possession, the sale or exchange of all of the assets used in the trade or business, as well as certain qualified possession source investment income. To claim the credit, corporations had to make an election to be treated as a U.S. Possessions Corporation. The election was generally effective for ten years and could not be revoked except by IRS consent. After the tenth year, the corporation could revoke the election without consent. For each year in which the credit was the corporation had to satisfy claimed,

requirements of two income tests under Code section 936. For the applicable period, a domestic corporation had to receive: (1) at least 80 percent of its gross income from sources within a U.S. possession, and (2) at least 75 percent of its gross income from the active conduct of a trade or business within a U.S. possession. The applicable period was the lesser of 3 years immediately preceding the close of the current taxable year or the period during which the corporation was engaged in the active conduct of a trade or business within a U.S. possession. A Possessions Corporation could not claim a foreign tax credit for the same taxes claimed as a possessions tax credit. In addition, during the period of an effective election, a Possessions Corporation was prohibited from joining in a consolidated income tax return.

U.S. Tax Paid or Withheld at the Source (Form1120F) (*)

These were U.S. taxes reported by foreign corporations on Form 1120F. This item included taxes paid or withheld on income related to a U.S. business activity (i.e. effectively connected income) and income not directly related to a U.S. trade or business (i.e. not effectively connected income). Beginning in tax year 1989, U.S. income tax paid or withheld at source was shown separately for effectively and not effectively connected income in Table 12. Resident foreign corporations which did conduct a trade or business in the U.S. reported taxes or withheld:

(a) from the gains from any disposition of U.S. real property (as reported on Form 8288-A); and

(b) on effectively connected income allocable to foreign partners (as reported on Form 8805).

The U.S. taxes paid or withheld at source for foreign corporations which were not involved in a U.S. trade or business were not included in the statistics for "Total Income Tax," "Tax Due," or "Tax Overpayment." These foreign corporations were also required to report the income and taxes paid or withheld on section I of the Form 1120F.

Zero Assets

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

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

SECTION 6

FORMS AND INSTRUCTIONS

Form 1120 (1989)

U.S. Corporation Income Tax Return, 123

Form 1120-A (1989)

U.S. Short-Form Corporation Income Tax Return, 125

Schedule D, Form 1120 (1989)

Capital Gains and Losses, 133

Form 1120F (1989)

U.S. Income Tax Return of a Foreign Corporation, 134

Form 1120L (1989)

U.S. Life Insurance Company Income Tax Return, 145

Form 1120-PC (1989)

U.S. Property and Casualty Insurance Company Income Tax Return, 155

Form 1120-REIT (1989)

U.S. Income Tax Return for Real Estate Investment Trusts, 165

Form 1120-RIC (1989)

U.S. Income Tax Return for Regulated Investment Companies, 171

Form 1120S (1989)

U.S. Income Tax Return for an S Corporation, 177

Schedule D, Form 1120S (1989)

Capital Gains and Losses and Built-in Gains, 189

Form 3468 (1989)

Computation of Investment Credit, 191

Form 3800 (1989)

General Business Credit, 194

Form 4562 (1989)

Depreciation and Amortization, 196

Form 4626 (1989)

Alternative Minimum Tax--Corporations (including environmental tax), 199

Form 5884 (1989)

Jobs Credit, 202

Form 6478 (1989)

Credit for Alcohol Used as Fuel, 203

Form 6765 (1989)

Credit for Increasing Research Activities, 204

Form 8586 (1989)

Low-Income Housing Credit, 206

Dep	partment o	f the Treasury	lendar year 1989 or tax year beginning ► Instructions are separate. See page 1 for	r Paperwork Reducti		, 19	1989
Che	eck if a—	Use	Name	T aperwork Reducti	on Act Notice.	D Emp	oloyer identification nur
	Consolidate Personal ho	— I lahal	Number and street (or P.O. box number if mail is no	at delivered to street addr	(229	F Date	ncorporated
C P	ersonal se	rvice wise,				- 5500	. mearparated
7	emp Regs 441-41—	sec print	City or town, state, and ZIP code			F Total	l assets (see Specific Instru
	nstructions) ar type					
<u> </u>		ross receipts or sales	tial return (2) Final return (3) Change in add		c Bai ▶	\$ _lc	7 -
	1		nd/or operations (Schedule A, line 7)	ices[C Dall	2	
	1	ross profit (line 1c l				3	
		ividends (Schedule				4	
Ĕ		iterest				5	
псоте		ross rents				6	
=		ross royalties				7	+
			me (attach Schedule D (Form 1120))			.8	
			m Form 4797, Part II, line 18 (attach Form astructions—attach schedule).	4/9/)		10	+
		otal income—Add				11	
_			icers (Schedule E, line 4)		<u> </u>	12	
Š		alaries and wages			_ c Balance ▶	13c	
ř		epairs				14	
- T	1	ad debts				15	
5	1	ents				16	4
Ę		axes				17	
Ĕ		terest .,	estructions for 10% limitation)			18	
Ď	I.		Form 4562)	20			d
ě	1		nimed on Schedule A and elsewhere on retu			216	9
ž		epletion				22	
ž	23 A	dvertising				23	
Se	24 Pe	ension, profit-sharir	ng, etc., plans			24	
		nployee benefit pro				25	
5		ther deductions (att				26	
š			Add lines 12 through 26		•	27	 -
Deductions		ixable income befor	re net operating loss deduction and special oss deduction (see instructions)	deductions (line 11	less line 27) .	28	
_	-		ctions (Schedule C, line 20)	29b		29c	1
	30 Ta	xable income—Lin				30	
		otal tax (Schedule J				31	
ţ			ment credited to 1989 32a				
Je		989 estimated tax p					
and Payments			for on Form 4466 32c ()	d 8al ► 32d		-\\\\\\\	
ٽ B			orm 7004			-\\\\\\	
ğ	1 60	edit for Federal tev	d investment companies (attach Form 2439 on fuels (attach Form 4136)			_/////////////////////////////////////	1
Ţ			r underpayment of estimated tax—Check		is attached	33	<u> </u>
_			of lines 31 and 33 is larger than line 32h,			34	1
	35 O	rerpayment —If lin	ne 32h is larger than the total of lines 31 an		overpaid	35	
	36 En		ou want: Credited to 1990 estimated tax ▶		Refunded ▶	36	
Pie	ase	belief, it is true, corre	perjury, I declare that I have examined this return, include rect, and complete. Declaration of preparer (other than	ing accompanying sched axpayer) is based on all ir	ules and statemen iformation of which	ts, and to h prepan	o the best of my knowled er has any knowledge.
Sig		1.		1			
Her	re	Signature of office	er	Date	Title		
		Preparer's		Date	i i	P	reparer's social security
Paid	1	signature		1	Check if self-employed	_	

chedule A Cost of Goods Sold a		matructions i	or mie z, pa	ge 1.)	T		
Inventory at beginning of year Purchases				2			
Purchases				3	+		\dashv
la Additional section 263A costs (see	instructions—attach scho	dula)		4a	1		
b Other costs (attach schedule)		duley		4b			\neg
TotalAdd lines 1 through 4b .				5	i		
Inventory at end of year				6			
Cost of goods sold and/or operation		er here and on I	ne 2, page 1	7			
la Check all methods used for valuing (i) Cost (ii) Lower of cost (iii) Writedown of "subnormal" (iv) Other (Specify method user	or market as described in goods as described in Regid and attach explanation.)	ulations section	1.471-2(c) (see instructio	ns)		
b Check if the LIFO inventory methodc If the LIFO inventory method was	l was adopted this tax year	for any goods (if checked, at	tach Form 9	70)		
closing inventory computed under t	JFO			. <u>8c</u>			
d Do the rules of section 263A (with re-						☐ Yes	
e Was there any change in determining			ning and clos	ing inventory?	'If "Yes,"	п	
attach explanation	· · · · · · · · · · · ·		 	<u></u>	,	∐ Yes	ШМ
chedule C Dividends and Specia	al Deductions (See inst	ructions.)	- 1	a) Dividends received	(b) %	(c) Special (a)	deductri × (b)
Dividends from less-than-20%-owne 70% deduction (other than debt-fina	nced stock) ·				70		
Dividends from 20%-or-more-owned 80% deduction (other than debt-final	nced stock)				80		
Dividends on debt-financed stock of d					instructions		
Dividends on certain preferred st					41.176		
Dividends on certain preferred s			1		47.059		
Dividends from less-than-20%-own are subject to the 70% deduction				·	70		
Dividends from 20%-or-more-owned subject to the 80% deduction					80		
Dividends from wholly owned foreign subsi Total—Add lines 1 through 8. See in					100		
Dividends from domestic corporation company operating under the Small	Business Investment Act o	f 1958			100		
Dividends from certain FSCs that are s					100		
Dividends from affiliated group member					100		,,,,,,,,,,,,,,,
Other dividends from foreign corpo							
Income from controlled foreign corp							
Foreign dividend gross-up (section 7) IC-DISC and former DISC dividends r							
Other dividends			o(a)) —				
Deduction for dividends paid on certain			tions)				
Total dividends—Add lines 1 throu					VIIIIIIIIIIIIII		
						[
Total deductions—Add lines 9, 10,				<u>.</u>	▶		
Compensation of Offi Complete Schedule E only	cers (See instructions f if total receipts (line 1a, pli		h 10, of page	1, Form 1120) are \$500,0	00 or more	e.
(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of stock (d) Common	corporation owned (a) Preferred	T	nt of comper	
		%	%	%			
		%	%	%			
		%	%	%			
	1	96	%	96			
· · · · · · · · · · · · · · · · · · ·		96	96	96			

Sc	hedule J	Tax Computation		
3	If the box of a Enter your (i) \s\$ b Enter your Income ta: service col a Foreign ta b Possession c Orphan dr d Credit for instruction General bu Form 6 Form 6	pu are a member of a controlled group (see section line 1 is checked: share of the \$50,000 and \$25,000 taxable inco share of the additional 5% tax (not to exceed \$1 tx (see instructions to figure the tax). Check this tropration (see instructions).	me bracke 1,750) ▶ box if the c burce (see	t amounts (in that order): \$
		dd lines 4a through 4f		5
10 Ad	b Environm Total tax— Iditional InfeRer to the list (1) Business (2) Business (3) Product (1) Did the indirectl corporat If "Yes, identify income corporaty year. (2) Did any the end of the corporate the corporate corporate corporate corporate corporate year.	re minimum tax (attach Form 4626).		At any time during the tax year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instruction F and filling requirements for form TD F 90-22.1.) If "Yes," enter name of foreign country Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.
J	(a) Attanum (b) Ent (c) -Wa: U.S cor,	ach a schedule showing name, address, and identifying nber. re percentage owned > s the owner of such voting stock a person other than a person? (See instructions) Note: // Yes." the poration may have to file Form 5472. Yes," enter owner's country > poration a U.S. shareholder of any controlled foreign	N 0	for each subsidiary. During this tax year, did the corporation maintain any part of its accounting/tax records on a computerized system? Check method of accounting: (1)
•	corporation?	(See sections 951 and 957.)	Q	instruments with original issue discount If so, the corporation may have to file Form 8281. Enter the amount of tax exempt interest received or accrued during the tax year > S Enter the number of shareholders at the end of the tax year if there

Form 1120 (1989)				Page 4
Schedule L Balance Sheets	Beginning	g of tax year	End of ta	x year
Assets	(a)	(b)	(c)	(d)
• Quant :				
2a Trade notes and accounts receivable				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to stockholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
Oa Buildings and other depreciable assets				
b Less accumulated depreciation				annan annan ann an ann an an an an an an
1a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)			·	
b Less accumulated amortization	annonamininamininamininamini	ļ		
14 Other assets (attach schedule).				
15 Total assets				
Liabilities and Stockholders' Equity			*	
16 Accounts payable			₹/////////////////////////////////////	}
17 Mortgages, notes, bonds payable in less than 1 year			<i>¥////////////////////////////////////</i>	
18 Other current liabilities (attach schedule) .		<u> </u>	-	
19 Loans from stockholders		1	-	} -
20 Mortgages, notes, bonds payable in 1 year or more			-	
21 Other liabilities (attach schedule)	<i>''''''''''''''''''''''''''''''''''''</i>		Yanaanuuunaanuunuunaanuuna X	
22 Capital stock: a Preferred stock			1	<i>ymmmmmmmmmmmmm</i>
b Common stock		<u> </u>		
23 Paid-in or capital surplus		1	V	
24 Retained earnings—Appropriated (attach schedule)		}	₹/////////////////////////////////////	
25 Retained earnings—Unappropriated		(7	(
26 Less cost of treasury stock		·	7	·
Schedule M-1 Reconciliation of Income pe	r Books With Inco	me per Return (Yo	are not required to co	mplete this schedule
if the total assets on line 15, colu	ımn (d), of Schedule	L are less than \$25,00	0.)	
	1	1		
1 Net income per books			d on books this year not return (itemize):	1
2 Federal income tax			erest \$	
		'		
4 Income subject to tax not recorded on books this year (itemize):				
tilis year (iterilize).			is return not charged	
5 Expenses recorded on books this year not			ome this year (itemize):	
deducted on this return (itemize):	1		\$	
a Depreciation \$			arryover \$	1
b Contributions carryover\$	1		,	
c Travel and entertainment . \$	1			
C Travel and Citter tamment				
			and 8	
6 Total of lines 1 through 5		10 Income (line 28, pa	ige 1)—line 6 less line 9 .	
Schedule M-2 Analysis of Unappropriated complete this schedule if the tot	Retained Earning	s per Books (line 25 column (d), of Schedule	5, Schedule L) (You e L are less than \$25,0	are not required to 00.)
	7		Cash	T
1 Balance at beginning of year			Stock	
2 Net income per books			-	
3 Other increases (itemize):	į.		: Property	
				1 .
			and 6	
A Total of lines 1 2 and 3			and 6	

#U.S.GPO 1989-0-245-244

epartment of iternal Revenu	the Treasury se Service	For calend	ctions are separate. See them dar year 1989 or tax year beginning	to make sure you (, 1989,	ending	, 19	. 1903	1 Inco	Tax Computation come tax (see instructions to figure the tax). Check this box if the corp. is a qui	
		Use IRS	Name			B Employer	dentification number	2a Ger	neral business credit. Check if from: Form 3800 Form 3468	
Check this be a personal se		label. Other	Number and street (or P.O. box number if	mail is not delivered to stre	et address)	C Date incor	norated	h C	☐ Form 6478 ☐ Form 6765 ☐ edit for prior year minimum tax (attach Form 8801)	
(as defined i		Other- wise,	Multiper and street (or 1 .O. box number in	man is not demoted to see		C Date like	politico		tal credits—Add lines 2a and 2b	
Regs. sec. 1 see instructi		please print or	City or town, state, and ZIP code			D Total asse	ts (see Specific Instructions)		ne 1 less line 3	
		type.				J			capture taxes. Check if from: Form 4255 Form 8611.	
Check applic	able boxes:	(1)		hange in address		\$			ternative minimum tax (attach Form 4626)	
Check metho	od of accounting:	(1)		ther (specify) >		T 1			tal tax—Add lines 4 through 6. Enter here and on line 27, page 1	' ' ' '
	ess receipts or sale		b Less returns and allo		c Balance	1c			tional Information (See instruction F.) efer to the list in the instructions and state the principal:	J
1	-		perations (see instructions)			3		G Re	erer to the list in the instructions and state the principal:	
			e 2)			4		(1)) Business activity code no. ►	- 1
as I			ends subject to the 70% deduction			5		(**) business decirity code no	
= 1								(2)	Business activity	
						7		, ,		
			tach Schedule D (Form 1120))			8		(3)) Product or service	
			4797, Part II, line 18 (attach Form					l		k
			tions)			10		H Die	d any individual, partnership, estate, or trust at the end of the	tax
			through 10		<u> </u>	11			ar own, directly or indirectly, 50% or more of the corporation's vo	
			see instructions)			12			ock? (For rules of attribution, see section 267(c).) Yes No	
			b Less jobs cro		c Batance ▶	13c			"Yes," attach schedule showing name, address, and identifyin umber.	3
						15		1 50	nter the amount of tax-exempt interest received or accrued during	the L
2						16			x year	
						17		Part	Balance Sheets	
=1						18			1 Cash	上
21			ions for 10% limitation)			19			2a Trade notes and accounts receivable	
			4562)			VIIIIII)			b Less allowance for bad debts	۷ . ک
			elsewhere on return			215			3 Inventories	-
			chedule)			22		1	4 U.S. government obligations	
			es 12 through 22			23		\$	5 Tax-exempt securities (see instructions)	
			operating loss deduction and special		s line 23)	24		S S	6 Other current assets (attach schedule)	
25 Le			deduction (see instructions)			25c		4	7 Loans to stockholders	- 1
100 -			s (see instructions)			26			8 Mortgage and real estate loans	
1			ess line 25c			27			b Less accumulated depreciation, depletion, and amortization	
		ine /) .				VIIIIII		j	10 Land (net of any amortization)	
	yments: ISS overnavmen	t credited t	o 1989 . 28a			MIIIIA			11 Other assets (attach schedule)	
b 19			nts 28b				\	l	12 Total assets	
			orm 4466 28c () Bal ▶ 28d		- <i>VIIIII</i>	İ	_	13 Accounts payable	
<u>aŭ</u> e ⊺a	x deposited wi	th Form 7	004			- <i>VIIIIII</i> a		∰	14 Other current liabilities (attach schedule)	
			stment companies (attach Form 243					[[[
ĕ g Cı			els (attach Form 4136)					s s	16 Mortgages, notes, bonds payable.	
► h To	tal payments-	-Add lines	28d through 28g	· · · · · · · · · · · · · · · · · · ·		28h		i i i i i i	17 Other habilities (attach schedule)	
			rpayment of estimated tax—Check					lig e	18 Capital stock (preferred and common stock)	
			es 27 and 29 is larger than line 28h, i is larger than the total of lines 27 an					Į žž	20 Retained earnings	
			: Credited to 1990 estimated tax		Refunded ►			, š		
			y, I declare that I have examined this returned complete. Declaration of preparer (other				best of my knowledge and		22 Total liabilities and stockholders' equity	
Please Sign	belief, it is tru	e, correct, a	and complete. Declaration of preparer (other	er than taxpayer) is based o	in all information of whi	cn preparer ha	any knowledge.	Part	III Reconciliation of Income per Books With Inc	ome
sign Here					b_			1 Net	t income per books	
ICI C	Signature o	fofficer		Date Date	Title		rer's social security number	2 Fed	deral income tax	
Paid	Preparer's signature	•		Date	Check if self-employed		: :		ome subject to tax not recorded on books this	
	-g			1	seit-employed ▶			l vea	ar (itemize)	mmm)
Preparer's	Firm's name (or wours	L			No. ►	:	,	penses recorded on books this year not deducted	

			1989)					_			Page 2
		_	ax Computation					_			
1	Inco	ne ta	(see instructions to figure the tax). Check this box if the corp. is a qualified	perso	nal servi	ce corp. (see instruct	ions). 🟲		winnin .		├─
2a	Gen	eral b	usiness credit. Check if from: 🔲 Form 3800 💮 Form 3468 🔲 Form				1		<i>VIIIII</i> II		
			☐ Form 6478 ☐ Form 6765 ☐ Form						<i>\\\\\\</i>		ĺ
			prior year minimum tax (attach Form 8801)						3		
			dits—Add lines 2a and 2b						4		
			ss line 3						5		
			re taxes. Check if from: 🔲 Form 4255 🔲 Form 8611						6		_
			ve minimum tax (attach Form 4626)								
_		_	—Add lines 4 through 6. Enter here and on line 27, page 1.				····		7		
			I Information (See instruction F.)	J (1		amount for cost o				ns is entered o	n
G	Ref	er to	the list in the instructions and state the principal:			, page 1, complet			1		
			_			urchases (see in:			VIIIIIIIIIIII		
	(1)	Busi	ness activity code no.			dditional sec. 26: nstructions —atta				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	************
				İ					/· ·		
	(2)	Busi	ness activity -	l		ther costs (attacl					
		_		(2) Do t	ne rules of section	on 263	A (wi	ith respect to	property produ	nced or
	(3)	Prod	uct or service ▶	l	acqu	ired for resale) ap	ply to th	ne cor	rporation?	res 🗀	NO L
						me during the tax					
н			individual, partnership, estate, or trust at the end of the tax			thority over a fina					
			n, directly or indirectly, 50% or more of the corporation's voting			securities accou- requirements for					
			for rules of attribution, see section 267(c).) Yes \(\square\) No \(\square\) attach schedule showing name, address, and identifying			enter the name o					
		res, nber.		1				-			
	E	a h	e amount of tax-exempt interest received or accrued during the			nount of cash dis					
•						h) distributions m					1
Pa			Balance Sheets			eginning of tax year				nd of tax year	
	╗	1	Cash								
		-	Trade notes and accounts receivable								<u></u>
	- }		Less allowance for bad debts	()		(
		3	Inventories								
		4	U.S. government obligations						<u> </u>		—
		5	Tax-exempt securities (see instructions)						<u></u>		<u> </u>
	Issets	6	Other current assets (attach schedule)						a		
	ş	7	Loans to stockholders				1		<u></u>		
	٦	8	Mortgage and real estate loans						<u> </u>		
			Depreciable, depletable, and intangible assets						<u> </u>		
			Less accumulated depreciation, depletion, and amortization	(1
		10	Land (net of any amortization)	L					<u></u>		
	- 1	11	Other assets (attach schedule)								
		12	Total assets				<u> </u>		<u></u>		-
		13	Accounts payable	<u></u>			1		/		-
	2	14	Other current liabilities (attach schedule)				—		A		
Þ	ə	15	Loans from stockholders	ļ			₩		4		—
ā	<u>س</u>	16	Mortgages, notes, bonds payable				-		4		
<u>ë</u>	ē.	17	Other habilities (attach schedule)	_					/		+
≣	용	18	Capital stock (preferred and common stock)	\vdash			1		//		+
iabilities and	Stockholders' Equity	19	Paid-in or capital surplus	-			+		/		+-
	ᆲ	20	Retained earnings				+-		<u> </u>		+-
	ωĺ	21	Less cost of treasury stock	1			\mapsto		<u></u>		+
_		22	Total liabilities and stockholders' equity	Щ	B	(88	L		4 511 432		
P	art	Ш	Reconciliation of Income per Books With Income	e pe	r Retu	ırn (Must be	compl	etec	by all filers	(1) (1)	
1 1	Net	incor	ne per books	5	Income	recorded on boo	ks this	year r	not included on	YUUUUUUUUU	
2	Fede	eral i	ncome tax	,	this rel	urn (itemize)				annon managara	mamman.
3 1	Inco	me s	ubject to tax not recorded on books this	6	Deduc	tions on this retu	rn not c	harge	ed against book		unquuntu
	vear	fitor	nize)	1	incom	this vast (itamiz	۱۵			Į.	
4	Expe	nses	recorded on books this year not deducted	7	Incom	e (line 24, page 1). Ente	r the	sum of lines 1		
	on th	nis re	turn (itemize)		throug	h 4 less the sum	or lines	o and	10		Ь_



Instructions for Forms 1120 and 1120-A

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and

collect the right amount of tax. You are required to give us this information. The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are: Copying.

Form	Recordkeeping	Learning about the law or the form	Preparing the form	the form to IRS
1120	68 hrs., 38 min.	39 hrs., 10 min.	69 hrs., 55 min.	8 hrs., 2 min
1120-A	43 hrs., 17 min.	23 hrs., 43 min.	42 hrs., 13 min.	4 hrs., 50 min
Sch. D (1120)	6 hrs., 28 min.	3 hrs., 29 min.	6 hrs., 32 min.	48 min
Sch. PH (1120)	15 hrs., 47 min.	7 hrs., 11 min.	9 hrs., 38 min.	32 min

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance T:FP; or the Office of Management and Budget, Paperwork Reduction Project (1545-0123), Washington, DC 20503.

Voluntary Contributions To Raduce the Public Debt

Quite often inquiries are received about how to make voluntary contributions to reduce the public debt. A corporation may contribute by enclosing with the tax return a check made payable to "Bureau of the Public Debt." Voluntary contributions to reduce the public debt are deductible subject to the rules and limitations for charitable contributions.

General Instructions

Note: In addition to those publications listed throughout these instructions. taxpayers may wish to get: Publication 534, Depreciation; Publication 535; Business Expenses: and Publication 542. Tax Information on Corporations

A. Purpose of Form

In general, Form 1120, U.S. Corporation come Tax Return, and Form 1120-A, U.S. Corporation Short-Form Income Tax Return, are used to report income, gains, losses, deductions, and credits of U.S.

B. Filing Form 1120 and Form 1120-A

Who Must File

Domestic corporations not required to file a special return (see below), must file Form 1120, unless they qualify to file Form 1120-A. All domestic corporations (including corporations in bankruptcy) must file, whether or not they have any taxable ome, unless exempt under section 501.

Note: If an organization more nearly recembles a corneration than a partnership or trust, it will be considered an association

Who May File Form 1120-A

Note: More corporations will now qualify to file Form 1120-A due to an increase in the ceiling on gross receipts, total income, and total assets. See below.

Form 1120-A may be filed by a corporation if it meets all of the following requirements: . Its gross receipts (line 1a on page 1) must be under \$500,000.

- . Its total income (line 11 on page 1) must be under \$500.000
- Its total assets (line 12, column (b), Part If on page 2) must be under \$500,000. . It does not have any ownership in a foreign corporation.
- It does not have foreign shareholders who own, directly or indirectly, 50% or more of its stock
- It is not a member of a controlled group of corporations (sections 1561 and 1563). It is not a personal holding company (sections 541 through 547).
- It is not a consolidated corporate return
- It is not a corporation undergoing a
- dissolution or liquidation.
- . It is not filing its final tax return. . Its only dividend income is from domestic corporations (none of which represents debt-financed securities), and those dividends qualify for the 70% deduction.
- It has no nonrefundable tax credits other than the general pusiness credit and the credit for prior year minimum tax.
- It is not subject to environmental tax under section 59A.

 It has no liability for interest under section 453(I)(3) or 453A(c) (relating to certain installment sales) or installment payments of tax under section 453C or 1363(d). . It is not required to file a special tax return as stated below under Special
Returns for Certain Organizations.

Special Returns for Certain **Organizations**

Certain organizations, listed below, have to file special returns.

- . Foreign corporations other than life and property and casualty insurance companies ing Forms 1120L and 1120-PC: File Form
- Foreign sales corporations (section 922): File Form 1120-FSC.
- Life insurance companies (section 801):
- Property and casualty insurance companies (section 831): File Form 1120-PC.
- · Farmers' cooperatives (section 1381): File Form 990-C.
- Exempt organizations with unrelated trade or business income: File Form 990-T. S corporations (section 1361): File Form
- Interest charge domestic international sales corporations (section 992): File Form 1120-IC-DISC.
- Political organizations (section 527): File Form 1120-POL.
- Condominium management associations and residential real estate management associations that elect to be treated as homeowners associations under section 528: File Form 1120-H.
- · Funds set up to pay for nuclear decommissioning costs (section 468A): File Form 1120-ND.
- · Designated settlement funds (section 468B): File Form 1120-DF.
- Real estate investment trusts (section 856): File Form 1120-REIT.
- Entities that elect to be treated as real estate mortgage investment conduits (REMICs) under section 860D: File Form
- Regulated investment companies (section 851): File Form 1120-RIC.

When To File

In general, a corporation must file its income tax return by the 15th day of the 3rd month after the end of the tax year. A new corporation filing a short-period return must generally file by the 15th day of the 3rd month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved.

Extension. - File Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to reguest an automatic 6-month extension of time to

Period covered —File the 1989 return for calendar year 1989 and fiscal years that begin in 1989 and end in 1990. For a fiscal year, fill in the tax year space at the top of the form.

Note: The 1989 Form 1120 may also be used if: (1) the corporation has a tax year of less than 12 months that begins and ends in 1990: and (2) the 1990 Form 1120 is not available by the time the corporation is required to file its return. However, the corporation must show its 1990 tax year on the 1989 Form 1120 and incorporate any tax law changes that are effective for tax years beginning after December 31, 1989. Initial return, final return, and change in address. - If this is the corporation's first return, check the "Initial return" box in item G. Form 1120 or item E. Form 1120-A. If the corporation ceases to exist, check the "Final return" box in item G and do not file Form 1120-A: use Form 1120, Indicate a change in address by checking the appropriate box

Where To File

Use the preaddressed envelope. If you do not use the envelope, file your return at the applicable IRS address listed below.

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

Ogden, UT 84201

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester) Holtsville, NY 00501 New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont Andover, MA 05501 Florida, Georgia, South Carolina Atlanta, GA 39901 Indiana, Kentucky, Michigan, . Ohio, West Virginia Cincinnati OH 45999 Kansas, New Mexico Oklahoma, Texas ? Austin TX 73301

Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calsuvera, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Newda, Placer, Plumas, Sacramento, San Joaquin, Shasta, Serra, Siskyiu, Solano, Sonosa, Sutter, Tehama, Trinity, Yolo, and Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, (Jabh, Montrana, Yuba), Colorado, Idaho, Montana Nebraska, Nevada, North Dakota Oregon, South Dakota, Utah, Washington, Wyoming

California (all other counties), Fresno, CA 93888

Illinois, Iowa, Minnesota Missouri, Wisconsin Kansas City, MO 64999

Memphis, TN 37501

Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tenness

Delaware, District of Columbia, Maryland Philadelphia, PA 19255 Pennsylvania, Virginia

Corporations having their principal place of business outside the United States or

claiming a possessions tax credit (section 936) must file with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a roup of corporations located in severa Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is

Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver trustee, or assignee must sign and date any return required to be filed on behalf of a

If a corporate officer filled in the corporate tax return, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares the tax return and does not charge the corporation, that person should not sign the return. Certain others who prepare the tax return should not sign. For example, a regular, full-time employee of the corporation, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare the tax return must sign it and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return must complete the required preparer information and:

- . Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- · Give a copy of the tax return to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information for Tax Practitioners, for nore details.

C. Figuring and Paying the Tax

1. Accounting

Accounting methods. —Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. See section 446.

Generally, corporations engaged in farming operations must use the accrual method of accounting. See section 447 for

Generally, corporations (other than qualified personal service corporations) are required to use the accrual method of accounting if their average annual gross receipts are more than \$5,000,000. See section 448(c). A corporation changing to the accrual method because of this provision must complete Form 3115, Application for Change in Accounting Method, and attach it to Form 1120 for the year of change. The corporation must also show on a statement accompanying Form 3115 the period over which the section 481(a) adjustment will be taken into account and the basis for that conclusion. See section 448 and Temporary Regulations sections 1.448-1T(g) and

1.448-1T(h) for more information. Include the amount reportable as income in 1989 under section 481(a) on line 10, page 1.

For long-term contracts (except certain real property construction contracts). entered into after February 28, 1986, taxpayers must elect either the percentage of completion method or the percentage of completion metriod of the percentage of completion-capitalized cost method. See section 460; Notice 87-61, 1987-2 C.B. 370; and Notice 88-66, 1988-1 C.B. 552; for more information

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115. Also see Publication 538, Accounting Periods and Methods.

Change in accounting period.—Generally, before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing Form 1128. Application for Change in Accounting Period. Also see Publication 538.

Personal service corporations as defined in Temporary Regulations section 1.441-4T (see the instructions for Item C on page 5) must adopt a calendar year unless: (1) the corporation can establish to the satisfaction of the Commissioner that there is a business purpose for having a different tax year or

(2) the corporation elects under section 444 to have a tax year other than a calendar

Personal service corporations that wish to rersonal service corporations that wish to establish a business purpose for having a different tax year should see Rev. Rul. 87-57, 1987-2 C.B. 117, for more information. Also see Rev. Proc. 87-32, 1987-2 C.B. 396, for procedures to use in adopting, retaining, or changing the corporation's tax year. Personal service corporations that wish to adopt or retain a noncalendar fax year must file requests to do so on Form, 1128 in accordance with the procedures outlined in Rev. Proc. 87-32.

Personal service corporations that wish to

elect under section 444 to have a tax year. other than a calendar year must file Form 8716. Election To Have a Tax Year Other Than a Required Tax Year. Generally, Form 8716 must be filed by the earlier of: (1) the 15th day of the 5th month following the month that includes the 1st day of the tax year for which the election will be effective or (2) the due date (not including extensions) of the income tax return resulting from the section 444 election. Electing corporations are subject to minimum distribution requirements under section 280H(c) for each year the election is in effect. If the corporation fails to make the required minimum distributions, the deduction allowable for certain amounts paid to employee-owners is limited to a maximum deductible amount under section 280H(d). Amounts not allowed as a deduction for the tax year are carried over to the following tax year. Complete Schedule H (Form 8716), Section 280H Limitations for a Personal Service Corporation (PSC), to figure the required minimum distributions and the maximum deductible amount, if applicable.

2. Rounding Off to Whole-Dollar

The cornoration may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase a amount from 50 cents through 99 cents to the next higher dollar.

3. Depositary Method of Tax Payment

The corporation must pay the tax due in full when the return is filed but no later than the 15th day of the 3rd month after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with Federal Tax Denosit Coupon (Form 8109) Be sure to darken the "1120" box on the coupon. Make these tax deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more

To help ensure proper crediting to your account, write your employer identification number. "Form 1120." and the tax period to which the deposit applies on your check or money order

To get more deposit coupons, use the reader form (Form 8109A) provided in the coupon book

For more information concerning deposits, see Publication 583, Taxpayers Starting a Business.

4. Backup Withholding

If the corporation has had income tax withheld from any payments it received because, for example, it failed to give the payer its correct employer identification r, it may claim a credit on Form 1120 (or 1120-A) for the total amount withheld. This type of withholding is called "backup withholding". Show the amount withheld in the blank space in the right hand column between lines 31 and 32h, page 1, Form 1120 and label the amount as "backup thholding." Also include the amount in the total for line 32h. On Form 1120-A, show the amount withheld on the dotted line to the left of line 28h, page 1, and label the amount as "backup withholding". Also include the amount in the total for line 28h.

5. Estimated Tax

Generally, a corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$500 or more. Use Form 1120-W. Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the deposit coupons (Forms 8109) in making deposits o estimated tax.

If a corporation is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the corporation's share of the estimated tax payment in the total amount entered on line 32b, Form 1120. In the blank space to the left of the entry space for line 32b, write "T" and the amount attributable to it. On Form 1120-A, include the corporation's share of the section 643(g) payment on line 28b and identify it as shown above for Form 1120

If the corporation overpaid estimated tax. it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply. file Form 4466 after the end of the tax year, but before the 16th day of the 3rd month thereafter, and before the corporation files its tax return.

6. Timing Change in Deducting **Accrued Expenses**

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, generally all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section

7. Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpavers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see nue Procedures 84-27, 84-28, 84-29, and 84-30, (which are in Cumulative Bulletin 1984-1) to change their method.

D. Interest and Penalties

Interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it may be liable for penalties unless it can show that failure to file or pay was due to reasonable cause and not willful neglect.

Interest. - Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

2. Late Filling of Return. - A corporation that fails to file its return when du (including extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25% for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

3. Late Payment of Tax. - Generally, the nalty for not paying tax when due is 1/2 of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

4. Underpayment of Estimated Tax.---A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. In general, to avoid the

estimated tax negative the corporation must make estimated tax payments of at least the maller of 90% of the tax shown on the return or 100% of its prior year's tax. See section 6655 for details and exceptions.

Form 2220, Underpayment of Estimated Tax by Corporations, is used to see if the corporation owes a penalty and to figure the amount of the penalty. Generally, the corporation does not have to file this form because IRS can figure the amount of any penalty and bill the corporation for it. However, you must complete and attach Form 2220 even if the corporation does not owe the negative if: (a) the annualized income or adjusted seasonal installn method is used, or (b) the corporation is a "large corporation" computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure to check the box on line 33. Form 1120, or line 29. Form 1120-A, and enter the amount of any penalty on this line.

Overstated Tax Deposits.—If deposits are overstated, the corporation may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(b).

6. Other Penalties. - There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661.

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

1 Forms

The corporation may have to file any of the

Forms W-2 and W-3, Wage and Tax Statement; and Transmittal of Income and Tay Statements

Form W-2P. Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA

Form 966, Corporate Dissolution or

t inuidation Forms 1042 and 1042S, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Person's U.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on payments or distributions made to nonresident alier individuals, foreign partnerships, or foreign corporations to the extent such payments or distributions constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, see sections 1441 and 1442, and Publication 515. Withholding of Tax on Nonresident Aliens and Foreign Corporations. Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Form 1098, Mortgage Interest Statement.
This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year. Forms 1099-A R DIV INT. MISC. OID. PATR, R, and S. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from broker and barter exchange transactions, certain dividends and distributions, interest payments, payments for certain fishing boat crew members, medical and dental health

care payments, direct sales of consumer

goods for resale, miscellarfeous income payments, nonemployee compensation. dividends, total distributions from profit sharing plans, retirement plans, individual retirement arrangements, insurance contracts etc. and proceeds from real estate transactions. Also use these returns to report amounts that were received as a nominee on behalf of another person For more information, see Publication

937. Business Reporting. Note: Every corporation must file information returns if, in the course of its trade or business, it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person during the calendar year. Form 5452, Corporate Report of Nondividend Distributions. Form 5498, Individual Retirement

Arrangement Information, Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account. Form 5713, International Boycott Report for persons having operations in or related to "boycotting" countries. In addition, rsons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

Form 8264, Application for Registration of a Tax Shelter. It is used by tax shelter anizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

Form 8271, Investor Reporting of Tax Shelter Registration Number. It is used by taxnavers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return (Form 1120X)) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken or any income attributable to a tax shelter is reported.

Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the ssuance of the debt instrument.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8594, Asset Acquisition Statement, is to be filed by both the purchaser and seller of a group of assets constituting a trade or business if goodwill or a going concern value attaches, or could attach, to such assets and if the purchaser's basis in the assets is determined only by the amount paid for the

Form 8621. Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. A corporation that was a shareholder in a nassive foreign investment company (as defined in section 1296) at any time during the tax year must complete and attach this form to its return. Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. Use this form to figure the interest due or to be refunded under the look-back method of section 460(b)(3) or certain long-term contracts entered into after February 28, 1986, that are

the percentage of completion method. Form 8810, Corporate Passive Activity Loss and Credit Limitations, Closely held corporations and personal service corporations, which are subject to the passive activity limitations of section 469. use this form to compute their allowable passive activity loss and credit

accounted for under either the percentage

of completion-capitalized cost method or

2. Consolidated Return

The parent corporation of an affiliated group of corporations must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments

- Items of gross income and deductions.
- · A computation of taxable income.
- · Balance sheets as of the beginning and end of the tax year
- A reconciliation of income per books with income per return.
- A reconciliation of retained earnings. Attach consolidated balance sheets and a

reconciliation of consolidated retained earnings.

3. Statements

Stock ownership in foreign corporations. - Attach the required statement to Form 1120 if the corporation owned 5% or more in value of the outstanding stock of a foreign personal holding company and the corporation was required to include in its gross income any undistributed foreign personal holding company income from a foreign personal holding company. See section 551(c).

A corporation that controls a foreign corporation; or that is a 10%-or-more shareholder of a controlled foreign corporation; or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation, may have to file Form 5471, Information Return with Respect to a Foreign Corporation.

A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472, Information Return of a Foreign-Owned Corporation.

Transfers to a corporation controlled by the transferor —If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach to their respective tax returns the information required by Regulations section 1.351-3.

4. Amended Return

Use Form 1120X, Amended U.S. Corporation Income Tax Return, to correct any error in a previously filed Form 1120 or Form 1120-A

5. Financial Statements

A corporation is not required to complete Schedules M-1 and M-2 (Form 1120 only) if the corporation's total assets at the end of the tax year (line 15, column (d) of Schedule L. Form 1120) are less than \$25,000.

6. Attachments

Attach Form 4136, Computation of Credit for Federal Tax on Fuels, after page 4, Form 1120, or page 2, Form 1120-A. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136.

In order to process the return we ask that you complete every applicable entry space on Form 1120. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form,

If more space is needed on the forms or schedules, attach separate sheets. indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Also, show the same information called for on the form in the same order as on the printed forms. 8e sure to show totals on the printed forms Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's name and employer identification number (EIN) on each sheet

F. Additional Information

Be sure to answer questions H through R on page 3, Form 1120, or questions G through L on page 2, Form 1120-A. The instructions that follow are keyed to these

- 1. Question I(2)(c), Form 1120 only U.S. person. - The term "U.S. person"
- 1. A citizen or resident of the United States;
- 2. A domestic partnership:
- 3. A domestic corporation; or
- 4. Any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

2. Question K

Foreign financial accounts.—Check the "Yes" box if either a or b below applies to the corporation; otherwise, check the "No

- a. At any time during the year the corporation had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account);
- o The combined value of the accounts was more than \$10,000 at any time during the year; AND
- e. The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.
- b. The corporation owns more than 50% of the stock in any corporation that would answer "Yes" to item a above. Get form TD F 90-22.1, Report of

Foreign Bank and Financial Accounts, to see if the cornoration is considered to have an interest in or signature or other authority over a financial account in a foreign countr (such as a bank account, securities account, or other financial account).

If "Yes" is checked for this question, file form TD F 90-22.1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120.

Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more sbace is needed

3. Question Q. Form 1120, and Question I, Form 1120-A

Report any tax exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company

Specific Instructions

Item C. Porsonal service corporation.-The term "personal service corporation" means a corporation whose principal activity during the testing period for the tax year is the performance of personal services that are substantially performed by employee-owners who own more than 10% of the fair market value of the corporation's outstanding stock as of the last day of the testing period for the tax year.

The testing period for a tax year is the tax year preceding such tax year, except for a new corporation. The testing period for a new corporation (one in its first tax year) is the period beginning on the first day of its first tax year and ending on the earlier of the last day of its first tax year or the last day of the calendar year in which the first tax year began.

Activities of the taxpaver that are treated as the performance of personal services are limited to activities of the taxpayer that involve the performance of services in the frields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting (as such fields are defined in Temporary Regulations section 1.448-1T).

Personal services are substantially performed by employee-owners if more than 20% of the corporation's compensation cost for the testing period attributable to the performance of personal services is attributable to personal services performed by employee-owners.

A person is considered to be an employee-owner if the person is an employee of the corporation on any day of the testing period and the person owns any outstanding stock of the corporation on any day of the testing period. Stock ownership is determined under the attribution rules of section 318 (except that "any" is substituted for "50%" in section 318(a)(2)(C)).

For details, see Temporary Regulations section 1.441-4T.

Item D. Employer Identification number If the employer identification number (EIN) on the label is wrong or if the corporation did not receive a label, enter the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on Form \$5-4,
Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which
Form 1120 or Form 1120-A is mailed. If the EIN has not been received by the filing time for the corporation return, write "Applied for" in the snace for the FIN.

For more information concerning an EIN. see Publication 583.

Item F. Total assets. Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Income

Note: Generally, income from all sources whether U.S. or foreign, must be included. Line 1

Gross receipts

Enter gross receipts or sales from all business operations except those that must be reported on lines 4 through 10. For reporting advance payments, see Regulations section 1.451-5. To report income from long-term contracts, see section 460.

Generally, the installment method cannot be used for dealer dispositions of property. See section 453(I) for details and exceptions. For dealer dispositions of property before March 1, 1986, dispositions of property used or produced in the trade or business of farming, and certain dispositions of timeshares and residential lots reported under the installment method, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3.
Attach a schedule showing the following for the current year and the 3 preceding years: a. gross sales, b. cost of goods sold, c. gross profits, d. percentage of gross profits to gross seles, o. amount collected, and f. gross profit on amount collected. For sales of timeshares and residential lots reported under the installment method, the corporation's income tax is increased by the interest payable under section 453(I)(3). To report this addition to the tax, see the instructions for line 3. Schedule J. Form

Accrual basis taxpayers need not accrue certain amounts to be received from the performance of services which, on the basis of their experience, will not be collected (section 448(d)(5)). This provision does not apply to any amount if interest is required to be paid on such amount or if there is any penalty for failure to timely pay such amount. Corporations that fall under this provision should attach a schedule showing total gross receipts, amount not accrued as a result of the application of section 448(d)(5), and the net amount accrued. The net amount should be entered on line 1a. For more information and guidelines on this "non-accrual experience method," see Temporary Regulations section 1.448-2T.

Line 2 Cost of roods sold and/or operations

Both Form 1120 and Form 1120-A filers must enter their cost of goods.sold and/or operations on line 2, page 1, of their respective forms. However, a Form 1120 filer must also complete Schedule A on page 2 of the form.

While there is not a similar schedule on Form 1120-A to compute this entry, the following worksheet is provided to help in figuring this amount

Note: If a corporation is using either Schedule A, Form 1120, or the following worksheet to figure cost of operations, where inventories are not an incomedetermining factor, it should do so by entering a zero on lines 1 and 6 of the schedule or worksheet.

Form 1120 filers using Schedule A and Form 1120-A filers using the worksheet below should see the instructions on page 6 before completing Schedule A or the

Workshoot (Form 1120-A)

	Inventory at start of year (enter here and on page 2, Part It, line 3, Column (a), Form 1120-A)
2.	Purchases (enter here and on page 2, Item J(1)(a), Form 1120-A)
. 3 .	Cost of labor (enter here and include in total on page 2, Item J(1)(c), Form 1120-A) .
40.	Additional section 263A costs (enter here and on page 2, item J(1)(b)) (see instructions)
ь	Other costs (enter here and include on page 2, Item J(1)(c))
5.	Subtotel—Add lines 1 through 4b
6.	Inventory at end of year (enter here and on page 2, Part II, line 3, Column (b), Form 1120-A)
7.	Total cost of goods sold and/ or operations—Line 5 less line 6 (enter here and on page 1, line 2, Form 1120-A)
in	ventory velucition methods, inventories
	n be valued at: (1) cost; (2) cost or
m	erket value (whichever is lower); or (3)
an	v other method that is approved by the
Co	mmissioner, and that conforms to the
pn	ovisions of the applicable regulations and below.
	Taynavers using erroneous valuation

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such a change should be made by filing Form 3115. For more information about the

Po70 5

change, see Regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B.

On line 8a of Schedule A, Form 1120 only, check the method(s) used for valuing inventories. Under "lower of cost or market " market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is: (1) unsalable at normal prices, or (2) unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price, minus direct cost of disposition (but not less than scrap value) if such a price can be established. See Regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in Firstout" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box on line 8b of Schedule A, Form 1120 only. Enter the amount or percent of total closing inventories covered under section 472 on line 8c. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "write up" its opening inventory to cost in the year of election, report the effect of this writeup as income (line 10, page 1) proportionately over a 3-year period that begins in the tax ar you made this election (section year you . 472(d)).

Section 263A Uniform Capitalization Rules. See the uniform capitalization rules of section 263A discussed below before proceeding.

Schedule A, Form 1120, and Worksheet, Form 1120-A

Line 4a. -An entry is required on this line only for corporations that have elected a simplified method of accounting. In the case of taxpayers that have elected the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in the inventory costs under the taxpaver's method of accounting immediately prior to the effective date in Temporary Regulations section 1.263A-1T, but that are now required to be capitalized under section 263A. In the case of taxpayers that have elected a simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing: purchasing: handling. processing, assembly, and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a the

balance of section 263A costs paid or incurred during the tax year not included on lines 2 and 3. See Temporary Regulations section 1.263A-1T for more information.

Line 4b. - Enter on line 4b any costs paid or incurred during the tax year not entered on lines 2 through 4a.

Lino 6.—See Temporary Regulations section 1.263A-1T for more information on computing the amount of additional section 263A costs to be capitalized and added to ending inventory.

Line 4 Dividonds

Form 1120-A filors.—Because Form 1120-A can be filed by corporations that only received dividends from domestic corporations (that are not from debtnanced stock) that qualify for the 70% dividends-received deduction, they should enter the total of those dividends on line 4. page 1. Form 1120-A.

Form 1120 filers.—See the instructions for Schedule C. Form 1120.

Line 5 Interest

Enter taxable interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest expense against

Special rules apply to interest income from certain below-market rate loans. See section 7872 for more information.

Line 6 **Gross rents**

Enter the gross amount received for the

rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions

Line 8

Conitol gain net income

Every sale or exchange of a capital asset must be reported in detail on Schodulo D (Form 1120), Capital Gains and Losses, even though no gain or loss is indicated.

Line 9

Net gain or (loss)

Enter the net gain or (loss) from line 18, Part II, Form 4797, Sales of Business Property.

Line 10

Other Income

Enter any other taxable income not listed above, and explain its nature on an attached schedule. Examples of other income are any adjustment under section 481(a) required to be included in income during the current tax year due to a change in a method of accounting; recoveries of bad debts deducted in prior years under the specific charge-off method; the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478, Credit for Alcohol Used as Fuel; and refunds of taxes deducted in prior years to the extent they reduced income subject to tax in the year deducted (see section 111). Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, describe it in parentheses on line 10.

Deductions

Limitations on doductions

1. Soction 263A uniform capitalization rules. — The uniform capitalization rules of section 263A require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpayer includes a film, sound recording, videotape, book, or similar property. The rules also apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to the rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that relate to the assets produced or acquired for resale. Interest expense paid or incurred during the production period of certain property must be capitalized and is governed by special rules. For more information, see Notice 88-99, 1988-2 C.B. 422. The unifor capitalization rules also apply to the production of property constructed or improved by a taxpayer for use in its trade business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are \$10,000,000 or less, it does not apply and a supply for farmers. The rules do not apply to property which is produced for use by the taxpayer if substantial construction has occurred before March 1, 1986.

In the case of inventory, some of the indirect costs that must be capitalized are administration expenses; taxes; depreciation; insurance; compensation paid to officers attributable to services; rew labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

The costs required to be capitalized under section 263A are not deductible until the property to which the costs relate is sold, used, or otherwise disposed of by the

Current deductions may still be claimed for research and experimental costs under section 174, intangible drilling costs for oil and gas and geothermal property, and mining and exploration and development costs. Temporary Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more ormation, see Temporary Regulations section 1.263A-1T. 2. Transactions between related

toxpoyors. - Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

- 3. Section 291 limitations.—Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, bad debt deductions for financial institutions, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of adjustment.
- 4. Golden parachute payments.—A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

 5. Business startup expenses.—Business
- business startup expenses.—Business startup expenses are required to be capitalized unless an election is made to amortize them over a period of 60 months.
- 6. Passive activity limitations Limitations on passive activity losses and credits under section 469 apply to closely held cornorations (defined below) and personal service corporations as defined in Temporary Regulations section 1.441-4T (see the instructions for item C on page 5). A corporation is a closely held corporation for this purpose if at any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by or for not more than 5 individuals, and the corporation is not a personal service corporation. Certain organizations are treated as individuals for purposes of this test. (See section 542(a)(2).) For rules of determining stock ip, see section 544 (as modified by section 465(a)(3)).

There are two kinds of passive activities: trade or business activities in which the corporation did not materially participate for the tax year, and rental activities regardless of its participation. An activity is a trade or business activity if the activity involves the conduct of a trade or business (i.e., deductions from the activity would be allowable under section 162 if other limitations, such as the passive loss rules. did not apply), or research or experimental expenditures in the activity are deductible under section 174 (or would be deductible if the corporation chose to deduct rather than capitalize them), and the activity is not a rental activity. Temporary Regulations section 1.469-1T(g)(3) defines material participation of corporations.

Generally, losses from passive activities can be deducted only to the extent of income from passive activities. Passive activity credits generally are limited to the tax attributable to net passive income. Closely held corporations are allowed to increase: (i) the limitation on losses from passive activities by the amount of net active income, and (ii) the limitation on passive activity credits by the tax attributable to net active income. See Temporary Regulations section 1.469-17(g)(4) for the definition of net active income. Phase-in rules apply to certain passive activities acquired before October 23, 1986. For tax years beginning in 1989, 20% of the current year passive activity loss and credit from these activities is allowed. Generally, passive activity losses and credits that are not allowed in the current year are carried forward for use in later years.

Corporations subject to the passive activity limitations must complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to compute their allowable passive activity loss and credit. Before completing Form 8810, see Temporary Regulations section 1.163-8T, which provides rules for allocating interest expense among activities. If a passive activity is also subject to the at-risk rules of section 465, the at-risk rules apply before the passive loss rules. For more information, see section 469, the at-risk rules apply activity and At-Risk Rules.

Line 12

Compensation of officers

Besides entering officers' compensation deductible on line 12, filers of Form 1120 must complete Schedule E on page 2 if their total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120) are \$500,000 or more. Do not include compensation deductible elsewhere on the return, such as amounts included in cost of goods sold and/or operations, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement.

Complete Schedule E, line 1, columns (a) through (f), for all officers. The corporation determines who is an officer under the laws of the state where incorporated.

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

Line 13

Salaries and wages

Enter on line 13a the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as amounts included in cost of goods sold and/or operations, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 20 and 25, Form 1120, or lines 20 and 22, Form 1120.

Enter on line 13b the amount of jobs credit from Form 5884, Jobs Credit.

Line 14

Repairs

Enter the cost of incidental repairs not claimed elsewhere on the return, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

Line 15

.

Enter the total debts that became worthless in whole or in part during the tax year. A small bank or thrift institution using the reserve method should attach a schedule showing how it arrived at the current year's provision.

Line 17

Enter taxes paid or accrued during the tax year, but do not include the following:

- Federal income taxes (except the environmental tax under section 59A):
- Foreign or U.S. possession income taxes
 if a tax credit is claimed:
- 3. Taxes not imposed on the corporation; or 4. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

See section 164(d) for apportionment of taxes on real property between seller and our chaser

If the corporation is liable for environmental.tax under section 59A, see Form 4626, Alternative Minimum Tax— Corporations, for computation of the environmental tax deduction.

Line 18

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. For exceptions, see section 265(b).

Mutual savings banks, building and loan associations, and cooperative banks can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings. See section 591.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer who in 1989 prepaid interest allocable to any period after 1989 can deduct only the amount allocable to 1989. See Publication 545, Interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).

Do not deduct interest on debt allocable to the production of qualified property. Interest that is allocable to such property produced by a corporation for its own use or or sale must be capitalized, in addition; a corporation must also capitalize any interest on debt allocable to an asset used to produce the above property. See section 263A and Notice 88-99 for definitions and more information.

See section 7872 for special rules regarding the deductibility of foregone interest on certain below-market rate loans.

Line 19

Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of . charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not be more than 10% of taxable income (line 30, Form 1120, or line 26, Form 1120-A) computed without regard to the following:

1. Any deduction for contributions;

Page 7

- 2. The special deductions on line 29b, Form 1120, or line 25b, Form 1120-A;
- 3. Deductions allowed under sections 249 and 250:
- 4. Any net operating loss carryback to the tax year under section 172; and 5. Any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Taxable income is modified in order to determine the amount of a net operating loss used in an intervening year (i.e., a year to which a net operating loss is carried but not fully absorbed). For this purpose, taxable income is computed by determining the net operating loss deduction for the year without regard to the net operating loss for the loss year or any later year. See section 172(b)(2). To the extent charitable contributions are used to reduce taxable income for this purpose and increase a net operating loss carryover, a contributions carryover is not allowed. See section 170(d)(2).10

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return accelaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money and the total claimed deduction of all property contributed exceeds \$500, corporations (except closely held and personal service corporations) shall attach a schedule describing the kind of property contributed and the method used in determining its fair market value. Closely held corporations and personal service corporations must complete Form 8283, Noncash Charitable Contributions, and attach it to their returns. All other corporations generally must complete and attach Form 8283 to their returns for contributions of property other than money if the total claimed deduction for all property contributed was more than \$5,000.

Also, a corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

If the corporation made à "qualified conservation contribution" under section 170(h), elso include the fair market value of the underlying property before and after the donation, as well as the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property. For a charitable contribution of property, the corporation must reduce the contribution by the sum of:

The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value, and

2. For certain contributions, all of the longterm capital gain that would have resulted if the property were sold at its fair market value.

The reduction for the long-term capital gain applies to:

Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption; and

2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. See section 170(e) and Regulations section 1.170A-4.

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

Charitable contributions of scientific properly used for research. A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

Line 20

Depreciation
Besides depreciation, include on line 20 the part of the cost (up to \$10,000) that the corporation elected to expense for certain recovery property placed in service during tax year 1989. See the instructions for Form 4562, Depreciation and Amortization.

Line 22, Form 1120 only

See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite).

Foreign intangible drilling costs and foreign exploration and development costs must either be added to the corporation's basis for cost depletion purposes or be deducted ratably over a 10-year period. See sections 263(i), 616, and 617 for more information.

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is taken.

Line 24, Form 1120 only

Pension, profit-sharing, etc., plans
Employers who maintain a pension, profit-sharing, or other funded deferred
compensation plan, whether or not
qualified under the Internal Revenue Code
and whether or not a deduction is claimed
for the current taxy pear, generally are
required to file one of the forms described
below. There are pensities for failure to fite
these forms on time and for overstating the
pension plan deduction. See sections
6652(e) and 6659A.

Form 5500. —Complete this form for each plan with 100 or more participants. Form 5500-C/R. —Complete this form for each plan with fewer than 100 participants. Form 5500EZ. —Complete this form for a one-participant plan.

Line 25, Form 1120 only Employee benefit programs

Enter the amount of contributions to employee benefit programs not claimed elsewhere on the return (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Line 26, Form 1120, and Line 22, Form 1120-A

Other deductions

Attach a separate sheet listing all allowable deductions that are not deductible elsewhere on Form 1120 (or 1120-A). Enter the total on this line

Include on this line the deduction taken for amortization of pollution control facilities, organization expenses, etc. See Form 4562.

A corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan. However, a deduction may only be taken if, according to the plan, the dividends are:

- Paid in cash directly to the plan participants; or
- 2. Paid to the plan, which distributes them in cash to the plan participants no later than 90 days after the end of the plan year in which the dividends are paid. See section 404(k). For other deductions which may be allowed, see section 404(k)/2(C).

anower, see section 40-(k/k/2/c).

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income. See section 265(b) for exceptions.

Generally, the corporation can deduct only 80% of the amount otherwise allowable for meals and entertainment expenses paid or incurred in its trade or business. In addition, meals must not be lavish or extravagant; a bona fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal. See section 274(k)(2) for exceptions. If the corporation claims a deduction for unallowable meal expenses, it may have to pay a penalty.

Additional limitations apply to deductions for gifts, skybox rentals, luxury water travel, convention expenses, and entertainment tickets. See section 274 and Publication 463, Travel, Entertainment, and Gift Expenses for details

Generally, a corporation can deduct all other ordinary and necessary travel and entertainment expenses paid or incurred in its trade or business. However, it cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (Note: The corporation may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.) Note: Do not deduct penalties imposed on corporations such as those included in General Instruction D.

Form 1120-A filers.—These filers should also include on line 22 of Form 1120-A the expenses described above for lines 22, 24, and 25 of Form 1120.

Line 28, Form 1120, and Line 24, Form 1120-A

Taxable income before NOL deduction and special deductions

"At-risk" rules.—Special "at-risk" rules under section 465 generally apply to closely held corporations (defined on page 7) engaged in any activity as a trade or business or for the production of income Such corporations may have to adjust the amount on line 28, Form 1120, or line 24, Form 1120-A. (See below.) But the at-risk rules do not apply to: (1) holding real property placed in service by the taxpayer before 1987; (2) equipment leasing under sections 465(c)(4), (5), and (6); and (3) any qualifying business of a qualified corporation under section 465(c)(7). However, the at-risk rules do apply to the

holding of mineral property.

If the at-risk rules apply, adjust the amount on this line for section 465(d) losses. These losses are limited to the amount for which such corporation is at risk for each separate activity at the close of the tax year. If the corporation is involved in one or more activities, one or more of which incurs a loss for the year, report the losses for each activity separately. Attach Form
6198. At-Risk Limitations, showing the amount at risk and gross income and deductions for the activities with the losses.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the at-risk rules apply; determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the at-risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year Line 29a, Form 1120, and Line 25a,

Form 1120-A

Net operating loss deduction

The 'net operating loss deduction" is the amount of the net operating loss carryovers and carrybacks that can be deducted in the tax year. See section 172(a). If this deduction is taken, explain its computation on an attached schedule.

Generally, a corporation may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. Personal service corporations are not permitted to carry back a net operating loss to or from any tax year to which a section 444 election applies.

A corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. See section 172(b)(1)(l). See Regulations section 1.172-13(c) for the required statement that must be attached to Form 1120 when claiming the 10-year carryback on product liability losses.

There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable. Section 172(b)(1) describes types of losses for which the 15-year carryforward period does not apply

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss the corporation may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the modified taxable income for each of the prior tax years to which the corporation may carry the loss. See section 172(b).

If there is a carryback of a net operating oss, net capital loss, or an unused credit, file Form 1139, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. See section 6411.

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see Publication 536, Net Operating Losses

See section 382 for the limitation on the amount of taxable income of a loss corporation for any tax year ending after a nost-1986 ownership change that may be offset by pre-change net operating loss carryovers. Also see Temporary Regulations section 1.382-2T(a)(2)(ii), which requires that a loss corporation file an information statement with its income tax return for each tax year that it is a loss corporation.

See section 384 for the limitation on the use of preacquisition losses of one corporation to offset recognized built-in gains of another corporation.

Line 29b, Form 1120, and Line 25b, Form 1120-A

Special deductions

Form 1120 filers.— See the instructions for Schedule C below.

Form 1120-A filers.—Generally, enter 70% of line 4, page 1, on line 25b. However, this deduction may not be more than 70% of line 24, page 1. For this purpose, compute line 24 without regard to any adjustment under section 1059 and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 70% limitation does not apply. even if the loss is created by the dividendsreceived deduction. See sections 172(d) and 246(b).

Schedule C Form 1120 Only

Dividends and Special Deductions

For purposes of the 20% ownership test on lines 1 through 7, the percentage of stock owned by the corporation is based on voting power and value of the stock, Preferred stock described in section 1504(a)(4) is not taken into account

Line 1; Column (a)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984—see section 246A) that are received from less-than-20%-owned domestic corporations subject to income tax and that are subject to the 70% deduction under section 243(a)(1). Include on this line taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the 70% deduction and certain dividends of Federal Home Loan Banks. See section 246(a)(2)

For dividends received from a regulated investment company, see section 854 for the amount subject to the 70% deduction.

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

Line 2. Column (a)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) that are received from 20%-or-moreowned domestic corporations subject to income tax and that are subject to the 80% deduction under section 243(c). Include on ueuction unider section 243(c). Include on this line taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the 80% deduction.

Line 3, Column (a)

Enter dividends on debt-financed stock acquired after July 18, 1984, that are received from domestic and foreign corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under section 243(a)(1), 243(c), or 245(a). Generally, debt-financed stock is stock that the corporation acquired by incurring a debt (for example, it borrowed money to buy the

Line 3, Columns (b) and (c)

Dividends received on debt-financed stock acquired after July 18, 1984, are not entitled to the full 70% or 80% dividends-received deduction. The 70% or 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also see section 245(a) before making this computation for an additional limitation that applies to dividends received from foreign corporations. A schedule showing how the amount on line 3, column (c), was figured must be attached to Form 1120.

Line 4, Column (a)

Enter dividends received on the preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid

Line 5, Column (a)

Enter dividends received on preferred stock of a 20%-or-more-owned public utility that is subject to income tax and is allowed the deduction provided in section 247 for

Line 6, Column (a)

Enter the U.S.-source portion of dividends that are received from less-than-20%owned foreign corporations and that qualify for the 70% deduction under section 245(a). To qualify for the 70% deduction, the corporation must own at least 10% of the stock of the foreign corporation by vote and value. Also include on line 6, column (a), dividends received from a less-than-20%-owned FSC that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreign trade income) and that qualify for the 70% deduction provided in section 245(c)(1)(B).

Page 9

Line 7. Column (a)

Enter the U.S.-source portion of dividends that are received from 20%-or-more-owne foreign corporations and that qualify for the 80% deduction under section 245(a). Also include on line 7, column (a), dividends received from a 20%-or-more-owned FSC that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreign trade income) and that qualify for the 80% deduction provided in section 245(c)(1)(B).

Line 8, Column (a)

Enter dividends that are received from wholly owned foreign subsidiaries and that are eligible for the 100% deduction provided in section 245(b).

In general, the deduction under section 245(b) applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which:

 All of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends, and 2. All of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

Line 9. Column (c)

Limitation on dividends-received deduction.

Generally, line 9 of column (c) may not exceed the amount from the worksheet below. However, in a year in which a net operating loss occurs, this limitation does not apply even if the loss is created by the dividends-received deduction. See sections 172(d) and 246(b). Certain financial institutions to which section 593(a) applies should see section 596 for the special limitation on the dividends-received deduction.

Refigure line 28, page 1, Form 1120, without regard to any adjustment under section 1059 and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

2.Complete lines 10, 11, and 12 of column (c) and enter the sum of

3. Subtract line 2 from line 1. 4. Multiply the amount on line 3 by 80%

SON:

Enter the sum of the emounts on lines 2, 5, 7, and 8 of column (c) and the portion of the deduction on line 3 of column (c) that is attributable to dividends received from 20%-or-more-owner ocroporations

Enter the lesser of line 4 or line 5. (Do not compress the rest of this line 4, instead, enter the enough of the column (c).

Enter the total amount of

7. Enter the total amount of dividends received from 20% or more-owned corporations and included on lines 2, 3, 5, 7, and 8 of column (a) .

B. Subtract line 7 from line 3. 9. Multiply the amount on line 8 by 10. Subtract line 5 above from line 9 of column (c)

11. Enter the lesser of line 9 or line 10

12.Dividends-received deduction after limitation (sec: 246(b)). Add the amounts on lines 6 and 11 and enter on line 9 of column (c) Page 10

Line 10. Columns (a) and (c)

Small business investment companies operating under the Small Business Investment Act of 1958 (15 U.S.C. 661 and following) must enter dividends that an received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends. To claim the 100% deduction on line 10, column (c), the company must file with its return a statement that it was a Federal licensee under the Small Business Investment Act of 1958 at the time of receipt of the dividends.

Line 11, Column (a)

Enter dividends from FSCs that are attributable to foreign trade income and that are eligible for the 100% deduction provided in section 245(c)(1)(A).

Line 12. Columns (a) and (c)

Enter only those dividends that are subject to the elective provisions of section 243(b) and that are entitled to the 100% dividends-received deduction under section 243(a)(3). Corporations making this election are subject to the provisions of section 1561.

Line 13, Column (a)

Enter foreign dividends not reportable on lines 3, 6, 7, 8, or 11 of column (a). Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F (sections 951 through

Line 14. Column (a)

Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported on Schedule J. Form(s) 5471.

Line 15, Column (a)

Include gross-up for taxes deemed paid under sections 902 and 960.

Line 16, Column (a)

Enter taxable distributions from an IC-DISC or former DISC that are designated as not being eligible for a dividends-received

No deduction is allowed under section 243 for a dividend from an IC-DISC or former DISC (as defined in section 992(a)) to the extent the dividend:

1. Is paid out of the corporation's accumulated IC-DISC income or previously taxed income, or

2. Is a deemed distribution under section 995(b)(1).

Line 17, Column (a)

Include the following:

 Dividends (other than capital gain dividends and exempt-interest dividends) that are received from regulated investment companies and that are not subject to the 70% deduction.

2. Dividends from tax-exempt organizations. Dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860. 4. Dividends not eligible for a dividends-received deduction because of the holding

period of the stock or an obligation to make corresponding payments with respect to similar stock.

Two situations in which the dividendsreceived deduction will not be allowed on any share of stock are:

(1) If the corporation held it 45 days or less (see section 246(c)(1)(A)), or

(2) To the extent the corporation is under an obligation to make related payments for substantially similar or related property. 5. Any other taxable dividend income not 5. Any other trazable divident income not properly reported above (including distributions under section 936(h)(4)). If patronage dividends or per-unit retain allocations are included in Schedule C, line 17, column (a), identify the total of these amounts in a schedule attached to Form 1120.

Line 18, Column (c)

Deduction for dividends paid on certain preferred stock of public utilities. Section 247 allows public utilities a deduction of 41.176% of the lesser of:

1. Dividends paid on their preferred stock during the tax year, or

2. Taxable income computed without regard to this deduction.

In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). See section 172(d).

Tax Computation

Line 1, Part I, Form 1120-A Line 3, Schedule J, Form 1120

A corporation that files Form 1120 or 1120-A must compute its tax on its taxable income as follows:

(1) Corporations other than qualified personal service corporations (defined below) (Members of a controlled group should see the instructions below for lines 1 and 2 under heading B.):

If its taxable income (line 30, Form 1120, or line 26, Form 1120-A) on page 1 is:

Of the \$50,000 15% 0 \$50,000 75.000 \$7.500 + 25% \$50,000 100,000 13,750 + 34% 75,000 75.000 100,000 335,000 22,250 + 39% 100,000 335 000 34%

(2) Qualified personal service

A qualified personal service corporation is taxed at a flat rate of 34% on its taxable income. For this purpose, a qualified personal service corporation is any corporation: (a) substantially all of the activities of which involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting, and (b) at least 95% of the stock of which is owned by employees performing the services, retired employees who had performed the services listed above, any estate of an employee or retiree described above, or any person who

acquired the stock of the corporation as a result of the death of an employee or retiree described above, if the acquisition occurred within 2 years of death. See Temporary Regulations section 1.448-1T(e) for details.

A. Form 1120-A, Part I, Page 2

General business credit. This credit is made up of the sum of the following credits:

Investment credit. The investment credit was generally repealed for property placed in service after 1985. See Form 3468, Computation of Investment Credit, for exceptions.

Jobs credit. The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred that is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section 38(c))).

Alcohol fuel credit. A corporation may be able to take a credit for alcohol used as fuel. Use Form 6478, Credit for Alcohol Used as Fuel. to figure the credit.

Credit for increasing research activities. See Form 6765, Credit for Increasing Research Activities, and section 41.

Low-income housing credit. See Form 8586, Low-Income Housing Credit, and section 42

Form 3800, General Business Credit. Enter on the appropriate line of the corporate tax return the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, you generally do not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the corporation has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800. For more information, see Publication 572, General Business Credit.

Line 2b

Credit for prior year minimum tax. If the corporation had an alternative minimum tax ifability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, it may be able to take the credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax, and section 53.

Line 5

Recapture Taxes

Recapture of investment credit. If properly is disposed of or ceases to be qualified properly before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of investment Credit.

Recapture of low-income housing credit. If you must recapture part of the low-income housing credit because there has been a decrease in the qualified basis of a building from the prior year or if you

disposed of the building or an ownership interest in it, see Form 8611. Recapture of Low-Income Housing Credit, and section 42(i).

line 6

Alternative minimum tax. Attach Form 4626, Alternative Minimum Tax. Oroprations, if your taxable income (or loss) before the net operating loss deduction when combined with your adjustments and tax preference items (including the book income adjustment) totals more than the lesser of: (a) \$40,000, or (b) your allowable exemption amount.

B. Form 1120, Schedule J Lines 1 and 2

Members of a controlled group, as defined in section 1563, are entitled to one \$50,000 and one \$25,000 taxable income

bracket amount (in that order) on line 2a.
When a controlled group attopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations, section 1.1561.3(b) for the requirements, and for the time and manner of making the consent.

consent.

Equal Apportionment Plan. If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do cut of lect an apportionment plan. Therefore, both corporation A and corporation B are entitled to \$2.5,000 (one-half of \$5,000) in the \$50,000 taxable income bracket on line 2a(i) and to \$12,500 (one-half of \$25,000) in the \$25,000 (ane-half of \$25,000) in the \$25,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) in the \$265,000 (ane-half of \$25,000) (ane-half o

Unequal Apportionment Plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no ended for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.

Each member of a controlled group must compute the tax as follows (except qualified personal service corporations):

- Enter taxable income (line 30, page 1, Form 1120).
- Enter line 1 or the corporation's share of the \$50,000 taxable income bracket, whichever is less
- 3. Subtract line 2 from line 1 , ,
- Enter line 3 or the corporation's share of the \$25,000 taxable income bracket, whichever is less.

- 9. If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the leaser of:
 (a) 5% of the excess over \$100,000, or (b) \$11,750.
 (See instructions for additional 5% tax, below).
- 10. Total of lines 6 through 9. Enter 6 this amount on line 3, Schedule J, Form 1120

Additional 5% tax. Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000. If the additional ax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member of the group must enier its share of the additional 5% tax on line 2b and attach to its tax return a schedule that shows the taxable income of the entire group as well as how its share of the additional tax was figured.

Line 3

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

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

Interest on tax attributable to payments received on Installment sales of certain timeshares and residential lots. If the corporation elected to pay interest on the amount of tax attributable to payments received on installment obligations arising from the disposition of certain timeshares and residential lots under section 453()(3), it must include the interest due in the amount to be entered on line 3, Schedule J, Form 1120. Write on the dotted line to the left of line 3, Schedule J, Sec. 453()(3) interest—\$(amount). Attach a schedule showing the computation.

Interest on tax deferred under the installment method for certain non-dealer installment obligations. If an obligation arising from the disposition of property to which section 453A applies is

Page 11

outstanding at the close of the year, the corporation must include the interest due under section 453A(c) in the amount to be entered on line 3, Schedule J, Form 1120. Write on the detted line to the left of line 3, Schedule J, "Sec. 453A(c) interest—\${amount}." Attach a schedule showing the computation.

Deferred tax amount under section 1291. If the corporation was a shareholder in a passive foreign investment company (PFIC) that received an excess distribution or disposed of its investment in the PFIC during the year, it must include the aggregate increases in taxes due under section 1291(CX2) in the amount to be entered on line 3. Schedule J, Form 1120. Write on the dotted line to the left of line 3. Schedule J, Form 1120 on tinclude on line 3 the interest charge due under section 1291(CX3). Instead, write "Sec. 1291 interest" and the amount owed in the bottom margin of page 1, Form 1120. See Form 8621 for details.

Line 4a

Foreign tax credit. See Form 1118, Computation of Proreign Tax Credit— Corporations, for an explanation of when a corporation can take this credit for payment of income tax to a foreign country or U.S. possession.

Line 4b

Possessions tax credit. See Form 5712, Election To Be Treated as a Possessions Corporation Under Section 936, for rules or how to elect to claim the possessions tax credit (section 936). Compute the credit on Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

Line 4c

Orphan drug credit. See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit, as well as how it is fig

Line 4d

Credit for fuel produced from a nonconventional source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Line 4e

General business credit. See the earlier instructions for Form 1120-A, line 2a, under Tax Computation.

Line 4f

Credit for prior year minimum tax. See the earlier instructions for Form 1120-A, line 2b, under Tax Computation.

Line 7

Personal holding company tax. A corporation is taxed as a personal holding company under section 542 if:

 At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

Line 8

Recapture taxes. See the earlier instructions for Form 1120-A, line 5, under Tax Computation.

Line 9a

Alternative minimum tax. See the earlier instructions for Form 1120-A, line 6, under Tax Computation.

I ine 9h

Environmental tax. The corporation may be liable for the environmental tax if the modified alternative minimum taxable income of the corporation exceeds \$2,000,000. See Form 4626 for details.

Line 1'0

Dealers In personal property. If the corporation deferred the payment of certain tax for its first or second tax year ending after 1986 under the transition rule of 1986 Act section 811(c)(7), it must include the ratable portion of the tax due for the current tax year on line 10, Schedule J, Form 1120. Write on the dotted line to the left of tine 10, Schedule J, "Sec. 453C tax—\$(amount)." Attach a schedule showing the computation.

Deferred tax and interest on undistributed earnings of a qualified electing fund under section 1294. Follow the instructions for Form 8621 to determine the amount of tax owed or deferred to include in or subtract from the total tax on line 10, Schedule J, Form 1120. Write on the dotted line to the left of line 10, Schedule J, "Sec. 1294" and the amount of tax to be added to or subtracted from the total for line 10. (Show in brackets an amount to be subtracted.) Do not include on line 10 the interest charge due on the deferred tax, Instead, write "Sec 1294 interest" and the amount owed in the bottom margin of page 1, Form 1120.

Installment payment of tax attributable to LIFO recapture by corporations making an S corporation election. A corporation making an S corporation election and that uses the LIFO inventory pricing method for its last tax year as a C corporation must include a "LIFO recapture amount" in income for its last year as a C corporation. The corporation's LIFO recapture amount is equal to the excess of the inventory amount using the FIFO method over the inventory amount using the FIFO method over the inventory amount using the LIFO method at the close of the corporation's last tax year as a C corporation.

The additional tax resulting from inclusion of the LIFO recapture amount in income is payable in 4 equal installments. The first installment is due with the return for the electing corporation's last tax year as a C corporation and must be paid by the due date (excluding extensions of time to file).

To determine the additional tax due to LIFO recapture, the corporation must complete lines 1 through 9b of Schedule J based on income that includes the LIFO

recapture amount. On a separate worksheet, using the Schedule J format, the corporation must then complete the entire worksheet (lines 1 though 10) based on taxable income not including the LIFO recapture amount. The total of lines 1 through 9b must then be compared to line 10 of the worksheet. The difference is the additional tax due to LIFO recapture.

Since the total of lines 1 through 9b of Schelle J will include all the additional tax due to LIFO recapture, the amount that may be deferred (% of the additional tax) must first be subtracted to arrive at line 10 total tax. Write this deferral amount in brackets on the dotted line to the left of line 10. Schedule J, as "Sec. 1363(d) deferral—%(amount)." Attach a schedule showing the computation.

Note: The remaining 3 installments of deferred tax must be paid by the due date of Form 1120S for the next 3 tax years. No interest is payable on the deferred tax if paid on time.

Schedule L, Form 1120, and Part II, Form 1120-A Balance Sheets

Line 5

Tax-exempt securities. Include on this line:
(1) State and local government obligations, the interest on which is excludible from gross income under section 103(a), and (2) Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the corporation.

Schedule M-1 (Form 1120 Only)

Reconciliation of Income per Books With Income per Return

Line 5c

Travel and entertainment. Include on this line: 20% of meals and entertainment not allowed under section 274(n): expenses for the use of an entertainment facility: the part of business gifts in excess of \$25; expenses of an individual allocable to conventions on cruise ships in excess of \$2,000; employee achievement awards in excess of \$400: the cost of entertainment tickets in excess of face value (also subject to 20% disallowance); the cost of skyboxes in excess of the face value of non-luxury box seat tickets; the part of the cost of luxury water travel not allowed under section 274(m); expenses for travel as a form of education; and other travel and entertainment expenses not allowed as a deduction

Schedule M-2 (Form 1120 Only)

Unappropriated Retained Earnings Line 5

Distributions under the Bank Holding Company Act. If an election under section 1103(g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2, Form 1120.

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should

Using the list below, enter on page 3, under H(1), Form 1120, or on page 2 under G(1), Form 1120-A, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. Total receipts means gross receipts (line 1a, page 1) plus all other income (lines 4 through 10, page 1).

on page 3, under H(2) and H(3), Form 1120, or on page 2, under G(2) and G(3), Form 1120-A, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation: (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under Manufacturing."

Agriculture, Fishing	Forestry,	and
Code		

O400 Agricultural production
O600 Agricultural services (except , veterinarians), forestry, fishing, hunting, and trapping

Mining Metal mining 1010 Iron ores

1070 Copper, lead and zinc, gold and silver ores
1098 Other metal mining

1150 Cone mining
1150 Coal mining
Olf ane gas extraction
1330 Crude petroleum, natural gas, and natural gas liquids
1380 Oil and gas field services

Normatallic minerals, except fuels 1430 Dimension, crushed and broken stone; sand and gravel

1498 Other nonmetallic minerals, except fuels

Construction General building contractors and operative builders

1510 General building contractors 1531 Operative builders 1600 ' Heavy construction contractor

Special trade contractors

1711 Plumbing, heating, and air conditioning 1731 Electrical work 1798 Other special trade contractor

Manufacturing

Food and kindred products

2010 Meat products 2020 Dairy products 2030 Preserved fruits and vegetables 2040 Grein mill products

2040 Grain mill products
2050 Bakery products
2060 Sugar and confectionary products
2061 Maft injuors and maft Alcoholic beverages, except malt liquors and matt Bottled soft drinks, and flavorings

Other food and kindred products 2096 Other food and kindred pr 2100 Tobacco manufacturers

Textile mill products

2228 Weaving mills and textile finishing 2250 Knitting mills 2298 Other textile mill products

Apparet and other textile products 2315 Men's and boys' clothing 2345 Women's and children's clothing

2388 Other apparel and accessories 2390 Miscellaneous fabricated textile

Lumber and wood products 2415 Logging, sawmills, and planing mil 2430 Millwork, plywood, and related products

2498 Other wood products, including wood buildings and mobile homes 2500 Furniture and fixtures

Code

3630 Household appliances
3665 Radio, television, and communication equipment 3670 Electronic components and 3698 Other electrical equipment 3710 Motor vehicles and equipment

Flactrical and electronic accomment

Transportation equipment, extent motor vehicles
3725 Aircraft, guided missiles and parts
3730 Ship and boat building and repairing
3798 Other transportation equipment,
except motor vehicles
Instruments and related products

3815 Scientificinstruments and measuring devices; watches and clocks
3845 Optical, medical, and ophthalmic

goods 3860 Photographic equipment and supplies
3998 Other manufacturing products

Transportation and Public Utilities Transportation: 4000 Railroad transportation 4100 Local and interurban passenger transit
4200 Trucking and warehousing

4400 Water transportation 4500 Transportation by air 4600 Pipe lines, except natural gas 4700 Miscellaneous transportation 2799 Commercial and other printing,

4825 Telephone, telegraph, and other communication services 4830 Radio and television broad-

Electric, gas, and sanitary services 4910 Electric services 4920 Gas production and distribution 4930 Combination utility services 4990 Water supply and other sanitary

materials

5040 Sporting, recreational, photographic, and hebby goods, fory and supplies

5050 Metals and minerals, except petroleum and scrap

5060 Electrical goods

5070 Herdware, prumbing and heating equipment and supplies

5098 Other furnable goods

Mondifeable

Nondtrable
5110 Paper and pager products
5129 Drugs, drug proprietaries, and
druggists' sundries
5130 Apparel, piece goods, and notion
5140 Groceries and related products

5150 Farm-product raw materials 5160 Chemicals and allied products 5170 Petroleum and petroleum produ

Building-materials, garden suppile: and mobile home dealers

5220 Building materials dealers 5251 Hardware stores

5265 Garden supplies and mobile home dealers 5300 General merchandise stores

Automotive dealers and service station 5515 Motor vehicle dealers 5541 Gasoline service stations 5598 Other automotive dealers

5600 Apparel and accessory 5700 Furniture and home furnishings stores

Food stores 5410 Grocery stores 5490 Other food stores

5180 Alcoholic beverages 5190 Misc. riondurable goods

Retail Trade

Nondúrable

Petroleum refining and related industries (including those integrated with extraction) Wholesale Trade 2910 Petroleum refining (including integrated) .
2998 Other petroleum and coal products Durable 5008 Machinery, equipment, and 5010 Motor vehicles and automotive equipment 5020 Furniture and home furnishings Lumber and construction materials

Rubber and misc. plastics products 3050 Rubber products, plastics footwear, hose and belting 3070 Misc. plastics products

Paper and alited products 2625 Pulp, paper, and board mills 2699 Other paper products

Books, greeting cards, and miscellaneous publishing

and printing trade services
Chemicals and allied products

2815 Industrial chemicals, plastics materials, and synthetics

2830 Drugs
2840 Soap, cleaners, and toffet goods

2850 Paints and allied products
2898 Agricultural and other chemical products

Printing and publishing 2710 Newspapers 2720 Periodicals

Leather and leather products

3140 Footwear, except rubber 3198 Other leather and leather product Stone, clay, and glass products 3225 Glass products

3240 Cement hydrautic 3270 Concrete, gypsum, and plaster products
3298 Other nonmetallic mineral products

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

3380 Nonferrous metal industries Fabricated metal products 3410 Metal cans and shipping contr 3428 Cutlery, hand tools, and hard-

ware; screw machine products, botts, and similar products. 3430 Plumbing and heating, except electric and warm air 3440 Fabricated structural metal

products
3460 Metal forgings and stampings
3470 Coating, engraving, and allied

services
3480 Ordnance and accessories, except
vehicles and guided missiles
3490 Misc. fabricated metal products Machinery, except electrical 3520. Farm machinery

3520. Farm machinery
3530 Construction and related
machinery
3540 Metalworking machinery
3550 Special industry machinery
3560 General industrial machinery
3570 Office, computing, and accounting
machine

3598 Other machinery except electrical

Code 5800 Eating and drinking places

Misc retail stores 5912 Drug stores and proprietary stores 5921 Liquor stores

Finance, Insurance, and Real Fetata

Banking 6030 Mutual savings banks 6060 Bank holding companies 6090 Banks, except mutual savings banks and bank holding

companies
Credit agencies other than banks 6120 Savings and loan associations 6140 Personal credit institutions

5140 Personal credit institutions 6150 Business credit institutions 6199 Other credit agencies 5ecurity, commodity brokers and services 6210 Security brokers, dealers, and flotation companies flotation companies
6299 Commodity contracts brokers and
dealers; security and commodity
exchanges; and allied services

6355 Life insurance 6356 Mutual insurance, except life or marine and certain fire or flood insurance companies

6359 Other insurance compenies 6411 Insurance agents, brokers, and Real estate

6511 Real estate operators and lessors 6516 Lessors of mining, oil, and similar property

6518 Lessors of railroad property and other real property 6530 Condominium management and cooperative housing associations 6550 Subdividers and developers

6599 Other real estate Holding and other investment companies, except bank holding

6744 Small business investment companies 6749 Other holding and investment companies except bank holding companies

7000 Hotels and other lodging places 7200 Personal services

Business services 7310 Advertising

Auto repair; misc. repair services 7500 Auto repair and services 7600 Misc. repair services Amusement and recreation services

7830 Motion picture theaters Other services

8015 Offices of physicians, including osteopathic physicians
8021 Offices of dentists
8040 Offices of other health practitioners

8050 Nursing and personal care facilities 8060 Hospitals 8071 Medical laboratories 8099 Other medical services

8111 Legal services 8200 Educational services 8300 Social services 8600 Membership organizations

8911 Architectural and engineering 8930 Accounting, auditing, and

bookkeeping 8980 Miscellaneous services (including

... U.S. GOVERNMENT PRINTING OFFICE: 1989-245-243 Page 13

To be filed with Forms 1120, 1120-A, 1120-DF, 1120-IC-DISC, 1120F, 1120-FSC, 1120-H, 1120-I, 1120-ND, 1120-PC, 1120-POL, 1120-REIT,

1989

Employer identification number

Name

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less (a) Kind of property and descriptio (Example, 100 shares of "Z" Co.) (b) Date acquired (e) Cost or other basis (f) Gain (or loss) ((d) less (e)) (d) Gross sales price Short-term capital gain from installment sales from Form 6252, line 22 or 30 Unused capital loss carryover (attach computation) ε 4 Net short-term capital gain or (loss). (Combine lines 1 through 3.) Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year Long-term capital gain from installment sales from Form 6252, line 22 or 30. 8 Net long-term capital gain or (loss). (Combine lines 5 through 7.) Part III Summary of Parts I and II 9 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 8) 10 Net capital gain. Enter excess of net long-term capital gain (line 8) over net short-term capital loss (line 4) 10 Total of lines 9 and 10. Enter here and on Form 1120, line 8, page 1; or the proper line on other returns

Instructions

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

Purpose of Form

This Schedule D should be used by a taxpayer whose tax year begins in 1989 and who files either Forms 1120, 1120-A, 1120-DF, 1120-IC-DISC, 1120F, 1120-HD, 1120-ND, 1120-POL, 11

Sales or exchanges of property other than capital assets should be reported on Form 4797, Sales of Business Property. These include sales or exchanges of property used in a trade or business, involuntary conversions (other than casualties or

thefts), gain from the disposition of oil, gas, or geothermal property, and the section 291 adjustment to section 1250 gains. See the instructions for Form 4797 for more information.

If property is involuntarily converted because of a casualty or theft, use Form 4684. Casualties and Thefts.

Parts I and II

Note: If losses exceed gains, see instructions on capital losses for explanation of capital loss carrybacks.

Generally, a corporation should report sales and exchanges, including "like-kind" exchanges, even though there is no gain or loss. No loss is allowed for a wash sale of stock or securities (including contracts or options to acquire or sell stock or securities) or from a transaction between related persons. See sections 1091 and 267 for details and exceptions.

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

What Are Capital Assets?—Each item of property the corporation held (whether or not connected with its trade or business) is a capital asset except:

- Assets that can be inventoried or property held mainly for sale to customers.
- Depreciable or real property used in the trade or business.
- Certain copyrights; literary, musical, or artistic compositions; letters or memorandums; or similar property.

Schedule D (Form 1120) 1989

 Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in 1 above.

5. A U.S. Government publication (including the Congressional Record) received from the Government or any of its agencies in a manner other than by buying it at the price offered for public sale, which is held by a taxpayer who received the publication or by a second taxpayer in whose hands the basis of the publication is determined, for purposes of determining gain from a sale or exchange, by referring to its basis in the hands of the first taxpayer.

Exchange of "like-kind" property.— Report the exchange of "like-kind" property on Schedule D or on Form 4797, whichever applies. The corporation must report it even though no gain or loss is recognized when business or investment property is exchanged for property of "like-kind." (Nonrecognition of gain or loss does not apply to any exchange of: stock in trade or other property held primarily for sale, stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, interests in a partnership, or other securities or evidences of indebtedness. See section 1031.)

If Schedule D is used, identify in column (a) the property disposed of. Enter the date it was acquired in column (b), and the date it was exchanged in column (c). Write "like-kind exchange" in column (d). Enter the cost or other basis in column (e). Enter zero in column (f).

Special Rules for the Treatment of Certain Gains and Losses

Note: For more information, get Publication 544, Sales and Other Dispositions of Assets, and Publication 542, Tax Information on Corporations.

- Gains and losses from passive activities. —A closely held or personal service corporation that has a gain or loss which relates to a passive activity (section 469) may be required to complete Form 8810. Corporate Passive Activity Loss and Credit Limitations, before completing Schedule D. See Form 8810 for details.
- Gain on distributions of appreciated property.—Generally, gain (but not loss) is recognized on a nonliquidating distribution of appreciated property to the extent that the property's fair market value exceeds its adjusted basis. See section 311 for more information.
- Gain or loss on distribution of property in complete liquidation.—Generally, gain or loss is recognized by a corporation upon the liquidating distribution of property as if thad sold the property at its fair market value. An exception to this rule applies for liquidations of certain subsidiaries. See sections 336 and 337 for more information and other exceptions to the general rules.

- e Gains and losses on section 1256 contracts and straddles.—Use Form 6781, Gains and Losses From Section 1256 Contracts and Straddles, to report gains and losses from section 1256 contracts and straddles.
- Gain or loss on certain short-term Federal, state, and municipal obligations.—Such obligations are treated as capital assets in determining gain or loss. On any gain realized, a portion is treated as ordinary income and the balance is considered as a short-term capital gain. See section 1271.
- Gain from installment sales.—If a corporation has a gain this year from the sale of feal property or a casual sale of personal property other than inventory and is to receive any payment in a later year, it must use the installment method (unless it elects not to) and file Form 6252, Installment Sale Income. Also use Form 6252 if a payment is received this year from a sale made in an earlier year on the installment basis.

The corporation may elect out of the installment method by doing the following on a timely filed return (including extensions):

- Report the full amount of the sale on Schedule D.
- If the corporation received a note or other obligation and is reporting it at less than face value (including all contingent obligations), state that fact in the margin and give the percentage of valuation.

The installment method may not be used for sales of stock or securities (or certain other property described in the regulations) traded on an established securities market. See section 453(k).

- Gain or loss on an option to buy or sell property. —See sections 1032 and 1234 for the rules that apply to a purchaser or grantor of an option.
- Gain or loss from a short sale of property.— Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer.
- Gains and losses of foreign corporations from the disposition of investment in United States real property.—Foreign corporations are required to report gains and losses from the disposition of U.S. real property interests. See section 897 for details.
- Gains on certain insurance property.— Form 1120L filers with gains on property held on December 31, 1958, and certain substituted property acquired after 1958 should see section 818(c).
- Loss from the sale or exchange of capital assets of an Insurance company taxable under section 831.—Under the provisions of section 834(c)(6), the capital cosses of a property and casulty insurance company are deductible to the extent that the assets were sold to meet abnormal

insurance losses or to provide for the payment of dividend and similar distributions to policyholders.

 Loss from securities that are capital assets that become worthless during the year.— Except for securities held by a bank, treat the loss as a capital loss as of the last day of the tax year. (See section 582 for the rules on the treatment of securities held by a bank.)

Page 2

- Nonrecognition of gain on sale of stock to an ESOP. —See section 1042 for rules under which a taxpayer may elect not to recognize gain from the sale of certain stock to an employee stock ownership plan (ESOP).
- Disposition of market discount bonds. — See section 1276 for rules on the disposition of any market discount bonds that were issued after July 18, 1984.
- Capital gain distributions.— Report capital gain distributions paid by mutual funds as long-term capital gains on line 5 regardless of how long the corporation owned stock in the fund.

How To Determine the Cost or Other Basis of the Property

In determining gain or loss, the basis of property will generally be its cost (section 10.12). The exceptions to the general rule are provided in sections contained in subchapters C, K, O, and P of the Code. For example, if the corporation acquired the property by dividend, liquidation of a corporation, transfer from a shareholder, reorganization, contribution or gift, bequest, bankruptcy, tax-free exchange, involuntary conversion, certain asset acquisitions, or wash sale of stock, see sections 301 (or 1059), 334, 362 (or 358), 1014, 1015, 372 (or 374), 1031, 1033, 1060, and 1091, respectively. Attach an explanation if the corporation uses a basis other than actual cash cost of the property.

If the corporation is allowed a charitable contribution deduction because it sold property to a charitable organization, figure the adjusted basis for determining gain from the sale by dividing the amount realized by the fair market value and multiplying that result by the adjusted basis. Capital losses. - The amount of capital losses allowed may not be more than capital gains. A net capital loss may be carried back 3 years and forward 5 years as a short-term capital loss. Carry back a capital loss to the extent it does not increase or produce a net operating loss in the tax year to which it is carried. Foreign expropriation capital losses may not be carried back, but may be carried forward 10 years instead of 5. A net capital loss for a regulated investment company may be carried forward 8 years instead of 5. At-risk limitations (section 465).—If the corporation sold or exchanged an asset used in an activity to which the at-risk rules apply, combine the gain or loss on the sale or exchange with the profit or loss from the activity. If the result is a net loss from the activity, it may be subject to the at-risk

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For Paperwork Reduction Act Notice, see page 1 of the instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 1989

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

f you are required to complete Section II or are neome from U.S. sources that is NOT effectively only those items of income on which the U.S. inco no deductions are allowed against these types of pecified by tax treaty. Fill in treaty rates where ap	onnected with the c me tax was not fully income — listed be	paid at the source. T low is 30% (4% for t	he rate of tax on each he gross transportat	th item of gross incontion tax) or such lowe
Name of treaty country, if any				
(a) Nature of income	(b) Gross income	(c) Rate of tax (%)	(d) Amount of tax	Amount of U.S. incompaid or withheld at the
1 Interest				
2 Dividends				
3 Rents				
:				
4 Royalties		+		
5 Annuities	,			
6 Gains from disposal of timber, coal, or	,			
domestic iron ore with a retained economic interest (attach supporting schedule)				
7 Gains from sale or exchange of patents, copyrights, etc.				
8 Fiduciary distributions (attach supporting schedule)				
9 Gross transportation income (see instructions)		4		
;				
10 Other fixed or determinable annual or periodic gains, profits, and income				

CTI	ON II.—Income Effectively Connected With the Conduct of a Trade or Business in the	u.s.—s	ee Instruction
	TANT—Fill in all applicable lines and schedules. If you need more space, see General Instruction E3.		
	Gross receipts or sales	1c	
2	Cost of goods sold and/or operations (Schedule A, line 7)	2	
3	Gross profit (subtract line 2 from line 1c)	3	
4	Dividends (Schedule C, line 14)	4	
5	Interest	5	
6	Gross rents	6	
7	Gross royalties	7	
8	Capital gain net income (attach Schedule D (Form 1120))	8	
9	Net gain or (loss) from line 18, Part II, Form 4797 (attach Form 4797)	9	
10	Other income (see instructions—attach schedule)	10	
lii	Total income —Add lines 3 through 10 and enter here	11	
12		12	
	Compensation of officers (Schedule E, line 4). Deduct only amounts connected with a U.S. business Salaries and wages	13c	
14	Repairs	$\overline{}$	
15	Repairs	15	
16	Rents	16	
17		17	
18	Taxes	18	
19	Contributions (see instructions for 10% limitation)	19	
20	Depreciation (attach Form 4562)	William .	
21	Less depreciation claimed on Schedule A and elsewhere on return		ŀ
22	Balance (subtract line 21 from line 20)	22	
23	Depletion	23	
24	Advertising	24	
25	Pension, profit-sharing, etc., plans	25	
26	Employee benefit programs	26	
27	Other deductions (attach schedule)	27	
28	Total deductions—Add lines 12 through 27 and enter here	28	
29	Taxable income before net operating loss deduction and special deductions (subtract line 28 from line 11)	29	
	Less: a Net operating loss deduction		
	b Special deductions (Schedule C, line 15) 30b	30c	
31	Taxable income or (loss) — Line 29 less line 30c	31	
redu	Ile A Cost of Goods Sold and/or Operations (see instructions)	J1 1	
	7 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 -		
inve	entory at beginning of year	1	
Pur	chases	2	
Cos	t of labor	3	
Add	itional section 263A costs (see instructions—attach schedule)	4a	
Oth	er costs (attach schedule)	4ь	
	Add lines 1 through 4b	5	
Inve	ntory at end of year	6	
Cost	t of goods sold and/or operations—Subtract line 6 from line 5. Enter here and on line 2, Section II.	7	
	ck all methods used for valuing closing inventory:		
	Cost		
(11)	Description (1.471-4 (see instructions)		
(III,) Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instruction)	ns)	
Cho.) Other (Specify method used and attach explanation.)		
If ch	ck if the LIFO inventory method was adopted this tax year for any goods		L
inve	e LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing ntory computed under LIFO	8c	1
	he rules of section 263A (with respect to property produced or acquired for resale) apply to the	~~1	

Form 1120F (1989)							Page
SECTION II (continued) Schedule C Dividends and Spe	cial Deductions (see in	4					
reliedule C Dividends and Spe	ciai Deductions (see ii	istructions)			——т		
1 Dividends from less-than-20%-own	ed domestic corporation	ns that are	(a) Divider received	nds	(b) 'K	(c) Special ded ic (a) × (b)	,tigns
subject to the 70% deduction (other	han debt-financed stock)				70		
Dividends from 20%-or-more-owne		- 1					
ubject to the 80% deduction (other			80				
Dividends on debt-financed stock of domesti				rstruction:			
Dividends on certain preferred stock Dividends on certain preferred stock			17.059				
Dividends from less-than-20%-owned							
to the 70% deduction			70				
Dividends from 20%-or-more-owned to the 80% deduction			80				
Total —Add lines 1 through 7. See in							,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Other dividends from foreign corporations not included on lines 3, 6, and 7.							
Foreign dividend gross-up (section 78							
IC-DISC and former DISC dividends not in Other dividends							
Deduction for dividends paid on certa							mmmm
Total dividends-Add lines 1 through	12. Enter here and on lin	ie 4, page 3.		V			
Total deductions—Add lines 8 and 1							
hedule E Compensation of C	Officers (See instruction	ns for line 12,	page 3.)		2) #60	0.000	
Complete Schedule E bit	ly if your total receipts (line]	(c) Percent of	Percent of		3) are \$50		
(a) Name of officer	(b) Social security number	time devoted to business	stock of	owned	_	(f) Amount of compensation	
		3	T (a) Common	(e) rieiene	1.		
		*	*		X.		
		ž	ī,		X.		
		3.	ž		ž		
		*			ž.		
		*			8		
Total compensation of officers		1	, h		ž		
Less: Compensation of officers claims	d on Schedule A and else	where on this re	eturn		(
Compensation of officers deducted or							
hedule J Tax Computation (see instructions)						
Check if you are a member of a contr	olled group (see sections	1561 and 1563)	. ▶ 🗆	W/////W		
If the box on line 1 is checked:							
a Enter your share of the \$50,000 and		bracket amour	nts (in that ord	er):			
b Enter your share of the additional 59		750) 1\$					
Income tax (see instructions to figure			nn is a qualifie	d nersonal	-\/////		
service corporation (see instructions					3		
Foreign tax credit (attach Form 1118			1				
Credit for fuel produced from a nonce	onventional source (see in				_//////////////////////////////////////		
Orphan drug credit (attach Form 67)			+				
General business credit. Enter here a							
☐ Form 3800 ☐ Form Form ☐ Form 6478 ☐ Form							
Credit for prior year minimum tax (at		46		aanninin kiliin			
					5		
Subtract line 5 from line 3							
					6		
Recapture taxes. Check if from:	Form 4255 Form	8611			7		
Recapture taxes. Check if from: a Alternative minimum tax (attach Fori	Form 4255 Form 4626)				7 8a		
Recapture taxes. Check if from: a Alternative minimum tax (attach Form b Environmental tax (attach Form 462 Total tax under section 882(a)—Add	Form 4255 Form n 4626)				7		

	Page 5	Form 1120F (1989)		Page 6	
Form 1120F (1989)	Tage 5	Additional schedules to be complete	leted with respect to Section II or Section III (see instructions)		
SECTION III. — Branch Profits Tax and Tax on Excess Interest		Schedule L Balance Sheets	Beginning of tax year	End of tax year	
Part I—Computation of Branch Profits Tax		ASSETS	(a) (b)	(c) (d)	
1 Enter the amount from line 29, Section II on page 3		1 Cash			
2 Adjustments to arrive at effectively connected earnings and profits. See instructions for types of	ļ L	2a Trade notes and accounts receivable			
adjustments as well as exceptions for certain types of income included in effectively connected		b Less allowance for bad debts			
tayable income but not taken into account when computing effectively connected earnings and		3 Inventories			
profits, and the treatment of deductions apportioned to such income. Attach a schedule showing the	1 1	4 U.S. government obligations			
nature and amount of these adjustments		5 Tax-exempt securities (see instructions)		XIIIIIIIIIIIIIIIIII	
3. Effectively connected earnings and profits. Combine line 1 and line 2. (If you are a foreign insurance company.)		6 Other current assets (attach schedule)			
see the regulations under section 884 for a special rule for the computation of effectively connected earnings and		7 Loans to stockholders		X/////////////////////////////////////	
profits. If the special rule applies, attach a supporting schedule showing such computation.).		8 Mortgage and real estate loans		Y/////////////////////////////////////	
5 to 14.0 and an object the gurrant tay year (See instructions for definition of U.S. net		9 Other investments (attach schedule)		VIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	
oquity \		10a Buildings and other fixed depreciable assets			
b Eriter U.S. net equity at the end of the prior tax year					
traces in U.S. not equity. If line 4a is greater than or equal to line 4b, subtract line 4b from line 4a.		b Less accumulated depreciation			
Enter the result here and skip to line 4e		11a Depletable assets .			
2	ļ	b Less accumulated depletion			
result here		12 Land (net of any amortization)			
result nere		13a Intangible assets (amortizable only)			
e Non-previously taxed accumulated effectively connected earnings and profits. Enter excess, if any,	i I	b Less accumulated amortization			
of effectively connected earnings and profits for earlier tax years beginning after 1986 over any		14 Other assets (attach schedule)	(((((((((((((((((((((((((((((((((((((((<i>{////////////////////////////////////</i>	
dividend equivalent amounts for those tax years		15 Total assets		XVIIII KANDINI IN IN INTERNATIONALIA KANDINI INTERNATIONALIA INTERNATIONALIA INTERNATIONALIA INTERNATIONALIA I	
5 Dividend equivalent amount. If an amount is entered on line 4c, subtract that amount from line 3	l l	LIABILITIES AND STOCKHOLDERS' EQUITY		<u> </u>	
and enter the result here. Enter zero if the result is equal to or less than zero. If no increase is		16 Accounts payable		X/////////////////////////////////////	
entered on line 4c, add the lesser of line 4d or line 4e to line 3 and enter total here		17 Mtges, notes, bonds payable in less than I year.		VIIIIIIIIIIIIIII	
6 Branch profits tax. Multiply the amount on line 5 by 30% (or lower treaty rate if the corporation is a		18 Other current liabilities (attach schedule)		VIIIII	
qualified resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1.		19 Loans from stockholders	VIIIIIIIIIIIIIIIIIIII		
See instructions for: the requirements for qualification for treaty benefits; the definition of qualified		20 Mtges., notes, bonds payable in 1 year or more			
resident; and special rules for foreign corporations that have completely terminated their U.S. trade		21 Other liabilities (attach schedule)			
or business during the tay year. If treaty benefits apply, attach a statement explaining why the		22 Capital stock: a Preferred stock			
corporation is a qualified resident or otherwise qualifies for treaty benefits and describe the benefits		b Common stock			
that apply. Also complete Item R below		23 Paid-in or capital surplus			
Note: See the instructions for a description of "additional schedules (relating to the calculation of the branch		24 Retained earnings—Appropriated (attach schedule)		Y/////////////////////////////////////	
profits tax) that must be attached to Form 1120F."		25 Retained earnings—Appropriated (attach schedule)	VIIII III III III III III III III III I	V/////////////////////////////////////	
Part II — Computation of Tax on Excess Interest			VIIII (<u>(</u>	
1 Enter the amount of interest allowable as a deduction under Regulations section 1.882-5 (line 18,	i k	26 Less cost of treasury stock 27 Total liabilities and stockholders' equity	VIIII	·	
Section II on page 3).		Schedule M-1 Recognition of Incom	no ner Books With Income per Petur	n (You are not required to complete this	
2 Enter the amount of interest paid by the foreign corporation's U.S. trade or business (other		schedule if your total ass	ets (line 15, column (d), above) are less t	han \$25.000.)	
than nondeductible interest). (See instructions for the definition of interest paid by the	ì				
I to a series - a lifety foreign corporation elects to apply the alternative	*	1 Net income per books	7 Income recorder		
definition of interest paid in Notice 89–80, 1989-30 I.R.B. 10, check this box		2 Federal income tax		this return (itemize):	
3a Excess interest. Subtract line 2 from line 1. Enter zero if the result is equal to or less than zero 3a		3 Excess of capital losses over capital gains		rest \$	
b If the foreign corporation is a bank and has checked the box on line 2, enter the amount of excess		4 Income subject to tax not recorded on			
interest treated as interest on deposits. Otherwise, enter zero		books this year (itemize):			
c Subtract line 3b from line 3a			8 Deductions on thi		
C Subtract title 30 Hottlinie 3a		5 Expenses recorded on books this year not		me this year (itemize):	
4 Tax on excess interest. Multiply line 3c by 30% or lower treaty rate (if corporation is a qualified	1	deducted on this return (itemize):		\$	
resident or otherwise qualifies for treaty benefits). Enter here and include on line 3, page 1. (If		a Depreciation \$	b Contributions ca	arryover \$	
treaty rate applies, attach a statement explaining why the corporation is a qualified resident or	1	b Contributions carryover \$	·		
otherwise qualifies for treaty benefits.) Also complete Item R below		c Travel and entertainment \$			
Additional Information Required (continued from page 1) R Are you taking a position on this return that a	any			and 8	
N Business description (see last page of instructions): Internal Revenue law is overruled or otherw		6 Total of lines 1 through 5	10 Income (line 29, p	page 3)—line 6 less line 9	
(1) Business activity code number modified by a treaty between the U.S. and foreign country? (See instructions.)	" □ Ves □ No	Schedule M-2 Analysis of Unappropr	iated Retained Earnings per Books (line 25 above) (You are not required to	
(2) Business activity foreign country? (See instructions.) If "Yes," enter the treaty country.	and article(s)	complete this schedule i	f your total assets (line 15, column (d), a	bove) are less than \$25,000.)	
ii itas, tilita tila tilati adati adati a		1 Balance at beginning of year	i	a Cash	
During the fax year was any part of your accounting/	1			b Stock	
tai records maintained on a computerized system? Yes No S Are you claiming a reduction in, or exempt from, the branch profits tax due to a complete system.	tion	2 Net income per books			
P. Chack method of accounting: (1) Cash (2) Accrust from, the branch profits tax due to a complete	ete	3 Other increases (itemize):		c Property	
P Check method of accounting: (1) ☐ Cash (2) ☐ Accrual termination of all U.S. trades or businesses, tax-free liquidation or reorganization of the control	une a			s (itemize):	
	ree	***************************************			
Q Enter amount of tax exempt interest received or accrued during the tax year (see instructions) ► foreign corporation, or the tax to incorporation of a U.S. trade or business?	🔲 Yes 🔲 No	4 Total of lines 1, 2, and 3	7 Total of lines 5	and 6	
the tax year (see historically)		4 Total of lines 1, 2, and 3	8 Balance at end of	year (line 4 less line 7) .	
	i	'			

1989



Instructions for Form 1120F

U.S. Income Tax Return of a Foreign Corporation

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

and sending the form to IRS 6 hrs., 58 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 20224, Attention: Reports Clearance Officer, T:FP; or the Office of Managament and Budget, Paperwork Reduction Project (1545-0126), Washington, DC 20503.

A Change You Should Note

The Revenue Reconciliation Act of 1989 added new section 898 to the Coda. This new section specifies that, for tax years beginning after July 10, 1989, the tax year of certain controlled foreign corporations and certain foreign personal holding companies is generally required to be the tax year of such corporations. "majority U.S. shareholder." See the "change in accounting period" rules under General instruction C1 end new section 898 for details.

General Instructions

A. Purpose of Form

Form 1120F is used to report a foreign corporation's income, gains, losses, deductions, and credits. If a refund is due, Form 1120F may be used to claim it.

B. Filing Form 1120F

- Who Must File.—Except for corporations described in General Instruction B2, every foreign corporation must file this form if, during the tax year, it:
- Had income from any U.S. source (even if its income is tax-exempt under an income tax treaty or code section).
- Engaged in a trade or business in the U.S., whether or not it had income from that trade or business.
- Had income, gains, or losses treated as if they were effectively connected with a U.S. trade or business.

- Overpaid income tax that it wants refunded.
- A Mexican or Canadian branch of a U.S. mutual life insurance company must file form 1120 for the same basis as a foreign corporation if the U.S. company elects to exclude the branch's income and expenses from its own gross income.

A receiver, assignee, or trustee in dissolution or bankruptcy must file Form 112OF if that person has or holds title to virtually all of a foreign corporation's property or business. Form 112OF is due whether or not the property or business is being operated.

An agent in the U.S. must file the return if the foreign corporation has no office or place of business in the U.S. when the ratum is due.

Consolidated returns.—A foreign corporation cannot belong to an affiliated group of corporations that files a consolidated return unless it is a Canadian or Mexican corporation maintained solely for the purpose of complying with the laws of Canada or Mexico as to title and operation of property.

- operation of property.

 2. Who Does Not File Form 1120F.—A foreign corporation does not need to file Form 1120F in any of the following cases:

 It did not engage in a trade or business in
- the U.S. during the year, and its full U.S. tax was withheld at source.

 Its only income is of a type that is not
- subject to U.S. taxation under section 881(d).

 It is a beneficiary of an estate or trust
- engaged in a trade or business in the U.S., but would itself otherwise not need to file.

 It files Form 1120L U.S. Life insurance
- Company Income Tax Return, as a foreign life insurance company or Form 1120-PC, U.S. Property and Casualty Insurance Company income Tax Return, as a foreign property and casualty insurance company.
- It has filed Form 8279, Election To Be Treated as a FSC or as a Small FSC. These corporations must file Form 1120—F3C, U.S. Income Tax Return of a Foreign Sales Corporation.
- 3. When to File.—A foreign corporation's filing requirements depend upon whether it has an office or place of business in the U.S.
- a. A foreign corporation that does not meintain an office or place of business in the U.S. has until the 15th day of the 6th month after the end of its tax year to file Form 1120°. The corporation may use Ferm 7004, Application for Automatic Extension of Time to File Coeporation income Tax Return, to request an automatic 6-month extension of time to file. However, this extension does not extend the time for payment of the tax. Therefore, if the tax is

paid after the 15th day of the 6th month after the end of its tax year, the corporation must pay interest on the late payment and is subject to the late payment penalty described in General Instruction D3.

b. A foreign corporation that does maintain an office or place of business in the U.S. has until the 15th day of the 3rd month after the end of its tax year to file Form 1120F. However, the corporation may get an extension of time to file Form 1120F in one of two ways:

(1) It may utilize the 3-month extension of time to file described in Regulations section 1.6081-4T by attaching to Form 1.120F the statement described in those regulations. If this option is chosen, the corporation is not required to file Form 7004. The corporation is still required to pay the tax due by the 15th day of the 3rd month after the end of its tax year, however, if it does not, the corporation must pay the interest on the late payment but is not subject to the late payment penalty described in General instruction D3.

(2) It may file Form 7004 by the 15th day of the 3rd month after the end of its tax year to obtain a 6-month extension of time to file. However, the 6-month extension that is granted by the timely filing of Form 7004 does not extend the time for payment of the tax. Therefore, if the tax is paid after the 15th day of the 3rd month following the close of the corporation's tax year, the corporation must pay interest on the late payment and is subject to the late payment penalty described in General instruction 25.

Period covered.—File the 1989 return for calendar year 1989 and fiscal years that begin in 1989 and end in 1990. For a fiscal year, fill in the tax year space at the top of the form.

Note: The 1989 Form 1120F may also be used if: (1) the corporation has a tax year of less than 12 months that begins and ends in 1990; and (2) the 1990 Form 1120F is not available by the time the corporation in must show its 1990 tax year on the 1989 Form 1120F and incorporate any tax law charges that are effective for tax years beginning after December 31, 1989.

4. Where To File.—File Form 1120F with the Internal Revenue Service Center, Philadelpila, PA 19255.

5. Signature. —The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation. If a corporate officer filled in Form 1120F, the Paid Preparer's space under "Signature of officer' should remain blank. If someone prepares Form 1120F and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120F should not sign the return. For example, a regular, full-time employee of the corporation, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return must complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120F to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information for Tax Practitioners, for more details.

C. Figuring and Paying the Tax

1. Accounting

a. Accounting Methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. See section 446.

Generally, corporations engaged in farming operations must use the accrual method of accounting. See section 447 for exceptions.

Generally, corporations (other than qualified personal service corporations) are required to use the accrual method of accounting if their average annual gross receipts are more than \$5,000,000. See section 448(c). A corporation changing to the accrual method because of this provision must complete Form 3115, Application for Change in Accounting Method, and attach it to Form 1120F for the year of change. The corporation must also show on a statement accompanying Form 3115 the period over which the section 481(a) adjustment will be taken into account and the basis for that conclusion. See section 448 and Temporary Regulations sections 1.48-1T(g) and 1.448-1T(f) for more information. Include the amount reportable as income in 1989 under section 481(a) on line 10, page 3.

For long-term contracts (except certain real property construction contracts) entered into after February 28, 1986, atxapayers must elect either the percentage of completion or the percentage of completion-capitalized cost method. See section 460; Notice 87-61, 1987-2 C.B. 370; and Notice 88-66, 1988-1 C.B. 552 for more information.

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115. Also see Publication 538, Accounting Periods and Methods.

Page 2

b. Change in Accounting Period.— Generally, before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538. (1) Certain Controlled Foreign Corporations and Certain Foreign Personal Holding Companies

For tax years beginning after July 10, 1989, the tax year of a "specified foreign corporation" (defined below) is generally required to be the tax year of such corporation's "majority U.S. shareholder (see new section 698(c) for details).

The term "specified foreign comporation" means any foreign corporation: (i) that is treated as a controlled foreign corporation for any purpose under subpart f (sections 951 through 954) or that is a foreign personal holding company (as defined in section 552; and (ii) with respect to which the 50% U.S. ownership requirements of new section 898(b)(2) are met.

See new section 898(d)(2) for special rules that apply with respect to the change in accounting period rules.

(2) Foreign Corporations that are Personal Service Corporations

Personal service corporations as defined in Temporary Regulations section 1.441.47 (see the instructions for item M on page 5) must adopt a calendar year unless; (i) the corporation can establish to the satisfaction of the Commissioner that there is a business purpose for having a different tax year, or (ii) the corporation elects under section 444 to have a tax year other than a calendar year.

Personal service corporations that wish to establish a business purpose for having a different tax year should see Rev. Rul. 87-57, 1987-2 C.8. 117, for more information. Also see Rev. Proc. 87-32, 1987-2 C.8. 396, for procedures to use in adopting, retaining, or changing the corporation's tax year. Personal service corporations that wish to adopt or retain a non-calendar tax year must fill requests to do so on Form 128 in accordance with the procedures outlined in Rev. Proc. 87-32.

Personal service corporations that wish to

elect under section 444 to have a tax year other than a calendar year must file Form 8716, Election To Have a Tax Year Other Than a Required Tax Year. Generally, Form 8716 must be filed by the earlier of: (1) the 15th day of the 5th month following the month that includes the 1st day of the tax year for which the election will be effective. or (2) the due date (not including extensions) of the income tax return resulting from the section 444 election Electing corporations are subject to minimum distribution requirements under section 280H(c) for each year the election is in effect. If the corporation fails to make the required minimum distributions, the deduction allowable for certain amounts paid to employee-owners is limited to a maximum deductible amount under section 280H(d). Amounts not allowed as a deduction for the tax year are carried over to the following tax year. Complete Schedule H (Form 8716), Section 280H Limitations for a Personal Service Corporation (PSC), to figure the required minimum distributions and the maximum deductible amount, if apolicable

2. Reunding Off to Whole-Dollar Amounts
The corporation may show the money items
on the return and accompanying schedules
as whole-dollar amounts. To do so, drop any
amount less than 50 cents and increase any
amount from 50 cents through 99 cents to
the next higher doilar.

3. Payment of Tax Due

The requirements for payment of tax depend upon whether the foreign corporation has an office or place of business in the U.S.

a. Foreign corporations that do not maintain an office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax vear.

The tax must be paid directly to the IRS (i.e., do not use the depositary method of tax payment described in 3b below). The tax may be paid by check or money order, payable to the Internal Revenue Service. To help ensure proper crediting to your account, write your employer identification number, "Form 1120F," and the tax period to which the payment applies on your check or money order. Enclose the payment when you file Form 1120F with the Internal Revenue Service Center, Philadelphia, PA 1925K.

b. Foreign corporations that do maintain an office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 3rd month after the end of the tax

The tax must be paid using the depositary method of tax payment. Under this method, the corporation deposits its Income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (Form 8109). In doing so, be sure to darken the '1120' box on the coupon. Make these deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the corporation's office or place of business in the U.S. is located. Do not submit deposits intently to an IRS office; otherwise, the corporation may be subject to a failure to deposit penaity. Records of deposits will be sent to the IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information.

To help ensure proper crediting to your account, write your employer identification number, "Form 1120F," and the tax period to which the deposit applies on your check or money order.

To get more deposit coupons, use the reorder form (Form 8109Å) provided in the coupon book.

For more information concerning deposits, see Publication 583, Taxpayers Starting a Business.

4. Backup Withholding

If the corporation has had income tax withheld from any payments it received because, for example, it failed to give the payer its correct employer identification number; it may claim a credit on Form 1120F for the total amount withheld. This type of withholding is called "backup withholding." Show the amount withheld in the blank space in the righthand column

between lines 5 and 6i, page 1, and label the amount as "backup withholding." Also include the amount in the total for line 6i. Noto: "Backup withholding" does not include amounts reportable on line 6h for taxes paid or withheld at source.

5. Estimated Tax

Generally, a foreign corporation must make estimated tax payments if it can expect its
"estimated tax" (as defined in Regulations section 1.882-1(e)) to be \$500 or more. Use Form 1120-W, Corporation Estimated Tax. as a worksheet to compute estimated tax. Use the deposit coupons (Forms 8109) in making deposits of estimated tax.

If the corporation overpaid estimated tax. nt may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 after the end of the tax year, but before the 16th day of the 3rd month thereafter, and before Form 1120F is filed.

6. Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, generally all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section

D. Interest and Penalties

Interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it may be liable for penalties unless it can show that failure to file or pay was due to reasonable cause and not willful neglect.

1. Interest. -- Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest s also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

2. Late Filing of Return.—A corporation that fails to file its return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed The penalty is imposed on the net amount due The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

3. Late Payment of Tax. - Generally, the penalty for not paying tax when due is 1/2 of 1% of the unneid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

4. Underpayment of Estimated Tax. —A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of undernayment. In general, to avoid the

estimated tax penalty, the corporation must make estimated tax payments of at least the smaller of 90% of the tax shown on the return or 100% of its prior year's tax. See section 6655 for details and exceptions.

Form 2220. Underpayment of Estimated Tax by Corporations, is used to see if the corporation owes a penalty and to figure the amount of the penalty. Generally, the corporation does not have to file this form because IRS can figure the amount of any penalty and bill the corporation for it. However, you must complete and attach Form 2220 even if the corporation does not owe the penalty if: (a) the annualized income or adjusted seasonal installment method is used, or (b) the corporation is a large corporation computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure enter the amount of any penalty on that line.

5. Overstated Tax Doposits. -- If deposits are overstated, the corporation may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(b).

6. Other Penaltics.—There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661.

E. Other Forms, Returns, Schedules, and Statements That May Be Required 1. Forms, Returns, and Schedules

Form 5471.—Information Return with Respect to a Foreign Corporation. This form is filed by certain officers, directors, or U.S. shareholders of foreign corporations

Form 5472.—Information Return of a Foreign Owned Corporation. This form is filed by a foreign corporation that is engaged in a trade or business in the U.S. and that is "controlled" by a "foreign person" but only if the foreign corporation had certain "reportable transactions" with a "related party." See section 6038A, the regulations thereunder, and the Instructions for Form 5472 for definitions and additional information.

Forms 1042 and 1042S .- Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Person's U.S. Source Income Subject to Withholding. These forms are used to report and transmit withheld tax on payments or distributions made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments or distributions constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, see sections 1441 and 1442, and Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Form 1096. -- Annual Summary and ransmittal of U.S. Information Returns.

Form 1098. -- Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

Forms 1099-A, B, DIV, IRIT, MISC, R, and These are some of the information returns that must be filed to report certain payments, such as dividends and interest. For more information, see Instructions for

Forms 1099, 1098, 8498, 1096, and W-2G and Publication 937, Business Reporting.

Form 5713 .- International Boycott Report. This form is filed by persons having operations in or related to "boycotting countries. In addition, persons who countries. In addition, participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the of following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, DISC benefits and FSC

Form 8264.—Application for Registration of a Tax Shelter. This form is used by tax shelter organizers to register tax shelters with the IRS for the purpose of receiving a tax shelter registration number.

Form 8271.—Investor Reporting of Tax ter Registration Number. This form is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an pplication for tentative refund (Form 1139) and an amended return) on which a deduction, credit, loss, or other tax benefit tributable to a tax shelter is taken or any income attributable to a tax shelter is

Form 8300.—Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8594.—Asset Acquisition Statement This form is filed by both the purchaser and seller of a group of assets constituting a trade or business if goodwill or a going concern value attaches, or could attach, to such assets and if the purchaser's basis in the assets is determined only by the amount naid for the assets.

Form 8621. -- Return by a Shareholder of a Passive Foreign Investment Company or Oualified Electing Fund: This form is used by a corporation that was a shareholder in a passive foreign investment company (as defined in section 1296) at any time during the tax year.

Form 8697.--Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. This form is used to figure the interest due or to be refunded under the look-back method of section 460(b)(3) on certain long-term contracts entered into after February 28, 1986, that are accounted for under either the percentage of completion-capitalized cost method or the percentage of completion

Form 8810.—Corporate Passive Activity Loss and Credit Limitations. Closely held. corporations and personal service corporations, which are subject to the passive activity limitations of section 469. use this form to compute their allowable passive activity loss and credit. Schedulo PH (Form 1120).— Computation of U.S. Personal Holding Company Tax. See General Instruction H.

2. Statements

Transfers to a corporation controlled by the transferor.—If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach to their respective tax returns the information required by Regulations section 1.351-3.

Statements in lieu of schedules. --- if the foreign corporation has no gross income for the tax year, do not complete the Form 1120F schedules, Instead, attach a statement to the return showing what types and amounts of income are excluded from

3. Attochments

Attach Form 4136, Computation of Credit for Federal Tax on Fuels, after page 6, Form 1120F. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

Please complete every applicable entry space on Form 1120F. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being completed. Also, show the same information called for on the form in the same order as on the printed forms. Bo surg to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, out the corporation's name and employer identification number (EIN) on each sheet.

F. Claim for Refund

If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business in the U.S. and Form 1120F is being used as a claim for refund, include all income from sources in the U.S. even though all tax on it was paid at the source:

If the refund results from tax that was withheld at the source, attach a statement to Form 1120F. The statement should

- o The amounts of tax withheld;
- o The names and post office addresses of withholding agents;
- o The name in which the tax was withheld, if different from the taxpayer's name; and o If applicable, enough information to show that the taxpayer was entitled to a reduced tax rate under a treaty.
- G. Special Rules for Foreign Corporations
- 1. Source Rules

Page 4

p. Source Rules for Personal Property Income from sales of personal property by a foreign corporation will generally be foreign source income. However, see sections 865(b), (c), and (d) for exceptions for inventory property, depreciable personal

property, and intangibles. If the foreign corporation has an office or fixed place of business in the U.S., see section 865(e) for special rules for sales of personal prop attributable to such office or fixed place of business. See section 988 for rules for determining the source of income from certain foreign currency transactions.

b. Source Rules for Interest Income and Dividead Incomo Roccived from Cortein Domestic Persons

Interest income received by a foreign corporation from a domestic corporation or a resident alien individual will be considered to be foreign source income if it is shown to the satisfaction of the Commissioner that 80% or more of the domestic corporation's (or resident alien individual's) income s "active foreign business income" (defined below) during the "testing period" (also defined below).

Active foreign business income is income that is derived from sources outside the U.S. and that is attributable to the active conduct of a trado or business in a foreign country or U.S. possession.

The testing period is the 3-year period ending with the close of the tax year of the domestic corporation or resident allen individual preceding the payment (or such part of such period as may be applicable). If such corporation or individual has no gross income for such 3-year poriod (or part thereof), the testing period is the tax year in which payment is made.

Dividend income received by a foreign cornoration from a domestic cornoration will be considered to be foreign source income if it is shown to the satisfaction of the Commissioner that 80% or more of the domestic corporation's income is active foreign business income during the threeyear testing period described above

2. Special Rules for Datermining Whather Cortain Types of Income are Effectively Connected With the Conduct of a Trade or slaces in the U.S.

a. Treatment of Certain Deferred Paymonts, Etc.

Any current year income or gain of a foreign corporation that is attributable to a sale or exchange of property or the performance of services (or any other transaction) in any other tax year, is treated as income
effectively connected with the conduct of a trade or business in the U.S. for the current tax year if the current year income or gain would have been income effectively connected with the conduct of a trade or business in the U.S. in such other tax year (See section 864(c)(6).)

b. Income or Gain From Cortain Property

Any current year income or gain of a foreign corporation from the disposition of property that had ceased to be used or held for use in connection with the conduct of a trade or business in the U.S. within the 10-year period before such disposition of property is treated as income effectively connected with the conduct of a trade or business in the U.S. for the current tax year (regardless of whether the corporation is onspread in a

trade or business in the U.S. during the current tax year) if the current year income or gain would have been income effectively connected with the conduct of a trade or business in the U.S. immediately before such property ceased to be used or held for trade or business in the U.S. (See section 864(c)(7).)

c. Election to Treat Real Property Income as Incomo Effectively Connected With the Conduct of a Trade or Business in the U.S.

If a foreign corporation has income from real property in the U.S. or from an interest in such property, the corporation may elect to treat the income as effectively connected with the conduct of a trade or business in the U.S. Income affected by such an election includes:

o Gains from the sale or exchange of real property or an interest therein: Rents or royalties from mines, wells, or other natural deposits: and

o Gain described in sections 631(b) or (c).

The election may be made whether or not the corporation is engaged in a trade or business in the U.S. during the tax year for which the election is made or whether or not the corporation has income from real property that, for the tax year, is effectively connected with the conduct of a trade or business in the U.S.

To make the election, attach a statement that includes the information required in Regulations section 1.871-10(d)(1)(ii) to Form 1120F for the first tax year for which the election is to apply. Use Section II to figure the tax on this income.

d. Disposition of U.S. Rooi Proporty Interest by a Foreign Corporation

A foreign corporation that disposes of a "U.S. real property interest" (see section 897(c) for definition) must treat the gain or loss from such disposition as income that is effectively connected with the conduct of a trade or business in the U.S., even if the corporation is not otherwise engaged in a U.S. trade or business. This income must be reported in Section II of Form 1120F and must be reflected on Schodulo D (Form 1120), Capital Gains and Losses

Foreign corporation X disposes of a U.S. real property interest on May 15, 1989, and receives \$50,000 for it. X purchased the real property interest on June 20, 1986. X's basis in the property is \$20,000 and the cost of selling the property is \$3,000.

Foreign corporation X would report the sale of its real property interest as follows: a. It would enter a description of the property in column (a), Part II, Schedule D (Form 1120):

- b. It would enter "6/20/86" (date property was acquired) in column (b);
- c. It would enter "5/15/89" (date property was sold) in column (c);
- d. It would enter "\$50,000" (gross amount received from the sale) in column (d); o. It would enter "\$23,000" (sum of its basis in the property and the cost of sale) in column (e):

Parto 3

f. It would enter "\$27,000" (gross sales price for the property of \$50,000 minus its basis in the property of \$20,000 and its costs of sale of \$3,000) in column (f);

g. It would then carry the \$27,000 gain to line 8, page 3, Form 1120F.

See Temporary Regulations section 1.897-5T for the applicability of section 897 to reorganizations and liquidations.

If the corporation had income tax withheld on Form 8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, include the amount withheld as part of line 6h, page 1.

3. Other Special Rules

a. Basis of Property and Inventory Costs for Property Imported by a Related Person

If property is imported into the U.S. by a related person in a transaction and the property has a customs value, the basis or inventory cost to the importer cannot exceed the customs value. For more information, see section 1059A.

b. Income of Foreign Governments and International Organizations

Income of foreign governments and international organizations from the following sources are generally not subject to taxation: (1) investments in the U.S. in stocks, bonds, or other domestic securities owned by such foreign government or international organization; (2) interest on deposits in banks in the U.S. of monies belonging to such foreign government or international organization; or (3) financial instruments held (by a foreign government) in the execution of governmental financial or monetary policy. However, the types of income described in section 892(a)(2) that are "received" directly or indirectly from commercial activities are subject to tax. (They are also subject to withholding.)

H. Filing Requirements of Foreign Personal Holding Companies and Personal Holding Companies

If the corporation is a "foreign personal holding company" (as defined in section 552), Regulations section 1.551-4 requires certain shareholders of the corporation to attach a statement to their returns (i.e., the shareholders' personal returns) containing the information required by section 551(c). Furthermore, section 6035 (and the regulations thereunder) requires certain officers, directors, and shareholders of a foreign personal holding company to file Schedule N (Form 5471) and the appropriate schedules of Form 5471 (see Instructions for Form 5471 for additional information).

If the corporation is a "personal holding company" (as defined in section 542) but not a foreign personal holding company, it must file Schedule PH (Form 1120) with Form 1120F and must report the personal holding company tax on line 4, page 1, Form 1120F. See section 542 and Schedule PH (Form 1120) for details.

Specific Instructions

Address. — Enter the location of the books and records used in the preparation of the return. For foreign corporations engaged in a trade or business in the U.S., this will generally be a U.S. address. If the

corporation's address has changed from the last time Form 1120F was filed, check the box at the top of page 1.

Item M. Personal service corporation.—The term "personal service corporation" means a corporation whose principal activity during the testing period for the tax year is the performance of personal services that are substantially performed by employee-owners who own more than 10% of the fair market value of the corporation's outstanding stock as of the last day of the testing period for the tax year.

The testing period for a tax year is the tax year preceding such tax year, except for a new corporation. The testing period for a new corporation (one in its first tax year) is the period beginning on the first day of its first tax year and ending on the earlier of the last day of its first tax year or the last day of the calendar year in which the first tax year has the stay year year.

Activities of the taxpayer that are treated as the performance of personal services are limited to activities of the taxpayer that involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting (as such fields are defined in Temporary Regulations section 1.448-1T).

Personal services are substantially performed by employee-owners if more than 20% of the corporation's compensation cost for the testing period attributable to the performance of personal services is attributable to personal services performed by employee-owners.

A person is considered to be an employeeowner if the person is an employee of the corporation on any day of the testing period and the person owns any outstanding stock of the corporation on any day of the testing period. Stock ownership is determined under the attribution rules of section 318 (except that "any" is substituted for "50%" in section 318/a/Y/CV.

For more information, see Temporary Regulations section 1.441-4T.

Section I.—Certain Gains, Profits, and Income From U.S. Sources That Are NOT Effectively Connected With the Conduct of a Trade or Business in the U.S.

Include in Section I the following types of U.S. source gross income (i.e., no dedutions are allowed), but only to the extent such income received is not effectively connected with the conduct of a trade or business in the U.S. (see the first "note" under the specific instructions for Section II):

- I. Interest (other than original issue discount (OID) as defined in section 1273), dividends, rents, royalties, salaries, wages, premiums, annuities, compensation, and other fixed or determinable annual or periodic gains, profits, and income. Certain portfolio interest is not taxable for obligations issued after July 18, 1984. Ses section 881(c) for more details.
- Gains described in section 631(b) or (c), relating to disposal of timber, coal, or domestic iron ore with a retained economic interest.
- 3. On a sale or exchange of an OID obligation, the amount of OID accruing

while the obligation was held by the foreign corporation, unless the amount was taken into account on a payment.

4. On a payment received on an OID obligation, the amount of OID accruing while the obligation was held by the foreign corporation, to the extent such OID was not previously taken into account and to the, extent that the tax imposed on the OID does not exceed the payment received less the tax imposed on any interest included in the payment received. This rule applies to payments received with respect to OID obligations issued after March 31, 1972.

Certain OID is not taxable for OID obligations issued after July 18, 1984. See section 881(c) for more details.

For rules that apply to other OID obligations, see Publication 515.

 Gains from the sale or exchange of patents, copyrights, and other intangible property to the extent such gains are from payments that are contingent on the productivity, use, or disposition of the property or interest sold or exchanged.

For more information, see section 881(a). Note: A corporation created or organized in Guam, American Samoa, the Northern Mariana Islands, or the Virgin Islands will not be treated as a foreign corporation (for purposes of determining whether its income is taxable under section 881(a)) if it meets the rules of section 8810(a).

Line 9. Gross Transportation Tax.—A tax of 4% is imposed on a foreign corporation's U.S. source gross transportation income for the tax year. Generally, the term "U.S. source gross transportation income of the tax year. Transportation income of the figure of the tax year. Generally, the term "U.S. come that is "transportation income" (defined below) to the extent such income is treated as from sources in the U.S. (as explained below). However, the term U.S. source gross transportation income does not include income that is effectively connected with the conduct of a trade or business in the U.S. (as explained below).

"Transportation income" is any income derived from, or in connection with: (a) the use (or hining or leasing for use) of a vessel or aircraft, or (b) the performance of services directly related to the use of a vessel or aircraft. For purposes of the preceding sentence, the term "vessel or aircraft". Includes any container used in connection with a vessel or aircraft.

Generally, 50% of all transportation income that is attributable to transportation that either begins or ends in the U.S. is treated as from sources in title U.S. However, see section 863(0/2/B) for a special rule for personal service income.

Transportation income of the corporation will not be treated as income that is effectively connected with the conduct of a trade or business in the U.S. unless: (a) the corporation has a fixed place or business in the U.S. involved in the earning of transportation income, and (b) substantially all of the corporation's U.S. source gross transportation income (determined without regard to the rule that such income does not include income that is effectively connected with the conduct of a U.S. trade or business) is attributable to regularly

Page 5

scheduled transportation (or, in the case of income from the leasing of a vessel or aircraft, is attributable to a fixed place of business in the U.S.). For more information, see section 887.

Enter the foreign corporation's U.S. source gross transportation income on line 9, column (d.) Also, attach a statement to Form 1120F showing the dates the vessels or aircraft entered or left the U.S. and the amount of gross income for each trip.

Section II.—Income Effectively Connected With the Conduct of a Trade or Business in the U.S.

Foreign corporations engaged in a trade or business in the U.S. are taxed at regular corporate rates on all of the following incomparate rates on all of the following

- Income, gain, or loss from U.S. sources derived in the conduct of the trade or business.
- The types of foreign source income described in sections 864(c)(4)(B) and (C) subject to the exceptions described in section 864(c)(4)(D).
- 3. The types of U.S. source income listed in the specific instructions for Section I or gain or loss from U.S. sources from the sale or exchange of capital assets to the extent one or both of the following tests are mo
- a. Asset-use test.—The income, gain, or loss is derived from assets used in, or held for use in, the conduct of the U.S. trade or husiness; or
- b. Business-activities test.—The activities of the trade or business conducted in the U.S. were a material factor in the realization of the income, gain, or loss. Note: In nother the asset-use test nor the business-activities test is met, the income is to be reported in Section I (and as such, no deductions are allowed against it). If either test is met, the income is to be reported in Section II, net of allowable deductions.

For more information, see section 864(c)(2) and Regulations section 1.864-4(c), and the examples therein.

Gains on disposition of stock in a DISC or former DISC and distributions from accumulated DISC income, including deemed distributions, are treated as deriyed from a trade or business conducted through a permanent establishment in the U.S.

- A foreign corporation not engaged in a trade or business in the U.S., will not report income in Section II unless it:
- e Has current year income or gain that is attributable to a sale or exchange of property or the performance of services (or any other transaction) in any other tax year and that would have been income effectively connected with the conduct of a trade or business in the U.S. in such other tax year (see General Instruction G2a);
- Has current year income or gain from the disposition of property that had ceased to be used or held for use in connection with the conduct of a trade or business in the U.S. within the 10-year period before such disposition of property and that would have been income effectively connected with the conduct of a trade or business in the U.S. immediately before such cessation (see General Instruction G2D):

Page 6

- Elects to treat real property income as effectively connected income (see General Instruction G2c);
- Was created or organized and is carrying on a banking business in a U.S. possession, and receives interest on U.S. obligations (in which case, the interest is treated as effectively connected income); or
- Has gain or loss from disposition of interest in U.S. real property (see General Instruction G2d).

Income

Enter gross income that is effectively connected with the conduct of a trade or business in the U.S. except those income items that must be reported on lines 4 through 10. For reporting advance payments, see Regulations section 1:451-5. To eport income from long-term contracts, see section 460.

Generally, the installment method cannot be used for dealer dispositions of property. See section 453(f) for details and exceptions. For dealer dispositions of property before March 1 1986 dispositions of property used or produced in the trade or business of farming, and certain dispositions of timeshares and residential lots reported under the installment method, enter on line 1 the gross profit on collections from installment les and carry the same amount to fine 3. Attach a schedule showing the following for the current year and the 3 preceding years: a. gross sales, b. cost of goods sold, gross profits, d. percentage of gross profits to gross sales, e. amount collected and f. gross profit on amount collected. For sales of timeshares and residential lots: reported under the installment method. the corporation's income tax is increased by the interest payable under section 453(IX3). To report this addition to the tax. see the instructions for line 3. Schedule J.

Accrual basis taxpavers need not accrue certain amounts to be received from the performance of services which, on the basis of their experience, will not be collected (section 448(d)(5)). This provision does not apply to any amount if interest is required to be paid on such amount or if there is any penalty for failure to timely pay such amount. Corporations to which this provision applies should attach a schedule showing total gross receipts, amount not accrued as a result of the application of section 448(d)(5), and the net amount accrued. The net amount should be entered on line 1a. For more information and guidelines on this "non-accrual experience method," see Temporary Regulations section 1.448-2T.

Line 2. Cost of goods sold and/or operations. —See instructions for Schedule A.

Line 4. Dividends.—See instructions for Schedule C.

Line 5. Interest.—Enter taxable interest on U.S. obligations and loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest expense against interest income.

Line 6. Gross rents. —Enter the grossamount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

Line 8. Capital gain net Income. —Every sale or exchange of a capital asset must be reported in detail on Schedule D (Form 1120). Capital Gains and Losses, even though no gain or loss is indicated. For purposes of computing the adjustments to the accumulated earnings tax under section 535(b)(6), foreign corporations must only include capital gains and losses that are effectively connected with a trade or business in the U.S.

Line 9. Net gain or (loss).—Enter the net gain or (loss) from line 18, Part II, Form 4797, Sales of Business Property.

Line 10. Other income. - Enter any other taxable income not listed above, and explain its nature on an attached schedule Examples of other income are any adjustment under section 481(a) required to be included in income during the current tay year due to a change in a method of accounting; recoveries of bad debts deducted in prior years under the specific charge-off method; the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478. Credit for Alcohol Used as Fuel; and refunds of taxes deducted in prior years to the extent they reduced income subject to tax in the year deducted (see section 111). Do not offset current year taxes with tax refunds.

If "other income" consists of only one item, describe it in parentheses on line 10.

Deductions.

In computing the taxable income of a foreign corporation engaged in a trade or business in the U.S., deductions are allowed only to the extent they are connected with income that is effictively connected with the conduct of a trade or business in the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See section 882(c) and Regulations section 1.882-4(c) for more information.

Apportionment of Expenses

Expenses that are directly related to a class of gross income (including tax-exempt income) must be allocated to that class of gross income. Expenses, not directly related to a class of gross income. Expenses, not directly related to a class of gross income, should be allocated to all classes of income on the basis of gross income in each class of income to total gross income, or other ratio that clearly relates to the classes of income.

Attach a schedule to Form 1120F showing classes of gross income and expenses directly allocable to each class of gross income. For expenses that are not directly allocable to a class of gross income show the computation of the expense to each class of gross income show the computation of the expense to each class of gross income

Limitations on Deductions

 Section 263A Uniform Capitalization Rules.—The uniform capitalization rules of section 263A require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal targible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpayer includes a film, sound recording, video tape, book, or similar property. The rules also

apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to these rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that relate to the assets produced or acquired for resale. Interest expense paid or incurred during the production period must be capitalized and is governed by special rules. For more information, see Notice 88-99, 1988-2 C.B. 422. The uniform capitalization rules also apply to the production of property constructed or improved by a taxpaver for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are \$10,000,000 or less. It does not apply to timber or to most property produced under a long-term contract. Special rules apply for farmers. The rules do not apply to property which is produced for use by the taxpayer if substantial construction has occurred before March 1, 1986.

In the case of inventory, some of the indirect costs that must be capitalized are: administration expenses; taxes; depreciation; insurance; compensation paid to officers attributable to services; rework labor; and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

The costs required to be capitalized under section 263A are not deductible until the property to which the costs relate is sold, used, or otherwise disposed of by the corporation

Current deductions may be claimed for research and experimental costs under section 174, intangible drilling costs for oil and gas and geothermal property, mining and exploration and development costs incurred in the conduct of a trade or business in the U.S. Temporary Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see Temporary Regulations section 1.263A-1T.

- Transactions between related taxpayers.—Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.
- 3. Section 291 limitations. Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, bad debt deductions for financial institutions, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of adjustment.
- 4. Golden parachute payments. A portion of the payments nade by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.
 5. Business startup expenses. Business startup expenses are required to be

capitalized unless an election is made to amortize them over a period of 60 months. See section 195.

6. Passive activity limitations.— Limitations on passive activity losses and credits under section 469 apply to closely held corporations (defined below) and personal service corporations as defined in Temporary Regulations section 1.441-4T (see the instructions for Item M on page 5). A corporation is a closely held corporation for this purpose if at any time during the last half of the tay year more than 50% in value of its outstanding stock is owned, directly or indirectly, by or for not more than 5 individuals, and the corporation is not a personal service corporation. Certain organizations are treated as individuals for irnoses of this test. (See section.) 542(a)(2).) For rules of determining stock ownership, see section 544 (as modified by section 465(a)(3)).

There are two kinds of passive activities: trade or business activities in which the corporation did not materially participate for the tax year, and rental activities regardless of its participation. An activity is a trade or business activity if the activity involves the conduct of a trade or business (i.e., deductions from the activity would be allowable under section 162 if other limitations, such as the passive loss rules, did not apply), or research or experimental expenditures in the activity are deductible under section 174 (or would be deductible if the corporation chose to deduct rather than capitalize them), and the activity is not a rental activity. Temporary Regulations section 1.469-1T(g)(3) defines material participation of corporations.

Generally, losses from passive activities can be deducted only to the extent of income from passive activities. Passive activity credits generally are limited to the tax attributable to net passive income Closely held corporations are allowed to increase: (i) the limitation on losses from passive activities by the amount of net active income, and (ii) the limitation on passive activity credits by the tax attributable to net active income. See Temporary Regulations section 1.469-1T(g)(4) for the definition of net active income. Phase-in rules apply to certain passive activities acquired before
October 23, 1986. For tax years beginning in 1989, 20% of the current year passive activity loss and credit from these activities is allowed. Generally, passive activity losses and credits that are not allowed in the current year are carried forward for use in later years.

Corporations subject to the passive activity limitations must complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to compute their allowable passive activity loss and credit. Before completing Form 8810, see cation 1.163-8T, which provides rules for allocating interest expense among activities. If a passive expense among activities. If a passive activity is also subject to the at-risk rules of section 465, the at-risk rules apply before the passive loss rules. For more information, see section 469, the temporary regulations thereunder, and Publication 925, Passive Activity and At-Risk Rules

Line 12. Compensation of officers.—
Besides entering officers' compensation deductible on line 12, you must complete

Schedule E on page 4 if your total receipts (line 1a, plus lines 4 through 10, of page 3, form 1120F) are \$500,000 or more. Do not include compensation claimed elsewhere on the return, such as amounts included in cost of goods sold and/or operations, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement.

Complete Schedule E, line 1, columns (a) through (f), for all officers. The corporation determines who is an officer under the laws where incorporated.

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

Line 13. Salaries and wages. —Enter on line 13a the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as amounts included in cost of goods sold and/or operations, elective contributions to a section 401(k) cash or deferred arrangement, or amounts contributed under a salary reduction SEP agreement. Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 20 and 27.

Enter on line 13b the amount of jobs credit from Form 5884, Jobs Credit.

Line 14. Repairs. —Enter the cost of incidental repairs not claimed elsewhere on the return, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

Line 15. Bad debts.—Enter the total debts that became worthless in whole or in part during the tax year. A small bank or thrift institution using the reserve method should attach a schedule showing how it arrived at the current year's provision.

Line 17. Taxes. —Enter taxes paid or accrued during the tax year, but do not include the following:

- Federal income taxes (except the environmental tax under section 59A);
 Foreign or U.S. possession income taxes if a tax credit is claimed:
- 3. Taxes not imposed on the corporation; or 4. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

See section 164(d) for apportionment of taxes on real property between seller and purchaser

If the corporation is liable for the environmental tax under section 59A, see Form 4626, Alternative Minimum Tax—Corporations, for computation of the environmental tax deduction.

See section 906(b)(1) for rules concerning certain foreign taxes imposed on income from U.S. sources that may not be deducted or credited.

Page 7

Line 18. Interest. —See section 882(c) and Regulations section 1.882-5 for rules for interest deductions allowed to foreign corporations.

Ine 19. Contributions.—Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 10% of taxable income (line 31, Section II) computed without regard to the following:

1. Any deduction for contributions;
2. The special deductions on line 30b;
3. Deductions allowed under sections 249 and 290:

4. Any net operating loss carryback to the tax year under section 172; and 5. Any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Taxable income is modified in order to determine the amount of a net operating loss used in an intervening year (i.e., a year to which a net operating loss is carried but not fully absorbed). For this purpose, taxable income is computed by determining the net operating loss deduction for the year without regard to the net operating loss for the loss year or later year. See section 172(b(X2). To the externt charitable contributions are used to reduce taxable income for this purpose and increase a net operating loss carryover, a contributions carryover is not allowed. See section 1776(b(X2)).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money and the total claimed deduction of al property contributed exceeds \$500, corporations (other than closely held and personal service corporations) shell attach a schedule describing the kind of property contributed and the method used in determining its fair market value. Closely held corporations and personal service corporations must complete Form 8283, Noncash Charitable Contributions, and attach it to Form 1120F. All other corporations must generally complete and attach it of property other than money if the total claimed deduction for all propert contributions of property other than money if the total claimed deduction for all propert contributed was more than \$5,000.

Also, a corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

If the corporation made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, as well as the type of legal

interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined. Special rule for contributions of certain property. For a charitable contribution of property, reduce the contribution by the sum of:

The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value; and 2. For certain contributions, all of the long-term capital gain that would have resulted if the property were sold at its fair market value.

The reduction for the long-term capital gain applies to:

Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and

2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. See section 170(e) and Regulations section 1.170A-4.

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

Charitable contributions of scientific property used for research. A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. See section 170(e).

Line 20. Depreciation.—Besides depreciation, include on line 20 the part of the cost (up to \$10,000) that the corporation elected to expense for certain recovery property placed in service during tax year 1989. See the instructions for Form 4552, Depreciation and Amortization.

Line 23. Depletion.—See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite).

Foreign intangible drilling costs and foreign exploration and development costs must either be added to the corporation's basis for cost depletion purposes or be deducted ratably over a 10-year period. Se sections 263(1), 616, and 617 for more information.

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is claimed.

Line 25. Pension, profit-sharing, etc., plans. — Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tay year, generally are required to file one of the forms described below. There are penalties for failure to timely file these forms and for overstating the pension plan deduction. For more information, see sections 6652(e) and 6659A.

Form 5500. —Complete this form for each plan with 100 or more participants. Form 5500-C/R. —Complete this form for each plan with fewer than 100 participants. Form 5500EZ. —Complete this form for a one-participant plan.

Line 26. Employee benefit programs.— Enter the amount of contributions to employee benefit programs not claimed elsewhere on the return (for example, insurance, health, and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 25

Line 27. Other deductions.—Attach a separate sheet listing all allowable deductions that are not deductible elsewhere on Form 1120F.

Include on this line the deduction taken for amortization of pollution control facilities organization expenses, etc. See Form 4562.

A corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan. However, a deduction may only be taken if, according to the plan, the dividends are:

1. Paid in cash directly to the plan participants; or

2. Paid to the plan, which distributes them in cash to the plan participants, no later than 90 days after the end of the plan year in which the dividends are paid. See section 404(k). For other deductions that may be allowed, see section 404(k)(X)(C).

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income. See section 265(b) for exceptions.

Generally, the corporation can deduct only 80% of the amount otherwise allowable for meals and entertainment expenses paid or incurred in its trade or business. In addition, meals must not be lavish or extravagant; a bona fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal. See section 274(k/2) for exceptions, if the corporation claims a deduction for unallowable meals expenses, it may have to ava a cenalty.

Additional limitations apply to deductions for gifts, skybox rentals, luxury water travel, convention expenses, and entertainment tickets. See section 274 and Publication 463, Travel, Entertainment, and Gift Expenses. For details.

Generally, a corporation can deduct all other ordinary and necessary travel and entertainment expenses paid or incurred in its trade or business. It cannot, however, deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge), that is used for an activity that is usually considered amusement, entertainment, or recreation. (Note: The corporation may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.)

Note: Do not deduct penalties imposed on corporations such as those included in General Instruction D.

Line 29. Taxable income before NOL deduction and special deductions. — "At-risk" rules. — Special "at-risk" rules under section 465 generally apply to closely held corporations (defined on page 7) engaged in any activity as a trade or business, or for the production of income. Such corporations may have to adjust the amount on line 29. However, the at-risk rules do not apply to: (1) holding real property placed in service by the taxpayer before 1987; (2) equipment leasing under sections 465c(c)4). (5), and (6); and (3) any qualifying business of a qualified corporation described in section 465c(c)7). However, the at-risk rules do apply to the holding of mineral property

If the at-risk rules apply, adjust the amount on line 29 for section 465(d) losses. These losses are limited to the amount for which such corporation is at risk for each separate activity at the close of the tax year. If the corporation is involved in one or more activities, one or more of which incurs a loss for the year, report the loss for each activity separately. Attach Form 6198, At-Risk Limitations, showing the amount at risk and gross income and deductions for the activities with losses.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the at-risk rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the at-risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

Line 30a. Net operating loss deduction.— The "net operating loss deduction" is the amount of the net operating loss caryovers and carybacks that can be deducted in the tax year. See section 172(a). If this deduction is taken, explain its computation on an attached schedule.

Generally, a corporation may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. Personal service corporations are not permitted to carry back a net operating loss to or from any tax year to which a section 444 election applies.

A corporation may carry back 10 years that part of the net operating loss attributable to a product liability loss. See section 172(b)(1)(). See Regulations section 1.72-13(c) for the required statement that must be attached to Form 1120F when claiming the 10-year carryback on product liability losses.

There is also an available election to carry a net operating loss over to just each of the 15 years following the year of loss. The election may be made by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable. Section 172(b)(1) describes types of losses for which the 15-year carryforward period does not apply.

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss the corporation may carry to each of the remaining tax years is the excess, if any, of the loss over the sum

of the modified taxable income for each of the prior tax years to which the corporation may carry the loss. See section 172(b).

If there is a carryback of a net operating loss, net capital loss, or an unused credit, file Form 1139, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. See section 6411.

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see Publication 536, Net Operating Losses.

See section 382 for the limitation on the amount of taxable income of a long corporation for any tax year ending after a post. 1986 ownership change that may be offset by pre-change net operating loss carryovers. Also see Temporary Regulations section 1.382-27(a)(2)(ii), which requires that a loss corporation file an information statement with its income tax return for each tax year that it is a loss corporation.

See section 384 for the limitation on the use of preacquisition losses of one corporation to offset recognized built-in gains of another corporation.

Line 30b. Special deductions.—See instructions for Schedule C below.

Schedule A—Cost of Goods Sold and/or Operations

Inventory valuation methods.—
Inventories can be valued at: (1) cost;
(2) cost or market value (whichever is lower), or (3) any other method approved by the Commissioner, and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such a change should be made by filing Form 3115. For more information about the change, see Regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B. 736

Section 263A Uniform Capitalization Rules. These rules are discussed in the instructions for Limitations on deductions on page 6. See those instructions before proceeding.

Line 4a.—An entry is required on this line only for corporations that have elected a simplified method of accounting. In the case of a corporation that has elected the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in inventory costs under the corporation's method of accounting immediately prior to the effective date in Temporary Regulations section 1.263A-1T, but that are now required to be capitalized under section 263A. In the case of corporations that have elected a simplified resale method. additional section 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing; purchasing; handling, processing, assembly, and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a the balance of section 263A costs paid or incurred during the tax year not included on lines 2

and 3. See Temporary Regulations section 1.263A-1T for more information.

Line 4b.—Enter on line 4b any costs pald or incurred during the tax year not entered on lines 2 through 4a.

Line 6.— See Temporary Regulations section 1.263A-1T for more information on computing the amount of additional section 263A costs to be capitalized and added to ending inventory.

Line 8a. Inventory valuation methods.— Check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price pravailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. See Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is: (1) unsalable at normal prices, or (2) unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price, minus direct cost of disposition (but not less than scrap value) if such a price can be established. See Regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in Firstout" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIPO box on line 8b. Enter the amount or percent of total closing inventories covered under section 472 on line 8c. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "write-up" its opening inventory to cost in the year of election, report the effect of this write-up as income (in Section II, line 10, page 3) proportionately over a 3-year period that begins in the tax year you made this election (section 472(d)).

Schedule C—Dividends and Special Deductions

For purposes of the 20% ownership test on lines 1 through 7, the percentage of stock owned by the corporation is based on voting power and value of the stock. Preferred stock described in section 1504(a)(4) is not taken into account.

Line 1, Column-(a)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984—see section 246A) that are received from less-than-20%-owned domestic corporations subject to income tax and that are subject to the 70% deduction under section 243(a)(1). Include on this line taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the 70% deduction and certain dividends of Federal Home Loan Banks. See section 246(a)(2).

Page 9

For dividends received from a regulated investment company, see section 854 for the amount subject to the 70% deduction.

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

Line 2, Column (a)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) that are received from 20%-or-more-wined domestic corporations subject to income tax and that are subject to the 80% deduction under section 243(c). Include on this line taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the 80% deduction.

Line 3. Column (a)

Enter dividends an debt-financed stock acquired after July 18, 1984, that are foceived from domestic and foreign corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under section 243(a)(1), 243(c), or 245(a). Generally, debt-financed stock is stock that the corporation acquired by incurring a debt (for example, it borrowed money to buy the stock).

Line 3. Columns (b) and (c)

Dividends received on debt-financed stock acquired after July 18, 1984, are not entitled to the full 70% or 80% dividends-received deduction. The 70% or 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 245A. Also see section 245B, before making this computation for an additional limitation that applies to dividends received from foreign corporations. A schedule showing how the amount on line 3, colymn (c), was figured must be attached to form 1120F.

Line 4, Column (a)

Enter dividends received on the preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

Line 5, Column (a)

Enter dividends received on preferred stock of a 20%-or-more-owned public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

Line 6, Column (a)

Enter the U.S. source portion of dividends that are received from less-than-20%-owned foreign corporations and that qualify for the 70% deduction under section 245(e). To qualify for the 70% deduction, the corporation must own at least 10% of the stock of the foreign corporation by vote and value.

Line 7, Column (a)

Enter the U.S. source portion of dividends that are received from 20%-or-more-owned foreign corporations and that qualify for the 80% deduction under section 245(a).

Line 8, Column (c)

Limitation on dividends-received deduction. Generally, line 8 of column (c) may not exceed the amount from the worksheet below. However, in a year in which a net operating loss occurs, this limitation does not apply even if the loss is created by the dividends-received deduction. See sections 172(d) and 246(b) Certain financial institutions to which section 593(a) applies should see section 596 for the special limitation on the dividends-received deduction. See

- Refigure line 29, Section II without regard to any adjustment under section 1059 and without regard to any capital loss carryback to the tax year under section 1212(a)(1)
- 2. Multiply the amount on line 1 by 80%
 3. Enter the sum of the
- amounts on lines 2, 5, and 7 of column (c) and the portion of the deduction on line 3 of column (c) that is attributable to dividends received from 20%-or-more-owned corporations
- 4. Enter the lesser of line 2 or line 3. (Do not complete the rest of this worksheet if line 3 is greater than line 2. Instead, enter the amount from this line (line 4 of this worksheet)
- on line 8, column (c).)
 5. Enter the total amount of dividends received from 20%-or-more-owned corporations and
- included on lines 2, 3, 5, and 7 of column (a) 6. Subtract line 5 from line 1. 7. Multiply the amount on
- 9. Enter the lesser of line 7 or line 8
- 10. Dividends-received deduction after limitation (sec. 246(b)). Add the amounts on lines 4 and 9 and enter on line 8 of column (c)

Line 9, Column (a)

Enter all other dividends received from foreign corporations that are not reportable on lines 3, 6, or 7 of column(s). Exclude distributions of amounts constructively

taxed in the current year or in prior years under subpart F (sections 951 through 964).

Line 10, Column (a)

If the corporation claims the foreign tax credit, enter the tax that is deemed paid under sections 902 and 960. See sections 78 and 906(b)(4).

Line 11, Column (a)

Enter taxable distributions from an IC-DISC or former DISC that are designated as not being eligible for a dividends-received deduction.

No deduction is allowed under section 243 for a dividend from an IC-DISC or former DISC (as defined in section 992(a)) to the extent the dividend:

- Is paid out of the corporation's accumulated IC-DISC income or previously taxed income, or
- Is a deemed distribution under section 995(b)(1).

Line 12, Column (a)

Include the following:

1. Dividends (other the

- Dividends (other than capital gain dividends and exempt-interest dividends) that are received from regulated investment companies and that are not subject to the 70% deduction.
- 2. Dividends from tax-exempt organizations.
- 3. Dividends (other than capital gain dividends) received from a real estate investment trust that qualifies, for the tax year of the trust in which the dividends are paid, under sections 856 through 860.
- Dividends not eligible for a dividendsreceived deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock.

Two situations in which the dividendsreceived deduction will not be allowed on any share of stock are:

(a) If the corporation held it 45 days or less (see section 246(c)(1)(A)), or

(b) To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

5. Any other taxable dividend income not properly reported above (including distributions under section 936(h)41). If patronage dividends or per-unit retain allocations are included in Schedule C, line 12, column (a), identify the total of these amounts in a schedule and attach it to Form 1720F.

Line 13, Column (c)

Deduction for dividends paid on certain preferred stock of public utilities. Section 247 allows public utilities a deduction of 41.176% of the lesser of:

1. Dividends paid on their preferred stock

- Dividends paid on their preferred stock during the tax year, or
- Taxable income computed without regard to this deduction.

In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). See section 172(d).

Schedule J-Tax Computation Lines Lond 2

Members of a controlled group, as defined in section 1563, are entitled to one \$50,000 and one \$25,000 taxable income bracket amount (in that order) on line 2a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) for the requirements and for the time and manner of making the consent.

Equal Apportionment Plan. If no apportionment plan is adopted the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore, both corneration A and corneration B are entitled to \$25,000 (one-half of \$50,000) in the \$50,000 taxable income bracket on line 2a(i) and to \$12,500 (one-half of \$25,000) in the \$25,000 taxable income bracket on line 2a(ii).

Unequal Apportionment Plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income bracket amounts as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all some, or none of the taxable income bracket. However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.

Each member of a controlled group must compute its tax as follows (except qualified personal service corporations):

•	*	•
. 1.	Taxable income from line 31, Section II	
2.	Enter line 1 or the corporation's share of the \$50,000 taxable income bracket, whichever is less.	
3.	Subtract line 2 from line 1 .	
4.	Enter line 3 or the corporation's share of the \$25,000 taxable income bracket, whichever is less	
5.	Subtract line 4 from line 3	
6.	Enter 15% of line 2	
7.	Enter 25% of line 4 :	
3.	Enter 34% of line 5	
9.	If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the lesser of: (a) 5% of the excess over \$100,000, or (b) \$11,750. (See instructions for additional 5% tax, below.)	
10.	Total of lines 6 through 9. Enter this amount on line 3,	

Schedule J . . .

Additional SS tay Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000. If the additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member of the group must nter its share of the additional 5% tax on line 2h and attach to its tay return a schedule that shows the taxable income of the entire group as well as how its share of the additional tax was figured.

Line 3

A corporation (that is not a member of a controlled group) must compute its tax on its taxable income as follows:

personal service corporations (defined below): (1) Corporations other than qualified

If its taxable income (line 31, Section II) is:

Over	But not over—	Its tax is:	amount over—
0	\$50,000	15%	0
\$50,000	75,000	\$7,500 + 25%	\$50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000		34%	0

(2) Qualified personal service corporations:

A qualified personal service compration is taxed at a flat rate of 34% on its taxable income. For this purpose, a qualified personal service corporation is an corporation: (a) substantially all of the activities of which involve the performance of services in the fields of health, law, engineering architecture accounting actuarial science, performing arts, o consulting, and (b) at least 95% of the stock of which is owned by employees performing the services, retired employees who had performed the services listed above, any estate of an employee or retiree described above, or any person who acquired the stock of the corporation as a result of the death of an employee or retiree described above, if the acquisition occurred within 2 years of death. See Temporary Regulations section 1,448-17(e) for details.

Interest on tax attributable to payments received on installment sales of certain timeshares and residential lots. If the corporation elected to pay interest on the amount of tax attributable to payments received on installment obligations arising from the disposition of certain timeshare and residential lots under section 453(I)(3). it must include the interest due in the nount to be entered on line 3, Schedule J. Write on the dotted line to the left of line 3. Schedule J, "Sec. 453(I)(3) interest-\$(amount)." Attach a schedule showing the

Interest on tax deferred under the installment method for certain nondoaler installment obligations. If an obligation arising from the disposition of property to which section 453A applies is outstanding at the close of the year, the corporation must include the interest due under section 453A(c) in the amount to be entered on line 3. Schedule J. Write on the dotted line to the left of line 3, Schedule J. "Sec. 453A(c) interest-\$(amount)." Attach a schedule showing the computation.

Lino 4a. Foreign tax crodit.—A foreign corporation engaged in a trade or business in the U.S. during the tax year can take a credit for income, war profits, and excess profits taxes paid, accrued, or deemed paid promis taxes paid, accrued, or overned paid to any foreign country or U.S. possession with respect to income effectively connected with the conduct of a trade or business in the U.S. See section 906 and Form 1118, Computation of Foreign Tax Credit—Corporations for additions

Line 4b. Credit for fuel produced from a nonconventional source.—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. ction 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Line 4c. Orphon drug credit.—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit, as well as how it is figured.

Line 4d. General business credit. - This credit is comprised of the sum of the following credits:

Investment credit. The investment credit was generally repealed for property placed in service after 1985. See Form 3468. Computation of Investment Credit, for

Jobs credit. The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations

Do not take an expense deduction for the part of the wages or salaries paid or incurred that is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section

Alcohol fuel credit. A corporation may be able to take a credit for alcohol used as fuel. Use Form 6478, Credit for Alcohol Used As Fuel to figure the credit.

Credit for increasing research activities. See Form 6765 and section 41.

Low-income housing credit. See Form 8586, Low-Income Housing Credit, and

Form 3800 General Rusiness Credit Enter on line 4d the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, you gonorally do not have to complete Form 3800. Instead, check the appropriate box and attach the form for nich the credit is being taken. However, the corporation has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800. For more information, see Publication 572, General Business Credit.

Poge 11

Line 4o. Credit for prior year minimum tox. -- If the corporation had an alternative minimum tax liability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, it may be able to take the credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax, and section 53. Line 7. Recenture texes.—Recenture of investment credit. If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Recapture of low-income housing credit. If you must recenture part of the low income housing credit because there has been a decrease in the qualified basis of a building from the prior year or if you disposed of the building or an ownership interest in it, see Form 8611, Recapture of Low-Income Housing Credit, and section

Line 8a. Alternative minimum tax .-Attach Form 4626, Alternative Minimum Tax-Corporations, if the corporation's taxable income or loss before the NOL deduction (line 29, Section II less line 30b. Section II) when combined with its adjustments and tax preference items (including the book income adjustment) totals more than the lesser of: (a) \$40,000. or (b) the corporation's allowable exemption amount. See Form 4626 for details. I inc 8h. Environmental tax.—The corporation may be liable for the environmental tax if its modified alternative minimum taxable income exceeds \$2,000,000. See Form 4626 for details. Lino 9. Doolers in personal property.—If the corporation deferred the payment of certain tax for its first or second tax year ending after 1986 under the transitional rule of 1986 Act section 811(c)(7), it must include the ratable portion of the tax due for the current tax year on line 9, Schedule J Write on the dotted line to the left of line 9. Schedule J, "Sec: 453C tax-\$(amount). Attach a schedule showing the computation

Section III-Branch Profits Tax and Tax on Excess Interest

Port I—Computation of Branch Profits Tax

In general, section 884(a) imposes a 30% branch profits tax on the after-tax earnings of a foreign corporation's U.S. trade or business ("effectively connected earnings and profits") that are not reinvested in a U.S. trade or business by the close of the tax year, or are disinvested in a later tax year. Changes in the value of the equity of the foreign corporation's U.S. trade or business ("U.S. net equity") are used as a measure of whether earnings have been reinvested in, or disinvested from, a U.S. trade or business. An increase in U.S. net equity during the tax year is generally treated as a reinvestment of earnings for the current tax year, and a decrease in U.S. not equity is generally treated as a disinvestment of prior year's earnings that have not praviously been subject to the branch profits tax. The amount subject to the branch profits tax for the tax year is the dividend equivalent amount.

Line 2.-The following types of adjustments (which are based on the principles of section 312) must be made to your effectively connected taxable income (before the NOL deduction and special deductions) to arrive at effectively connected earnings and profits:

 Positive adjustments for certain income items (that are effectively connected with a trade or business in the U.S.) that are excluded from your line 1 effectively connected taxable income but that must be included in computing earnings and profits (such as tax-exempt interest income): b. Positive adjustments for certain items deducted in computing your line 1 effectively connected taxable income but that cannot be deducted in computing earnings and profits. Include adjustments for certain deductions claimed in computing your line 1 effectively connected taxable income, such as: (1) excess of percentage depletion over cost depletion, (2) excess of accelerated depreciation over straight line depreciation (but only if 20% or more of the foreign corporation's gross income from all sources is U.S. source), and (3) capital loss carrybacks and carryovers;

c. Negative adjustments for certain deductible items (that are allocable to income that is effectively connected with a trade or business in the U.S.) that cannot be deducted in computing taxable income but that must be deducted in computing earnings and profits (such as Federal income taxes, capital losses in excess of capital gains, and interest and expenses that are not deductible under section 265). Note: Do not reduce effectively connected earnings and profits by any dividends or other distributions made by the foreign corporation to its shareholders during the

See Temporary Regulations section 1.884-2T for any adjustments to effectively connected earnings and profits due to a reorganization, liquidation, or incorporation Exceptions: Do not include the following types of income when computing effectively connected earnings and profits:

- 1. Income from the operation of ships or aircraft that is exempt from taxation section 883(a)(1) or (2):
- 2 FSC income and distributions treated as effectively connected with the conduct of a trade or business in the U.S. under section 921(d) or section 926(b) that are not otherwise offectively connected with a trade or business in the U.S.
- 3. Gain on the disposition of an interest in a domestic corporation that is a U.S. real property interest under section 897(c)(1)(A)(ii) if the gain is not otherwise effectively connected with a trade or business in the U.S.
- 4. Related parson insurance company income that a taxpoyer elects to treat as effectively connected with a trade or business in the U.S. under section 953(c)(3)(C) if the income is not otherwise v connected with a trade or business in the U.S.;
- 5. Income that is exempt from tax under section 892: and
- 6. Interest income derived by a possession bank from U.S. obligations if the nterest is treated as effectively connected

with the conduct of a trade or husiness in the U.S. under section 882(e) and is not otherwise effectively connected with the conduct of a trade or business in the U.S. Note: Deductions and other adjustments attributable (under the principles of Regulations section 1.861-8) to the types of income not includible in effectively connected earnings and profits listed above do not reduce effectively connected earnings and profits.

Lines 4a and 4b. U.S. not equity.-- "U.S. net equity" is "U.S. assets" reduced by "U.S. liabilities." U.S. net equity may be less than zero. See Temporary Regulations section 1.884-2T for specific rules regarding the computation of the foreign corporation's U.S. net equity in the event of a reorganization, liquidation, or incorporation

The term "U.S. assets" is defined in Temporary Regulations section 1.884-1T(d). In general, property is a U.S. asset if all the income from its use and all gain from its disposition (if used or sold on the last day of the tax year) are or would be effectively connected with the conduct of a trade or business in the U.S. Special rules exist for specific types of property, such as depreciable property, inventory, marketable securities, and U.S. real property interests. Under certain circumstances, a foreign corporation may elect to treat a limited amount of marketable securities as U.S. assets. The amount of property taken into account as a U.S. asset is the adjusted basis (for purposes of computing earnings and profits) of the property.

The term "U.S. liabilities" is defined in Temporary Regulations section 1.884-1T(e). In general, the term means: (1) the eign corporation's U.S. assets as of the close of the tax year, times (2) the ratio of the foreign corporation's worldwide liabilities as of the close of the tax year to its workhvide assets as of the close of the tax year OR if the foreign corporation computes its interest deduction using a fixed ratio of liabilities to assets (as determined under Regulations section 1.882-5(b)(2)(i)), such fixed ratio. For these purposes, the foreign corporation must use the same asset valuation method it uses for determining the amount of its interest deduction that is apportioned to effectively connected income under Regulations section 1.882-5. Lino 6. Brench profits tax.

Qualification for trooty bonofits.---In general, a foreign corporation must be a qualified resident (as defined below) in the tax year in which it has a dividend equivalent amount in order to obtain treaty benefits with respect to the branch profits tax. It must also meet the requirements of any limitation on benefits article in the treaty. However, a foreign corporation is not required to be a qualified resident if it meets the requirements of a limitation on benefits article that entered into force after Docember 31, 1986. Treaties other than income tax treaties do not exempt a foreign corporation from the branch profits tax. Neto: If a foreign corporation claims to be a "qualified resident" based on the "two-part stock ownership and base erosion test" (see definitions below), a special rule governs when a foreign corporation must be a

Rate of tax.—If treaty benefits apply, the rate of tax is the rate on branch profits specified in the treaty. If the treaty does not specify a rate for branch profits, the rate of tax is the rate specified in the treaty for dividends paid by a wholly-owned domestic corporation to the foreign corporation. See Temporary Regulations section 1.884-1T(h) for applicable rates of tax. Benefits other than a rate reduction may be available under certain treaties, such as the Canadian income tax treaty.

Definition of qualified resident.—A foreign corporation is a qualified resident of a country if it meets one of the following three tests: (a) a two-part ownership and base ensoin test; (b) a publicly-traded test; or (c) an active trade or business test. The regulations under section 884 give detailed rules for these tests. Those regulations also describe certain circumstances under which a foreign corporation that does not meet these tests may obtain a ruling that it will be treated as a qualified resident.

(a) A foreign corporation meets the two-part ownership and base erosion test if: (1) more than 50% of its stock (by value) is owned (directly or indirectly) during at least half the number of days in the tax year by individuals who are residents of such country or who are U.S. citizens or residents, and (2) less than 50% of its income is used (directly or indirectly) to meet liabilities to persons who are not residents of such foreign countries and citizens or residents. For purposes of this test, governments of foreign countries and foreign corporations that meet the publiclytraded test described in (b) below are treated as individuals.

In general, stock owned by a corporation, partnership, trust, or estate is treated as proportionately owned by the individual owners of such entities.

In order to satisfy the stock ownership test described in (aX1) above, a foreign corporation must, before filing Form 1120F for the tax year, obtain certain written documentation from the requisite number of its direct and indirect shareholders to show that it meets the test, including a certificate of residency from each foreign individual resident signed by the Competent Authority of the individual's country of residence.

If a foreign corporation is a qualified resident under this test and a portion of its dividend equivalent amount for the tax year is attributable to effectively connected earnings and profits earned in prior tax years, the foreign corporation will be entitled to treaty benefits with respect to the entire dividend equivalent amount only if: (1) the foreign corporation was a qualified resident for all tax years within the 36-month period that includes the tax year of the dividend equivalent amount, or (2) the foreign corporation was a qualified resident for the tax year of the dividend equivalent amount and for the years in which the effectively connected earnings and profits that are included in the dividend equivalent amount were earned. If the foreign corporation fails the 36-month test but is a qualified resident for the tay year the portion of the dividend equivalent amount attributable to effectively connected earnings and profits from any

prior tax year will not be entitled to treaty benefits if the foreign corporation was not a qualified resident for the tax year in which the effectively connected earnings and profits were earned. Thus, in some instances, more than one rate of tax may apply to the dividend equivalent amount reported on line 5.

(b) A foreign corporation meets the publicly-traded test if: (1) its stock is primarily and regularly traded on one or more established securities markets in its country of residence or the U.S., or (2) 90% or more of its stock is owned (directly or indirectly) by another corporation that meets the requirements of (1) and is a resident of the same country or is a domestic corporation.

(c) In general, a foreign corporation meets the active trade or business test if it has a substantial presence in its country of residence and its U.S. trade or business is an integral part of an active trade or business conducted by the foreign corporation in its country of residence.

Effect of completes termination.—If the foreign corporation has completely terminated its U.S. trade or business (within the meaning of Temporary Regulations section 1.884-27(a)) during the tax year, enter zero on line 6, and complete term S. in general, a foreign corporation has terminated its U.S. trade or business if it no longer has any U.S. assets, except those retained to pay off liabilities. The foreign corporation (or a related corporation) may not use assets from the terminated U.S. trade or business or the proceeds from their sale in a U.S. trade or business within 3 years after the complete termination.

Coordination With Withholding Tax In general, if a foreign corporation is subject

In general, if a foreign corporation is subject to the branch profits tax in a tax year, it will not be subject to withholding at source (sections 871(a), 881(a), 1441, or 1442) on dividends paid out of earnings and profits for the tax year.

Additional Schedules (Relating to the Calculation of the Branch Profits Tax) That Must Be Attached To Form 1120F

1. A supporting schedule for lines 4a and 4b that shows U.S. assets and U.S. liabilities of the foreign corporation as of the close of the current tax year and as of the close of the prior tax year 11.5, assets should be reported on this supporting schedule in a manner that conforms to the categories of U.S. assets set forth in Temporary Regulations section 1.884-1T(d), including a line for expansion capital, if the election described in Temporary Regulations section 1.884-1T(d)(11) was made. Note: U.S. assets must be reported at their adjusted hases (as computed for numoses of determining earnings and profits). For U.S. liabilities, show either the foreign cornoration's worldwide assets and worldwide liabilities or the fixed ratio used to compute U.S. liabilities. 2. A historical summary of effectively

connected earnings and profits and dividend equivalent amounts for each tax year beginning after 1986. The summary should indicate whether the corporation was a qualified resident for each of the tax years.

Part II--Computation of Tax on Excess

If a foreign corporation is engaged in a trade or business in the U.S. or has gross income that is treated as effectively connected with the conduct of a trade or business in the U.S., or has U.S. assets, it is subject to the tax on excess interest. Excess interest is defined as the amount of interest allowable to the foreign corporation as a deduction in computing its effectively connected taxable income under Regulations section 1.882-5 less the amount of interest paid by the U.S. trade or business of the foreign corporation (other than nondeductible interest).

Line 2. Interest paid.--- in general, interest naid by a LLS, trade or business includes: (1) interest on liabilities that are secured predominantly by U.S. assets or that give rise to certain nondeductible interest (such as capitalized interest) related to U.S. assets, (2) interest on liabilities of an insurance company that are reported on NAIC statements and on liabilities of a bank that are taken into account for purposes of computing its reserves under Federal Reserve Regulation D. (3) interest on liabilities shown on a foreign corporation's U.S. books for purposes of computing its interest deduction under the branch book/dollar pool method in Regulations section 1.882-5, and (4) interest on liabilities designated as liabilities of the U.S. branch within 60 days of the date incurred or by the first payment date if earlier. However, amounts paid under (3) and (4) will not be treated as interest paid by a U.S. trade or business if the liability is secured predominantly by a non-U.S. asset, if the foreign corporation receives a foreign tax benefit with respect to the interest, or if the liability is incurred in the ordinary course of a foreign corporation's trade or business outside the U.S. (except that interest on bank deposits that exceed \$100,000 may be treated as interest paid).

Notwithstanding the rule above, if 80% or more of a foreign corporation? assets are U.S. assets, the interest paid by the foreign corporation's U.S. trade or business will generally equal the amount of interest allowable to it as a deduction under Regulations section 1.882-5 (which is the amount on line 1).

Notice 89-80, 1989-30 I.R.B. 10, provides an alternative definition of interest paid by a U.S. trade or business for tax years beginning after December 31, 1989, that a foreign corporation may elect to apply to its 1989 tax year. See Notice 89-80 for the alternative definition of interest paid, and check the box on line 2 if the election is made.

Note: Interest paid by the U.S. trade or business of a foreign corporation is treated as if it were paid by a domestic corporation. A foreign corporation is thus required to withhold on interest paid by its U.S. trade or business to foreign persons (unless the interest is exempt from withholding under a treaty or the Code) and is required to file Forms 1042 and 10428 with respect to the payments as required under Regulations sections 1.1461.2 and 35a. 9999-5.

Caution: Special treaty shopping rules apply if the recipient of the interest paid by the U.S. trade or business is a foreign

Page 13

Line 3b; —A foreign bank that elects to apply Notice 89-80 may treat a percentage of its excess interest as if it were interest on deposits and thus exempt from tax. Multiply the amount on line 3a by the greater of 85% or the ratio of the foreign bank's worldwide interest-bearing deposits to its worldwide interest-bearing liabilities as of the close of the tax year.

Line 4. Tax on excess interest.—See the instructions to line 6, Part I for the requirements that must be met in order to qualify for treaty benefits and the definition of qualified resident. If treaty benefits apply, the rate of tax on excess interest is the same rate that would apply to interest paid to the foreign corporation by a wholly-owned domestic corporation. The tax on excess interest is not prohibited by any provision in any treaty to which the U.S. is a party.

Additional Information Required on Page 5 Item 0

Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Item R

Foreign corporations that take a "return position" (see Temporary Regulations section 301.6114-1T(a)(2)) that any treaty of the U.S. (including, but not limited to, an income tax treaty, estate and gift tax treaty,

or friendship, commerce and navigation treaty) overrides or modifies any provision of the internal Revenue Code and thereby effects (or potentially effects) a reduction of any tax incurred at any time generally must disclose such return position on a statement (in the form required in Temporary Regulations section 30.1.614-17(d)). Attach such statement to Form 1.120F. See section 6114 and Temporary Regulations section 301.6114-17 for details.

Failure to make such a report may result in a penalty of \$10,000.

Schedules L, M-1, and M-2

A foreign corporation, other than a corporation subject to the branch profits tax, may limit Schedules L, M-1, and M-2 to:

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

Do not complete Schedules M-1 and M-2 if your total assets at the end of the tax year (line 15, column (d) of Schedule L) are less than \$25,000.

Corporations subject to the branch profits tax should see the additional requirements under "Additional Schedules (Relating to the Calculation of the Branch Profits Tax)
That Must Be Attached to Form 1120F" on page 13.

Schedule L—Balance Sheets
Une 5. Tax-exempt securities.—Include
on this line:

State and local government obligations, the interest on which is excludible from gross income under section 103(a); and 2. Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the corporation.

Schedule M-1

Reconciliation of Income per Books With Income per Return

Line Sc. Travel and entertainment expenses. - Include on this line: 20% of meals and entertainment not allowed under section 274(n); expenses for the use of an entertainment facility: the part of business gifts in excess of \$25: expenses of an individual allocable to conventions on cruise ships in excess of \$2,000; employee achievement awards larger than \$400; the cost of entertainment tickets in excess of face value (also subject to the 20% disallowance); the cost of skyboxes in excess of the face value of non-luxury box seat tickets: the part of the cost of luxury water travel not allowed under section 274(m); expenses for travel as a form of education: and other travel and entertainment expenses not allowed as a

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification (SIC) Codes, they should not be used as SIC codes. Using the list below, enter on page 5, under Question N, the code number for the specific

industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1a, page 3) plus all other income (lines 4 through 10, page 3). Also, on page 5, under Question N, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products."

the principal product or service may be "Cereal preparations."

preparations."

If, as its principal business activity, the corporation: (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a menufacturer and must enter one of the codes (2010–3998) under "Manufacturing."

igrici Ishin	ilture, Forestry, and		s and allied products:	Trans Public	portation and : Utilities	Real f	ce, Insurance, and Estate
ode	" 1	2815	industrial chemicals, plastics	Code		Code	
400	Agricultural production.	2830 :	materials and synthetics.	Transpe		Banking	
600	Agricultural production. Agricultural services (except	2840	Drugs. Sono, cleeners, and toilet goods.	4000	Reilroad transportation.	6030	Mutual savings banks.
	veterinarians), forestry, fishing.	2850	Paints and allied products.	4100	Local and interurben passenger	6060 6090	Bank holding companies. Banks, except mutual savings bank
	hunting, and trapping.	2898	Agricultural and other		transit.	1 0050	and bank holding companies.
			chemical products.	4200	Trucking and warehousing. Water transportation.	·	concles other than benks:
Ainin	E l	2		4500	Transportation by air.		
letal mi	ring	Petrolous	n refining and related Industries (including these	4600	Pipe lines, except natural gas.	6120 6140	Savings and loan associations. Personal cradit institutions.
010	Iron ores.	٠.	integrated with extraction):	4700	Miscellaneous transportation	6150	Business credit institutions.
070	Copper, leed and zinc, gold and silver		Petroleum refining (including		services.	6199	Other credit agencies.
098	ores. Other metal mining.	2910	integrated).	Commu	nicetien:	Samurity	commedity brokers and services:
150	Cost mining.	2998	Other petroleum and cost products.	4625	Telephone, telegraph, and other	6210	Security brokers, designs,
					communication services.	1 ****	and flotation companies.
to best (K	za extraction:	Rubbers	nd misc. plastics products:	4830	Radio and television broadcasting.	6299	Commodity contracts brokers
330	Crude petroleum, natural gas.	3050	Pubber products: plastics				and dealers; security and
	and natural gas liquids. Oil and gas field services:		footweer, hose and belting.	Electric	gas, and senitary services:	1	commodity exchanges; and silled services.
380	Oil trig Est unio services:	3070	Miscellaneous plastics products.	4910	Electric services.	1	
-	silic minerals, except tuels:			4920	Gas production and distribution.	lesuran	
430	Dimension, crushed and		and leather products:	4930	Combination utility services.	6355	Life Insurance.
-30	hysken stone: sand and gravel.	3140	Footweer, except rubber.	4990	Water supply and other sanitary	6356	Mutual insurance, except life
498	Other nonmetallic minerals,	3198	Other leather and leather products.		services.	1 .	or marine and certain fire or flood insurance companies.
	except fuels.		. 1			6359	Other insurance companies.
		Stems, ci	ay, and glass products:	نحمدا	esale Trade	6411	Insurance agents, brokers,
Come	truction	3225	Glass products.			1	and service.
	tuilding contractors and	3240	Cornert Indirectic	Durish		-	nder .
-	tickling contractors and operative builders:	3270 3298	Concrete, gypsum, and plaster products. Other nonmetallic mineral products.	5008	Machinery, equipment, and	6511	
1510	General building contractors.	3298	Utner norimetallic mineral products.		supplies.	6511	Real estate operators and lessors of buildings.
1531	Operative builders.	l		5010	Motor vehicles and automotive	6516	Lesson of mining, oil, and
			metal industries:		equipment.	1	similar property
1600	Heavy construction contractors.	3370	Ferrous metal industries; misc. grimary metal products.	5020	Furniture and home furnishings. Lumber and construction materials.	6518	
		3380	Nonterrous metal industries.		Constitute and construction instantes.	6530	grid other real property. Condominium menagement and conjunities housing associati Babbinies and developers. Other real extens.
leechi	trade contractors:	3300	rediterrous instantional	5040	Sporting, recreational, photographic and hobby goods, toys and supplies. Metals and minerals, except	1. 6530	Condominum menagement
1711	Plumbing, heating, and air conditioning.		ad motel products:	5050	Metals and minerals, except	6550	Bubdividers and developers.
1731	Electrical work.		as mater prosects:		petroleum and scrap. Electrical goods.	6599	Other real estate.
1798	Other special trade contractors.	3410 3428	Metal cans and shipping containers. Cutlery, hand tools, and hardware; screw machine products, bolts, and	5060	Electrical goods.		
1/90	Other appears traces contractors.	3420	ecross marriage conducts, botts, and	5070	Hardware, plumbing and heating equipment and supplies.	Helding	and other investment companies becapt bank helding companies
		1		5098	Other durable goods.	1	
Mani	ufacturing	3430	Plumbing and heating, except electric	3036	Other durates Stocks	6744 6749	Small business investment compo Other holding and investment
Frank or	el kindred products:		and warm skr.			1 6/49	Other holding and investment
2010		3440	Febricated structural metal products.	None	شبين	11 .	normnenies except besik holding companies
2020	Dairy products.	3460 3470	Metal forgings and startipings. Costing, engraving, and allied services.	1			1,221, 3 121, 121
2030	Preserved fruits and vegetables.	3480		5110	Peper and paper products.		
2040	Grain mill products.	1	vehicles and guided missies. Misc. fabricated metal products.	5129	Paper and paper products Drugs, drug proprietaries,	Serv	ices
2050	Bakery products.	3490	Misc, fabricated metal products.		and druggists' sundries.	7000	Hetels and other ladging places
2060	Sugar and confectionary products.			5130	and druggists' sundries. Append, piece goods, and notions. Groceries and related products.	7200	Pargamai services.
2081	Malt liquors and malt.	Machin	ery, except electrical:	5140 5150	Farm-product raw materials.	1 /200	Lateral Street,
2068	Alcoholic beverages, except mait	3520	Farm machinery.	5160	Chamicals and efficient entertrains.	-	as marrieda
	linuors and matt.	3530	Construction and related mechinery.	5170	Petroleum and petroleum preducts. Alcoholic beverages. Miscellaneous nondurable goods,	7310	Advertising.
2089	Bottled soft drinks, and flavorings.	3540 3550	Metalworking mechinery.	5180	Alcoholic beverages	7389	Business services, except adverti
2096	Other food and kindred products.	3550	Special industry machinery. General industrial machinery.	\$190	MISCELLINEOUS NONOURSUM BOOKS,		
2100	Tobacco manufacturers.	3560 3570	Office, computing, and accounting			- Auton	spair; miscallaneous repair ourvic
£100	I CORPORATION OF THE PARTY OF T	33,0	machines.	1 Ret	nii Trade	7500	Auto repair and services. Misc. repair services.
	rall products:	3598	Other machinery except electrical.			1 7600	Misc. reper services.
				9484	ng meterials, garden szepties, and mobile home dealers:		
2228 2250	Weaving mile and textile finishing. Knitting mills.	Electric	al and electronic equipment:		Designation of the second	Amuse	ment and recreation corvices:
2290 2298	Containing mass. Other textile mill products.	1		5220	Building meterials dealers.	7812	Motion picture production.
		3630	Household appliances	5251 5265	Hardware stores. Garden supplies and mobile	1 7	distribution, and services.
Appare		3665	Radio, television, and	3260	hame declers.	7830	Motion picture theaters.
2315	Men's and boys' clothing. Women's and children's clothing.		communication equipment. Flectronic consonents and accessories	1 6300	General merchandles steres.	7900	Amusement and recreation services, except motion pictures
2345 2388	Other apparel and accessories.	3670 3698	Other electrical equipment.			ı	services, except motor pictures
2390	Miscellaneous fabricated textile	2000	Other discovers equipment.	1	stores:	1 00-	nervices:
	products.		Motor vehicles and equipment	5410	Grocery stores. Other food stores.	8015	
Lumbs	er and wood products:	3710	MOCH. Assistance was administrated	5490	Utner 1005 Stores.	1 7	Offices of physicians, including osteopathic physicians. Offices of dentists.
2415	Lossing, sawmilts, and planing milts.	1	adulton antioment suspel	1 4.00		.8021	Offices of dettists.
2430	Millwork, phywood, and related product	al treams	ertation equipment, except mater vehicles:	Auto	notive dealers and service stations:	8040	Offices of other beatth practito
2498	Other wood products, including wood		Aircraft midded mission and north	8816	Motor vehicle dealers.	8050	Nursing and personal care facili Hospitals.
	buildings and mobile homes.	3730	Aircraft, guided missiles and parts. , Ship and bost building and repairing.	5515 5841	Casoline service stations.	. 8060 8071	Medical laboratories
2500		3798	Other transportation equipment.	5598	Other automotive dealers.	1 8099	Other medical services.
1200	Forniture and fixtures.	1	except motor vehicles.	5400		8111	Legal services.
Pager	ned allied products:	1		1	•••	8200	Educational services.
		Instra	ments and related	5700	Furniture and home	8300	Social services
2625 2699	Putp, paper, and board mills. Other paper products.	1	products:		turnishinge stores.	8800	Membership organizations. Architectural and engineering
	Other paper products.	3815	Scientific instruments and	5800	Eating and drinking places.	8911	SECVICES.
2033	ng and publishing:	1	Scientific instruments and measuring devices; watches and clocks Optical; medical, and ophthalmic good: Photographic equipment and supplies.			8930	Accounting, auditing, and
		3845	Optical; medical, and optimisative good:	• Misc	retail steres:		bookseping.
Printi: 2710	Newspepers.						Miscellaneous services
Printi: 2710 2720	Deciadicals	3860	Photographic equipment and supplies.		Drug stores and proprietary stores	8980	CONTRACTOR OF THE PARTY
Printi	Periodicals.			592	Liquor stores.	8900	(including veterinarians).
Printle 2710 2720	Deciadicals	3860	Photographic equipment and supplies. Other manufacturing products.		Liquor stores.	8900	(including veterinarians).

orm	12UL	U.S. Life Insu	rance Compan	•	ax Return	4000
	nt of the Treasury		► See separate instr			1989
	venue Service	For calendar 1989, or tax year beg	inning	89, and ending		
Na	me				A Empt	loyer identification numb
Print Print					B. Date	incorporated
Nu	mber and street	(or P.O. box number if mail is no	delivered to street address)			
Cit					C Cher	ck box if this is a
<u> </u>						solidated return
Cit	y or town, state,	and ZIP code			D Che	ck box if nonlife
ğ					insu	rance companies
	Ch1:	-1- h (1) \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	(2) [] C	hongo io addrass		ncluded ▶ L ended return
	Check applicat	ble boxes: (1) Fina ble box if an election has been		hange in address	(3) Am 953(c)(3)(C)	(2) 953(d)
		e company taxable income (L			1,7,7,7	(2) 333(3)
,		e company taxable income (c) noninsurance losses (Schedu				
3		racted from policyholder surp				
		income-Add lines 1, 2, and				
5	Check if you	are a member of a controlled	group (see sections 1561	and 1563)	▶ □	
		are of the \$50,000 amount a				
1	(i) \$	(ii) \$			V	
		nare of the additional 5% tax (\$	<i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>	
		see instructions to figure the t		 	6	
		redit (attach Form 1118) .		7a		
		(see instructions)		7b		
- 1	_	ness credit. Check if from:	Form 3800	76		
ı	☐ Form 5884	Form 6478 or year minimum tax (attach f	Form 6765	7d		
		8				
		(add lines 7a through 7d) . ix (Line 6 less line 8)			9	
		orations—tax on income not o			10	
		xes. Check if from: D Form			11	
- 1	•	ninimum tax (attach Form 462			. 12a	
<u> </u>	b Environment	al tax (attach Form 4626)			126	
13		d lines 9 through 12b)		· · · mhanhanhana	13	
14	a Overpayment	from 1988 allowed as a credit	14a			
		ted tax payments				
		fund applied for on Form 4466) /////////////////////////////////////		
1		14a and 14b minus line 14c		14d		
		d with Form 7004				
		regulated investment compar deral tax on fuels (attach Forr				
		tax paid or withheld at source				
		(combine lines 14d through 1			15	
		NALTY for underpayment of				
17	TAX DUE-	If the total of lines 13 and 16	is larger than line 15, ento	er AMOUNT OWE		
		ENT—If line 15 is larger than				
19	Enter amount o	f line 18 you want: Credited to 1	990 estimated tax ▶ \$		Refunded ▶ 19	h- hhhhh
lease	Under penalti belief, it is tru	ies of perjury, I declare that I have ex e, correct, and complete. Declaration	amined this return, including ac of preparer (other than taxpayer)	companying schedule: is based on all informa	s and statements, and to t ition of which the preparer!	me best of my knowledge a has any knowledge.
ign	1.		ı			
lere	Signature o	f officer	l	Date	Title	
	 		I	Date		Preparer's social security no
aid	Preparer's signature				Check if self employed ▶	: :
reparer	'S Firm's name i	(or L			E.I. No.	
Ise Only	yours if self-e					

	Life Insurance Company T	Taxable Income (LICTI) (Section 8	(01(b))			
Gross prem	ums, etc., less return premiums	, etc. Enter balance			1		$oldsymbol{\perp}$
	reserves (see instructions)				2		\bot
	decrease in reserves under secti						\perp
	income (Schedule C, line 8) .						
	gain (line 10, Schedule D (Form						
Other amo	ints (attach schedule)				. 6		+
Life insuran	ce company gross income (add I	ines 1 through 6)		· · · · · · · · · · · · · · · · · · ·	. 7		
Death bene	fits, etc				<i>_\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
Increase in	eserves (Schedule B, line 12) .		. 9				
10% of any	increase in reserves under section	on 807(f)(1)(B)(i)					
Deductible	oolicyholder dividends (Schedule	e E, line 7)					
Considerati	on paid for assumption by another	er person of liabilities .	. 12				
Dividends re	imbursable by taxpayer		. 13				
	ctions (attach schedule-see in		1 4 4 1				
	eceived deduction (Schedule	•	1 1				
15)-enter	here and on Schedule M, line 2d	c	15				
Operations	oss deduction (attach schedule))	16				
	tions (add lines 8 through 16)				17		
) from operations (Line 7 less line				18		
	surance company deduction (Sc				19		
					1 7		
	8 less line 19), enter here and o				. 20		Д.
HEDULE B	Increase or (Decrease) in	Reserves (Section 80	7)				
				(a) Beginnin	gof	(b) End of ta:	x year
			_	tax year			<u> </u>
	ce reserves (section 807(c)(1))						$\dot{\Box}$
	ce reserves (section 807(c)(1)) remiums and unpaid losses (sec		2	tax year			<u>.</u>
Unearned p		tion 807(c)(2))	2	tax year			
Unearned p Supplement	remiums and unpaid losses (sec	tion 807(c)(2))	3 4	tax year			
Unearned p Supplement Dividend ac	remiums and unpaid losses (sec ary contracts (section 807(c)(3)	tion 807(c)(2))))	2 3 4 5	tax year			
Unearned p Supplement Dividend ac Advance pro	remiums and unpaid losses (sec ary contracts (section 807(c)(3) cumulations and other amounts	tion 807(c)(2))	2 3 4 5	tax year			
Unearned p Supplement Dividend ac Advance pro Special con	remiums and unpaid losses (sec ary contracts (section 807(c)(3) cumulations and other amounts miums (section 807(c)(5))	tion 807(c)(2))	2 3 4 5	tax year			
Unearned p Supplement Dividend ac Advance pro Special con Total (add li	remiums and unpaid losses (sec ary contracts (section 807(c)(3); cumulations and other amounts miums (section 807(c)(5)). ingency reserves (section 807(c) nes 1 through 6 in both columns crease) in reserves (column (b)	tion 807(c)(2))	2 3 4 5 6 7	tax year			
Unearned p Supplement Dividend ac Advance pro Special con Total (add li Increase (de	remiums and unpaid losses (sec ary contracts (section 807(c)(3); cumulations and other amounts miums (section 807(c)(5)). ingency reserves (section 807(c) nes 1 through 6 in both columns ccrease) in reserves (column (b) s' share of tax-exempt interest (5)	tion 807(c)(2))). (section 807(c)(4)) c)(6)) c)(6)) less column (a)) (see instr	2 3 4 5 6 7 uctions)	tax year	9		
Unearned p Supplement Dividend ac Advance pro Special con Total (add li Increase (de	remiums and unpaid losses (sec ary contracts (section 807(c)(3); cumulations and other amounts miums (section 807(c)(5)). ingency reserves (section 807(c) nes 1 through 6 in both columns crease) in reserves (column (b)	tion 807(c)(2))). (section 807(c)(4)) c)(6)) c)(6)) less column (a)) (see instr	2 3 4 5 6 7 uctions)	tax year	. 9		
Unearned p Supplement Dividend ac Advance pro Special con Total (add li Increase (di Policyholde Line 8 less i	remiums and unpaid losses (sec ary contracts (section 807(c)(3); cumulations and other amounts miums (section 807(c)(5)). ingency reserves (section 807(c) nes 1 through 6 in both columns ccrease) in reserves (column (b) s' share of tax-exempt interest (5)	tion 807(c)(2))). (section 807(c)(4)) c)(6)) i) less column (a)) (see instr	2 3 4 5 6 7 uctions)	tax year	10		
Unearned p Supplement Dividend ac Advance pro Special con Total (add li Increase (dd Policyholde Line 8 less i Less: Adjus Net increase	remiums and unpaid losses (sec ary contracts (section 807(c)(3); cumulations and other amounts miums (section 807(c)(5)). ingency reserves (section 807(c) nes 1 through 6 in both columns crease) in reserves (column (b); s' share of tax-exempt interest (1 ne 9. ment to reserves of mutual insu e (decrease) in reserves. (If are	tion 807(c)(2)))(section 807(c)(4)) c)(6)) less column (a)) (see instr Schedule C, line 9 times Sourance company per section in increase, enter here ai	2 3 4 5 6 7 uctions) chedule K, lini	tax year e 26)	9 10 11		
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SC	EDULE E Policyholder Dividends (Section 808)			
1	Amounts paid or accrued (section 808(b)(1))			1
2	Excess interest (section 808(b)(2)).			2
3	Premium adjustments (section 808(b)(3))	** * * * * * *		3
4	Experience-rated refunds (section 808(b)(4)).			4
5	-			5
6				6
	Differential earnings amount for mutual companies only (Sci			
7	Deductible policyholder dividends (line 5 less line 6, but a Schedule A, line 11 and Schedule K, line 10			7
8	Adjustment to reserves of mutual insurance company (exce on Schedule B, line 11	ss of line 6 over line 5)		8
9	Deductible percentage (line 7 divided by line 5)			9
SCH	EDULE F Differential Earnings Amount—Mutual	Companies Only (Se	ection 809)	
			(a) End of preceding	g (b) End of this
			tax year	tax year
1	Annual statement surplus and capital (section 809(b)(2)(A))			
2	Nonadmitted financial assets (attach schedule) (section 809			
3	Excess of statutory reserves over tax reserves on section 807(c) items (sec		·	
4	Deficiency reserves (section 809(b)(5)(B))			
5	Mandatory securities valuation reserve (section 809(b)(5)(A))		
6	Other voluntary reserves (section 809(b)(5)(C))			
7	50% of the amount of any provision for policyholder dividends paya	ble in the next tax year		
8a	Subtotal (add lines 1 through 7)			
b	Adjustment for equity allocable to noncontiguous Western I and other adjustments (section 809(g)(5)(A)).	temisphere countries		
С	Combine lines 8a and 8b, both columns			
9	Total of line 8c, columns (a) and (b)			
0	Tentative average equity base—Enter 50% of line 9		V/////////////////////////////////////	
1	Other adjustments (attach schedule)		V/////////////////////////////////////	
2	Total of lines 10 and 11		V/////////////////////////////////////	//////////////////////////////////////
3	High surplus adjustment (section 809 (i)) (attach schedule)		V/////////////////////////////////////	///// ///
4	Average equity base (line 12 less line 13)			
15	Differential earnings amount (line 14 times the differential	Agenings ental antas		
	here and on Schedule E, line 6 (See instructions).	earnings rate), enter	V/////////////////////////////////////	gggggannannannannannannannannannannannan
CH	EDULE G Dividend Income and Dividends-Receive	ed Deduction (See in	structions.)	(IIIIII)
	Dividends subject to proration	(a) Gross taxable dividends	(b) Deduction rate	(c) Deduction (column (a) times column (b)
1	Domestic corporations, less-than-20%-owned (other than debt-financed stock)		70%	(-),(-)
2	Domestic corporations, 20%-or-more-owned (other than debt-financed stock)		80%	
3	Debt-financed stock of domestic and foreign corporations		see instructions	
4	Public utility corporations, less-than-20%-owned		41.176%	
5	Public utility corporations, 20%-or-more-owned		47.059%	
6	Foreign corporations, less-than-20%-owned, and certain FSCs		70%	
7	Foreign corporations, 20%-or-more-owned, and certain FSCs		80%	
8	Wholly owned foreign corporations		100%	
9	Certain affiliated company dividends		100%	
0	Gross dividends received deduction (add lines 1 through 9 of column (c))			
1	Company share percentage (Schedule K, line 25)			
-	Prorated amount (line 10 times line 11)			
٤	Dividends not subject to proration			
3	Affiliated company dividends		see instructions	
4	Other corporate dividends			
5	Total (add lines 1 through 14 in column (a) and lines 12			
•	and 13 in column (c)). (Reduce the deduction as arovided in section 805(a)(4)(D)(ii).)—Enter the amount from line 15, column (a), on Schedule C, line 2.			

Form	1120L (1989)								Page
SCI	### IEDULE H Small Life Insurance Company Deduction (Se \$500,000,000 or more, complete lines 1 through 5,								
1	Gain or (loss) from operations (Schedule A, line 18) (section 806(b)(1))	1							
	Less: noninsurance income (section 806(b)(2))	2a							
ь	Plus: noñinsurance deductions (section 806(b)(2))	2b							
3a	Gain or (loss) on insurance operations (line 1 less line 2a plus line 2b) .	3a				<i>\$111111</i>			
b	Adjustments (attach schedule)	3b			↓_				
c	Tentative LICTI (total of lines 3a and 3b)	3c			 				
4	Controlled group tentative LICTI (Schedule I, line 8)	4			 	<i>\$111111</i>			
5	Combined tentative LICTI (line 3c plus line 4). If \$15,000,000 or					<i>W////////////////////////////////////</i>			
	more, omit lines 6 through 8, enter zero on line 10, below, and on	۱_							
_	Schedule A, line 19	5_	-		1		quanuman		uuuan
	Line 5 times .6, but not more than \$1,800,000	6 7a		<u>.6</u> 00,000					iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii
	Maximum statutory amount (section 806(a)(1))	7b	3,0	00,000	Т.	////////			
	Line 5 less line 7a, but not less than zero	7c	٠,	.15		1			
8	Line 7b times .15, but not more than \$1,800,000 Tentative small life insurance company deduction (line 6 less line 7c)					8			+
9	Taxpayer's share (line 3c, but not less than zero, divided by the sum of line 3c and				ne 6)	9			1
-	Allowable small life insurance company deduction (line 9 times line 8). Enter here					10			\top
	IEDULE Controlled Group Information (Section 806(c)) (Se								
	Company					Tentati	ve LICTI		
				(a) in	come			(b) (Loss)	
1				•					
2									<u> </u>
3						1			
4						<u> </u>			<u> </u>
5									-
6	Total—Add lines 1 through 5 in both columns					├	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		annana.
7	Enter amount from line 6, column (b)		<u> </u>			1 /			
8	Net controlled group tentative LICTI (line 6 less line 7). Enter here and on Schedu IEDULE K Company/Policyholder Share Percentage (Section			1/500	neteur	tions	<i>VIIIIIIIIIIIIII</i>		
1	Gross investment income (Schedule C, line 12) (section 812(d))				nstru	1	·/		_
2	Policy interest (Schedule L, line 6) (section 812(b)(2))					2			
3	Line 1 less line 2					3			1
4	Life insurance company gross income (Schedule A, line 7)		1		1				<i>Millim</i>
5	Tax-exempt interest (Schedule C, line 9)				1				
6	Add lines 4 and 5					6			
7	Increase in reserves (Schedule B, line 8) (If a decrease in reserves, enter					7			
8	Line 6 less line 7					8			1
9	Investment income ratio (line 3 divided by line 8).					9			4
	Deductible policyholder dividends (Schedule E, line 7)				, .	10	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	uuuaaaaaa	
11	Deductible excess interest (Schedule L, line 2)	11				V			
12	Deductible dividends on employee pension funds (section 812(b)(2)(C)(i))	12			1	W			
13	Deductible dividends on deferred annuities (section 812(b)(2)(C)(ii))	13			-	/////////////////////////////////////			
14	Deductible premium and mortality charges for contracts paying excess interest		L		1	<i>YUUUUU</i>			annian
15 16	Add lines 11 through 14					15			₩
17	Line 10 less line 15					16			+
18	Investment portion of dividends (line 9 times line 16)					18			+
19	Policy interest (Schedule L, line 6)					19			┼
	IEDULE K Part II	• •				1.7			
20	Gross investment income (from line 1 above) (section 812(d))					20			T-
21	Net investment income (see instructions) (section 812(c)(1))					21			
22	Policyholder share amount (from line 19 above)					22			_
23	Company share of net investment income (line 21 less line 22)					23			1
24	Total share percentage					24		100%	
25	Company share percentage (line 23 divided by line 21). Enter here and on Schedu	ıle G, I	ine 11 (sect	ion 812(a)(1))	25			%
26	Policyholders' share percentage (line 24 less line 25) (section 812(a)(2))). <u>.</u>				26			%

rm 1120L (1989) CHEDULE L Policy Interest (Section 812(b)(2))			
ANIA-OCT-C 1 SING INTEREST (OCCURN OXE(O)(E))			
1 Required interest on reserves under sections 807(c)(1), (3), (4), (5), and	(6) (attach schedule	e) <u>1</u>	
2 Deductible excess interest (Schedule E, line 2 times Schedule E, lin		and on	
Schedule K, line 11		3	
3 Deductible amounts credited to employee pension funds (section 812(b))		4	
4 Deductible amounts credited to deferred annuities (section 812(b)(2)(C)		5	
5 Deductible interest on amounts left on deposit (section 812(b)(2)(D)) .			
6 Total policy interest (add lines 1 through 5). Enter here and on Schedule	K, lines 2 and 18	6	L
CHEDULE M Shareholders' Surplus Account—Stock Companie	s Only (Section 8	15(c))_	
1a Balance at the beginning of tax year		1a 1b	
b Transfers under pre-1984 sections 815(d)(1) and (4) for preceding year			
c Balance at the beginning of tax year (add lines 1a and 1b).			
2a LICTI (page 1, sum of lines 1 and 2, but not less than zero) (section 815(
b Small life insurance company deduction (Schedule A, line 19) (section 8			
c Dividends-received deduction (Schedule A, line 15) (section 815(c)(2)(A		2d	
d Tax-exempt interest (Schedule C, line 9)		3	
3 Total (add lines 1c through 2d)		ncome) 4	
4 Tax liability without regard to section 815 (figure the tax on line 2a as if it		5	
 5 Line 3 less line 4 (do not enter less than zero) 6 Direct or indirect distributions in the tax year (not more than line 5) 		6	
b Direct of mullect distributions in the tax year (not more than time 3).			
7 Balance at the end of tax year (line 5 less line 6)	<u> </u>	7	
CHEDULE N Policyholders' Surplus Account—Stock Companie	s Only (Section 8	315(d)) (See in	structions.)
***************************************		l	
1 Balance at the beginning of tax year			
2a Direct or indirect distributions in excess of the amount on	1 - 1	1 /////////////////////////////////////	
Schedule M, line 5	2a		
b ax increase on line 2a	2b		
otractions from account under pre-1984 sections 815(d)(1) and (4)	2c		
u .cx increase on line 2c	2d		
e Subtraction from account under pre-1984 section 815(d)(2)	2e	3	
3 Total—Add lines 2a through 2e, but not more than line 1		· · · · -	
4 Balance at the end of tax year (line 1 less line 3)		4	
CHEDULE O Total Assets and Total Insurance Liabilities			
Part I—Total Assets (Section 806(a)(3)(C))			
			As of Close o Tax Year
		<u> </u>	Tax rear
1 Real property (section 806(a)(3)(C)(i))		1	
2 Stocks (section 806(a)(3)(C)(i))			
3 Proportionate share of partnership and trust assets (section 806(a)(3)(D		3	+
4 Other assets (attach schedule) (section 806(a)(3)(C)(ii))		5	
5 Total assets of controlled groups (section 806(c)(2))			
6 Total (add lines 1 through 5)		6	

	DULL O I	otal Assets and Total Insurance Liabilities—Continued Part II—Total Insurance Liabilities (Section 842(b)(2)(B)(i))			
T	(a) Section	(b) Description of item	(c)	Liabilities at close of tax year	
ıŢ	816(c)(1)	Reserve for life policies and contracts	1		<u> </u>
2	816(c)(2)	Reserve for accident and health policies	2		⊢
3	807(c)(3)	Supplementary contracts without life contingencies	3		<u> </u>
ı١	816(c)(2)	Policy and contract claims, life	4		_
;	816(c)(3)	Policy and contract claims, accident and health	5		
	807(c)(4)	Policyholders' dividend and coupon accumulations	6	j	
7a	807(c)(5)	Premiums and annuity considerations received in			
1			7c .		1
ь		Less: Discount	8		\vdash
3	807(c)(5)	Liability for premium and other deposit funds	- ° -		┪
9		Miscellaneous insurance liabilities, not included above:			1
а	807(c)(6)	Special contingency reserves for group life, health and accident insurance	9a		├
ь	807(c)(3)	Amounts held at interest under insurance, annuity, or deposit administration contracts, or pension trust side funds	9ь		L
	807(c)(3)	Funds held to provide for future conversion of policies or contracts	9c		1_
c		Amounts held pending issue of contracts supplementary to insurance or annuity	1		Γ
đ	807(c)(3)		9d		L.
	016(-)(2)	contracts			Γ
	816(c)(3)		9e		
e		Reserves for mortality fluctuations	9f		П
f		Liability for insurance or annuity benefits for employees and agents			T
g	816(c)(3)	Other items (please describe):			T
			-		t
			1 -		╁
			1 -		t
			-		\dagger
					t
			9g		t
0		Total (add lines 1 through 6, and 7c through 9g)	10		L
СН	EDULE P	imitation on Noninsurance Losses (Section 806(b)(3)(C))	1		Τ
1	Noninsurance	income (attach schedule)	1		+
2	Noninsurance	deductions (attach schedule)	2		1
3	Noninsurance	operations loss deductions	3		L
4	Add lines 2 an	d3	4		1
		loss (line 4 less line 1). If line 1 is greater than line 4, skip lines 5 through 8, and enter $\frac{1}{2}$	5		
	Enter 35% of		6		1
7	Enter 35% of	the excess of Schedule A, line 20, over any noninsurance loss included in Schedule A	7		1
8	Enter the less	er of line 6 or line 7	8		1
			1 1		1

Charle if the semestics in a	Yes	No		Vac
3 Check if the corporation is a: (1) Legal reserve company—if checked: Kind of company: Stock Mutual Principal business: Health and accident insurance Praternal or assessment association (3) Burial or other insurance company Hence the percentage that the total of the	Yes	No P	controlled foreign corporation? (See sections 951 and 957, and the instructions.) If "Yes," attach Form 5471 for each corporation. At any time during the tax year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See the instructions for exceptions and filing requirements for Form TD F	Yes
corporation's life insurance reserves (section \$16(b)) plus unearned premiums and unpaid losses' (whether or not ascertained) on noncancelable life, health or accident policies not included in life insurance reserves is to the corporation's total reserves (section \$16(c)) ——————————————————————————————————		•	90-22.1.) If "Yes," write the name of the foreign country. Mas the corporation ever the grantor of or transferor to a foreign trust which existed during the current tax year, whether or not it had any beneficial interest in it? (See instructions.)	
Ooes the corporation have any variable annuity contracts outstanding?			If "Yes," the corporation may be required to file Form 926, 3520, or 3520-A.	
 Did the corporation, at the end of the tax year, own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) 			During the tax year did the corporation maintain any of its accounting/tax records on a computerized system?	
If "Yes," attach a schedule showing: (a) Name, address, and identification number; (b) Percentage owned; and (c) Taxable income or (loss) before NOL or			Check method of accounting: (1) ☐ Accrual (2) ☐ Other (specify) Enter the amount of tax-exempt interest received or accrued during the tax year \$	
special deductions from line 28, page 1, Form 1120 (or line 24, page 1, Form 1120-A) of that corporation for the tax year ending with or within your tax year.			Has the corporation elected to use its own payout pattern for discounting unpaid losses and unpaid loss adjustment expenses?.	
(2) Did any individual, partnership, corporation, estate, or trust, at the end of the tax year, own, directly or indirectly, 50% or more of the corporations, writing stock? (See wide of the corporations).		S	reserves shown on its annual statement?	
corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing:			(a) for the current year: \$	
 (a) Name, address, and identification number; (b) Percentage owned; and (c) If the owner of that voting stock was a per- 			(2) Enter the total unpaid loss adjustment expenses shown on the corporation's annual statement:	
son other than a U.S. person (see instruc- tions), check "Yes" and show cwner's country.			(a) for the current year: \$ (b) for the previous year: \$	
Note: If question J(2)(c) is checked "Yes," the corporation may have to file Form 5472.				

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1989



Instructions for Form 11201

U.S. Life Insurance Company Income Tax Return

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

Panerwork Reduction Act Notice --- We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpavers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time

Recordkeeping 69 hrs., 50 min. Learning about the law or the form 29 hrs., 59 min. Preparing the form . . . 54 hrs., 47 min.

Copying, assembling, and sending the form to IRS 6 hrs., 26 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP: or the Office of Management and Budget, Paperwork Reduction Project (1545-0128), Washington, DC 20503.

General Instructions

A. Purpose of Form

Form 1120L, U.S. Life Insurance Company Income Tax Return, is used to report income, gains, losses, deductions, and credits of life insurance companies.

B. Filing Form 1120L

Who Must File. —Every domestic life insurance company and every foreign corporation carrying on an insurance business within the U.S. that would qualify as a life insurance company if it were a U.S corporation must file a return on Form 1120L. This includes organizations described in section 501(m)(1) that provide commercial-type life insurance.

To qualify as a life insurance company, a company must meet the statutory requirements specified in section 816. The company must be an insurance company engaged in the business of issuing life insurance and annuity contracts and must meet the reserves test specified in section

The term "insurance company" means any company more than half of the business of which during the tax year is the issuing of insurance or annuity contracts or the reinsuring of risks underwritten by insurance companies.

The life insurance business of a company includes the issuance of life insurance and annuity contracts either separately or combined with health and accident insurance, or noncancelable contracts of health and accident insurance. Guaranteed renewable life, health, and accident insurance that the company cannot cancel but under which the company reserves the right to adjust premium rates by classes, according to experience under the kind of policy involved, are treated as noncancelable.

The reserves test requires that the

defined in section 816(b), plus its unearned

ascertained) on noncancelable life, health,

nsurance reserves, must make up more

section 816(c). In determining whether a company meets the reserves test, the

than 50% of its total reserves as defined in

following modifications must be made: (1)

life insurance reserves and total reserves must each be reduced by an amount equal

to the mean of the aggregates, at the beginning and end of the tax year, of the

policy loans outstanding with respect to

contracts for which life insurance reserves

are maintained; (2) amounts set aside and

held at interest to satisfy obligations under

contracts which do not contain permanent

guarantees with respect to life, accident, or

either life insurance reserves (section

(section 816(c)(3)); and (3) deficiency

insurance reserves or total reserves.

Mutual savings bank conducting life

Insurance business.—Mutual savings

banks conducting life insurance business

and meeting the requirements of section

consisting of the sum of: (1) a partial tax

of the bank determined without regard to

income or deductions allocable to the life

insurance department, and (2) a partial tax

1120L as a schedule and identify it as such.

on the taxable income computed on Form

1120L of the life insurance department

Schedule J, Form 1120. Attach Form

Insurance companies other than life

1120-PC, U.S. Property and Casualty

urance companies should file Form

Insurance Company Income Tax Return. A

burial or funeral benefit insurance company

that directly manufactures funeral supplies

or performs funeral services is taxable under

section 831 and should file Form 1120-PC.

When To File. - In general, a corporation

must file its income tax return by the 15th day of the 3rd month after its tax year ends

new corporation filing a short period

insurance companies. —Insurance

companies that do not qualify as life

Enter the combined tax on line 3 of

computed on Form 1120, U.S. Corporation Income Tax Return, on the taxable income

594 are subject to an alternative tax

health contingencies shall not be included in

816(c)(1)) or other reserves required by law

reserves shall not be included in either life

premiums and unpaid losses (whether or not

company's life insurance reserves, as

or accident policies not included in life.

15th day of the 6th month after the end of its tax year to file. Extension.—File Form 7004, Application r Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time

return must generally file by the 15th day of the 3rd month after the short period ends. A

the 3rd month after the short period erios. A corporation that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved. A foreign corporation that does not maintain an office

ace of business in the U.S. has until the

Period Covered. - File the 1989 return for calendar year 1989. Section 843 requires all insurance companies to file on a calendar year basis, unless they join in the filing of a consolidated return, if a consolidated return is filed, the parent return would indicate the period covered.

Where To File. -

If the corporation's prin-cipal business, office, or agency is located in

Use the following Interna Revenue Service Center

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

Holtsville, NY 00501

New York (all other counties), Massachusetts, New Hampshire, Rhode Island

Andouer MA 05501

Ogden, UT 84201

Florida, Georgia, South Carolina Atlanta GA 39901 Indiana, Kentucky, Michigan, Ohio, West Virginia Cincinnati OH 45999

Kansas, New Mexico, Oklahoma, Texas Austin, TX 73301

Okanioma, Tesas
Alaska, Airona, California
(counties of Alpine, Amador
Butte, Calaveras, Colusa, Contra
Costa, Del Norte, El Dorado,
Glenn, Humbolt, Lake, Lassen,
Marin, Mendocino, Modoc,
Napa, Nereda, Placer, Plumas
Sacramento, San Joaquin,
Santa, Sierra, Sishyou, Solano,
Sonoma, Sutter, Tehama, Timity,
Yos, and Yubay, Coderado,
North Dakota, Octorado,
Nerda, North Dakota, Oregon,
South Dakota, University, Washington, Wyoming

California (all other counties), Fresno CA 93888

Illinois, Iowa, Minnesota, Missouri, Wisconsin Kansas City, MO 64999 Alabama, Arkartsas, Louisiana. Mississippi, North Carolina, Tennessee Memohis, TN 37501

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia

Philadelphia, PA 19255

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

The separate income tax returns of a group of corporations located in several service center regions may be filed with the service center for the area in which the principal office of the managing corporation that keeps all the books and records is

Signature. - The return must be signed and dated by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation

If a corporate officer filled in Form 1120L, the Paid Preparer's space under Signature of officer" should remain blank. If someone prepares Form 1120L and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120L should not sign. For example, a regular, full-time employee of the corporation, such as a clerk. secretary, etc., should not sign.

Generally, anyone who is paid to prepare Form 1120L must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST complete the required preparer information and

· Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

 Give a copy of Form 1120L to the taxpayer in addition to the copy filed with IRS

Tax return preparers should be familia with their responsibilities. See Pub. 1045, Information for Tax Practitioners, for more

C. Figuring and Paying the Tax 1. Accounting Methods. -- You must file the return using the accrual method of accounting or, to the extent permitted under regulations, a combination of the accrual method with any other method, except the cash receipts and disbursements

Unless the law specifically permits, you cannot change the method of accounting used to report income in earlier years (for income as a whole or for any material item) unless you first get IRS consent on Form 3115, Application for Change in Accounting

2. Rounding Off to Whole-Dollar Amounts. - You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any mount from 50 cents through 99 cents to the next higher dollar

3. Depositary Method of Tax Payment.-The corporation must pay the tax due in full when the return is filed but no later than the 15th day of the 3rd month after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (Form 8109). Be sure to darken the "1120" box on the Page 2

coupon. Make these tax deposits with either financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon

book (Form 8109) for more information. To help ensure proper crediting to your account, please write your employer identification number, the type of tax paid. and the tax period to which the deposit applies on your check.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the coupon book.

For more information concerning deposits, see Pub. 583, Taxpayers Starting a Business

4. Estimated Tax. - Generally, a corporation must make estimated tax payments if it can expect its estimated tax (Income tax minus credits) to be \$500 or more. Use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the deposit coupons (Form 8109) in making deposits of estimated tax.

If the corporation overpaid estimated tax. it may be able to get a "quick refund" by filing Form 4466, Corporation Application r Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 after the end of the tax year. but before the 16th day of the 3rd month thereafter, and before the corporation files its tax return.

5. Timing Change in Deducting Accrued Expenses. — Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be determined with reasonable accuracy

Generally, however, all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions to this general rule. See section

D. Interest and Penalties

interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it will be liable for penalties unless it can show that failure to ile or pay was due to reasonable cause and not willful neglect.

1. Interest. -- Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is Iso charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax, from the due date (including extensions) to the date of payment. The interest charge is figured at rate determined under section 6621.

2. Late Filing of Return.—A corporation nat fails to file its return when due (including extensions) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

Since Regulations section 1.6012-2(c) requires that the annual statement approved by the National Association of Insurance Commissioners (NAIC) be filed as part of the return, a late filing penalty may be imposed for not including the annual statement when the return is filed

3. Late Payment of Tax. - Generally, the penalty for not paying tax when due is ½ of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due

4. Underpayment of Estimated Tax.—A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the corporation must make estimated tax payments of at least 90% of the tax shown on the return or 100% of its orior year's tax. See section 6655

Form 2220, Underpayment of Estimated Tax by Corporations, is used to see if the corporation owes a penalty. Generally, the corporation does not have to file this form because IRS can figure the amount of any penalty and bill the corporation for it. However, you must complete and attach Form 2220 even if the corporation does not owe the penalty if: (a) the annualized income or adjusted seasonal installment method is used, or (b) the corporation is a "large corporation" computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure to check the box on line 16, and enter the amount of any penalty on that line

5. Overstated Tax Deposits. --- If deposits are overstated, the corporation may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(h)

6. Other Penalties. - There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and

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

1. Forms.—The corporation may have to file any of the following:

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

Form W-2P. Statement for Recipients of nnuities, Pensions, Retired Pay, or IRA Payments.

Forms 1042 and 1042S. Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Person's U.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on payments or distributions made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments or distributions constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, s sections 1441 and 1442, and Pub. 515,

Withholding of Tax on Nonresident Aliens and Foreign Corporations.

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

Form 1098 Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

Forms 1099-A. B. DIV, INT, MISC, OID, PATR, R, and S. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers and barter exchange transactions, certain dividends and distributions, interest payments, payments for certain fishing boat crew members, medical and dental health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation original issue discount, patronage dividends, total distributions from profit-sharing plans. retirement plans, individual retirement arrangements, insurance contracts, etc. and proceeds from real estate transactions Also use these returns to report amounts that were received as a nominee on behalf of another person.

For more information, see Pub. 937, Business Reporting.

Note: Every corporation must file information returns if in the course of its trade or business, it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person

Form 5452. Corporate Report of Nondividend Distributions

Form 5498. Individual Retirement Arrangement Information. Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account

Form 5713 International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

Form 8264. Application for Registration of a Tay Shelter. This form is used by tax shelter organizers to register tax shelters with the IRS for the purpose of receiving a tax shelter registration number.

Form 8271. Investor Reporting of Tax Shelter Registration Number. This form is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) or an amended return) on which a deduction, credit, loss, or other tax benefit attributable to a tay shelter is taken or any income attributable to a tax shelter is reported.

Form 8281. Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required

to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

Form 8300. Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8390. Information Return for Determination of Life Insurance Company Earnings Rate Under Section 809. This form is filed by all mutual life insurance companies and the 50 largest stock life insurance companies, as determined by the Secretary of the Treasury, to gather information to compute the "differential earnings rate

Form 8594, Asset Acquisition Statement, is to be filed by both the purchaser and seller of a group of assets constituting a trade or business if goodwill or a going concern value attaches, or could attach, to such assets and if the purchaser's basis in the assets is determined only by the amount paid for the assets.

Form 8816. Special Loss Discount Account and Special Estimated Tax Payments for Insurance Companies. This form must be filed by any insurance company that elects to take an additional deduction under section 847. See Form 8816 and section 847 for more information. 2. Consolidated Returns.—If an affiliated group of corporations includes one or more domestic life insurance companies taxed under section 801, the common parent may elect to treat those companies as includible corporations. The life insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2) and Regulations section 1.1502-47(d)(12).

Note: If an election under section 1504(c)(2) is in effect for an affiliated group for the tax year, all items of members of the group that are not life insurance companies are not to be taken into account in figuring the tentative life insurance company taxable income of members that are life insurance companies.

The parent corporation of an affiliated roup of corporations must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- · A computation of taxable income.
- · Balance sheets as of the beginning and end of the tax year.
- · A reconciliation of retained earnings. · A reconciliation of income per books with income per return.

Note: If a nonlife insurance company is a member of an affiliated group, file Form 1120-PC as an attachment to the consolidated return in lieu of filing a supporting statement. Write across the top of page 1 of Form 1120-PC, "Supporting Statement to Consolidated Returns".

Attach consolidated balance sheets and a reconciliation of consolidated retained

3. Pension, Profit-Sharing, etc. Plans.— Employers who maintain a pension, profitsharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to file these forms on time

In addition there is a penalty for overstating the pension plan deduction. See section 6659A.

Form 5500. -- Complete this form for each plan with 100 or more participants. Form 5500-C/R. - Complete this form for each plan with fewer than 100

narticinants Form 5500EZ. —Complete this form for a one-participant plan.

4. Statements.

NAIC Annual Statement.—Regulations section 1.6012-2(c) requires that the NAIC Annual Statement be filed with Form 1120L. Stock ownership in foreign

corporations. — Attach the required statement to Form 1120L if the corporation owned 5% or more in value of the itstanding stock of a foreign personal holding company and the corporation was required to include in its gross income any undistributed foreign personal holding company income. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation may have to file Form 5471, Information Return with Respect to a Foreign Corporation.

A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472. Information Return of a Foreign Owned Corporation

Transfers to a corporation controlled by the transferor. -- If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach o their respective tax returns the information required by Regulations section 1 351-3

5. Attachments. -- in order to process the return we ask that you complete every applicable entry space on Form 1120L. Please do not attach statements and write. "See attached" in lieu of completing the entry spaces on Form 1120L.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Show the same information called for on the form in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's name and employer identification number (EIN) on each sheet.

Sales and Exchanges of Life Insurance Company Property

Capital Assets Defined.—Except for those assets specifically excluded by section 1221, each asset held by a corporation (whether or not the asset is connected with its business) is a capital asset. Section 1221 provides that the term "capital asset" does not include: (1) inventory or property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business; (2) depreciable or real property used in the taxpaver's trade or business: (3) certain copyrights, literary, musical or artistic compositions; (4) accounts or notes receivable acquired in the ordinary course of a trade or business for services rendered or from the sale of property described in (1) above; and (5) certain publications of the U.S. Government.

For life insurance companies, section 818(b) modifies the above definition so that only property used in carrying on an insurance business will be considered as depreciable or real property used in the taxpaver's trade or business." Thus, for life insurance companies, gains or losses from the sale or exchange of depreciable assets of any business other than an insurance business will be treated as gains or losses from the sale or exchange of capital assets. Capital Gains and Losses.—Report capital 1120), Capital Gains and Losses, according to the instructions for that form. Enter on line 6. Schedule C (Form 1120L), the excess of net short-term capital gain over the net long-term capital loss as shown on line 9, Schedule D (Form 1120). Enter on line 5, Schedule A (Form 1120L), the net capital gain shown on line 10, Schedule D (Form 1120). Attach Schedule D (Form 1120) to Form 1120L:

Special rules for section 818(c) property.—See section 818(c) (relating to property held on December 31, 1958, and certain substituted property acquired after December 31, 1958) and the related regulations for how to limit the gain from the sale or exchange of any section 818(c)

Foreign life insurance companies. —A foreign life insurance company that sells a U.S. real property interest must file Form 1120L and Schedule D (Form 1120) to report the sale. Gain or loss from the sale of a U.S. real property interest is considered effectively connected with the conduct of a U.S. business, even though the foreign life insurance company does not carry on any insurance business in the U.S. and is not otherwise required to file a U.S. income tax

Specific Instructions Item A

Employer Identification number.-Enter the corporation's employer identification number (EIN). A corporation that does not have an EIN should apply for one on Form SS-4. Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center

to which Form 1120L is mailed. If the EIN

Page 4

has not been received by the filling time for the corporation, write "Applied for" in the space provided for the EIN.

Item D

Check the box if this is a consolidated return and nonlife insurance companies are included. See Reg. 1.1502-47(s) for the filing requirements of a life-nonlife consolidated return.

Item È

Indicate a final return, change of address or amended return by checking the appropriate box.

Item F

Check the appropriate box if the corporation is a foreign corporation and elects under: (1) Section 953(c)(3)(C) to treat its related person insurance income as effectively connected with the conduct of a trade or business in the U.S., or (2) Section 953(d) to be treated as a domestic corporation. A foreign corporation making either election should file its return with the Internal Revenue Service Center, Philadelphia, PA 19255. See Notice 89-79, 1989-30, I.R.B. 7 for the procedural rules to make the section 953(d) election

Note: Once either election is made, it shall apply to the tax year for which made and to all subsequent tax years unless revoked with the consent of the Secretary of the Treasury.

Schedule A - Life Insurance **Company Taxable Income** (LICTI) (Section 801(b)) Income, Lines 1 through 7

Line 1. - Enter gross premiums and other consideration received on insurance and annuity contracts less return premiums and premiums and other consideration paid for ndemnity reinsurance.

"Gross gremiums and other consideration includes advance premiums, deposits, fees assessments, consideration received for assuming liabilities under contracts not issued by the company, and any amount treated as premiums received under section 808(e) (see Schedule E instructions on page

Return premiums include amounts rebated or refunded due to policy cancellations or due to incorrectly computed premiums, but do not include amounts returned to policyholders when such amounts are not fixed in the contract but instead depend on the company's rience or the management's discretion. Line 2. Decrease in reserves. --- If there is a decrease in reserves, you cannot complete line 2 until you do the following: (1) pencil in the amount from line 8, Schedule B, on line 2, Schedule A, to tentatively compute life insurance company gross income; (2) use this tentative life insurance company gross income figure to complete Schedule K, Company/Policyholder Share Percentage; and (3) complete Schedule B. After completing steps 1 through 3, above, erase the numbers penciled in for step 1 and then enter on line 2, Schedule A, the net decrease in reserves shown on line 12, Schedule B. Line 3. 10% of certain decreases in reserves. - Section 807(f)(1) provides that if the amount of any item referred to in section 807(c) decreases as a result of a change in the basis used to determine such

item, 10% of the decrease shall be included in life insurance company gross income for each of the 10 succeeding tax years. Note: If a company ceases to qualify as Note: If a company ceases to quality as a life insurance company, section 807(f)(2) provides that the balance of any adjustments under section 807(f) shall be taken into account in the last tax year the company is qualified to file Form 1120L. Line 6. Other amounts. - Enter the total of all other income not included on lines 1 through 5, if such items are includible in life nsurance company gross income. Attach an itemized schedule of all items included in the entry on line 6.

For mutual life companies, if the recomputed differential earnings amount (determined under section 809(f)(3)) for the preceding tax year exceeds the differential earnings amount (determined under section 809(a)(3)) for such tax year, the excess should be included on line 6 as other income for the current tax year. Sales of business property and Involuntary conversions.—Use Form
4797. Sales of Business Property, to report gains and losses from sales or exchanges of assets used in a trade or business and from involuntary conversions.

With regard to life insurance companies, section 818(b)(1) provides that, for purposes of section 1231(a), the term "property used in a trade or business" includes only:

1(a). For property acquired before 6/23/84 or after 12/31/87, property used in carrying on an insurance business that is either real property held for more than 1 year or depreciable property held for more than 6 months:

(b). For property acquired after 6/22/84 and before 1/1/88, property used in carrying on an insurance business that is either real property held for more than 6 months or depreciable property held for more than 6 months; and

2. Timber, coal, and domestic iron ore to which section 631 applies.

For purposes of paragraph 1 above, the term "property used in a trade or business" does not include property includible in entory, property held primarily for sale to customers, or certain copyrights, literary, musical or artistic compositions, letters, memoranda and similar property...

Report ordinary gains and losses from Form 4797 on line 6, Schedule A (Form 1120L).

Deductions, Lines 8 through 16 Line 8. Death benefits, etc. - Enter all claims and benefits accrued and losses incurred (whether or not ascertained) during the year on insurance and annuity contracts. The term "losses incurred (whether or not ascertained)" means a reasonable estimate both of losses incurred but not reported and of losses that have been reported, where the amount of the losses cannot be determined by the end of the tax year. Losses incurred must be adjusted to take into account any salvage and reinsurance recoveries attributable to those losses together with estimates of salvage and reinsurance that may be recovered on such losses in future years. This estimate includes the estimated value of unaccrued subrogation claims contested by third parties. Note: Section 807(c) provides that the amount of the unpaid losses (other than

losses on life insurance contracts) shall be

the amount of the discounted unpaid losses as defined in section 845. See the instructions on page 6 regarding the discounting provisions.

Line 10. 10% of certain increases in reserves. - Section 807(f)(1) provides that if the amount of any item referred to in section 807(c) increases as a result of a change in the basis used to determine such item, then 10% of the increase shall be allowed as a deduction in computing life insurance company taxable income for each of the 10 succeeding tax years.

Note: If a company ceases to qualify as a life insurance company, section 807(f)(2) provides that the balance of any adjustments under section 807(f) shall be taken into account in the last year that the company is qualified to file Form 1120L. Line 12. Consideration paid for assumption by another person of

liabilities under insurance, etc., contracts. —Enter the total consideration paid by the company to another person other than consideration paid for indemnity reinsurance) for the assumption by such person of liabilities under insurance and annuity contracts (including supplementary contracts).

Line 13. Dividends reimbursable by taxpaver. - Enter the amount of policyholder dividends paid or accrued by another insurance company for policies the taxpayer has reinsured and that are reimbursable by the taxpayer under the terms of the reinsurance contract. Line 14. Other deductions.--- Enter the total of all other deductions (including the nortization of premiums under section 811(b)) not included on lines 8 through 13, to the extent that such items are deductible in computing life insurance company taxable income. Include the total amount of deductions for a noninsurance business

For mutual life companies, if the differential earnings amount (determined under section 809(a)(3)) for the preceding tax year exceeds the recomputed differential earnings amount (determined under section 809(f)(3)) for such tax year. the excess should be included on line 14 as a deduction in computing LICTI for the current tax year.

(defined in section 806(hV3))

Attach an itemized schedule of all items included in the entry on line 14. On the attached schedule, deductions attributable to a noninsurance business should be segregated from all other deductions.

If the corporation claims a deduction for depreciation or amortization, attach Form 4562, Depreciation and Amortization.

If the corporation claims a deduction for timber depletion, attach Form T (Timber), Forest Industries Schedules.

Note: The IRS will issue a revenue procedure that will apply to changes in the method of accounting for the treatment of ceding commissions. See Announcement 89-89, 1989-29 I.R.B. 36 for more

Line 16. Operations loss deduction.— Enter the amount of any operations loss deduction allowable under section 810. To determine the loss from operations for any tax year, subtract line 7, Schedule A, from the total allowable deductions modified as follows: (1) No operations loss deduction is allowed; (2) You must figure the dividendsreceived deductions allowed by sections 243, 244, and 245 without regard to section 246(b), (as modified by section 805(a)(4)). This loss from operations then becomes an operations loss deduction to be carried back or over to another tax year.

The operations loss deduction for a given tax year is the total of the operations loss carryovers and carrybacks to that tax year. Generally, you may carry a loss from operations back to each of the 3 years preceding the year of the loss and over to each of the 15 years following the year of the loss. Alternatively, you may make an irrevocable election to forego the carryback period and carry the loss over to each of the 15 years following the year of the loss. If the company is a new company for the loss year, the loss may be carried over to each of the 18 years following the year of the loss.

The amount of the loss that may be carried to each succeeding year in the by which the loss exceeds the sum of the offsets for each of the earlier tax years to which the loss may be carried 'The term "offset" means, with respect to any tax year, the increase in the operations loss deduction for the tax year which reduces LICTI (computed without regard to the smari life insurance company deduction) for the year to zero.

See section 382 for the limitation on the amount of taxable income of a loss corporation for any tax year ending after a post-1986 ownership change that may be offset by pre-change operations loss: carryovers. Also see Temporary Regulations section 1.382-2T (a) (2) (ii), which requires that a loss corporation file an information statement with its income tax return for each tax year that it is a loss corporation.

See section 844 for special loss carryover rules for an insurance company that has changed its form of organization or has had a change in the nature of its insurance

Note: Section 810 is treated as a continuation of section 812 (as in effect before the enactment of the Tax Reform Act of 1984).

Limitations on Deductions Charitable contributions. --- A deduction is allowed for charitable contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c).

and for any unused contributions carried over from prior years.

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

The total deduction allowable in any year may not exceed 10% of LICTI computed without regard to:

- 1. the deduction for charitable contributions:
- 2. the deduction for policyholder dividends:

- 3. the deduction for dividends received
- 4. the small life insurance company
- 5. any operations loss carryback to the tax year under section 810; and
- 6. any capital loss carryback to the tax year under section 1212(a)(1). Charitable contributions over the 10% limitation may not be deducted in the tax

year but may be carried over to the next 5 tax years. A contribution carryover is not allowed, however, to the extent that it increases an operations loss deduction Special rule for contributions of certain property.--For a charitable contribution of operty, you must reduce the contribution

by the sum of:

1. The ordinary income or short-term capital gain that would have resulted if the property had been sold at its fair market value and

2. For certain contributions, all of the long-term capital gain that would have resulted if the property had been sold at its fair market value.

The reduction for long-term capital gain annlies to

1. Contributions of tangible personal operty for use by an exampt organization for a purpose or function unrelated to the basis for its exemption; and

2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundat (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A. Charitable contributions of scientif property used for research.—A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e). Documentation required for certain

contributions. -- If a contribution is in property other than money and the total claimed deduction of all property contributed exceeds \$500, attach a schedule, describing the kind of property contributed and the method used in determining its fair market value. If you include a contribution carryover, show the amount and how it was determined

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

Section 263A uniform capitalization rules.-The uniform capitalization rules of Section 263A require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpaver includes a film, sound recording, videotape, book, or similar property. The rules also

Page 5

apply to personal property (tangible and intangible) acquired for resale. Taxpavers subject to the rules are required to capitalize not only direct costs but also an allocable portion of most indirect costs (including taxes) that benefit the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is governed by special rules. The uniform capitalization rules also apply to the production of property constructed by a taxpayer for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are \$10,000,000 or less. It does not apply to timber or to property produced under a long-term contract. Special rules apply for farmers. The rules do not apply to property which is produced for use by the taxpayer substantial construction had occurred before March 1, 1986.

In the case of inventory, some of the indirect costs that must be capitalized are administration expenses taxes depreciation, insurance compensation paid to officers attributable to services, rework labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans. Current deductions may be claimed for research and experimental costs under section 174. intangible drilling costs for oil and gas and geothermal property, and mining and exploration and development costs. Temporary Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, se Temporary Regulations section 1.263A-1T Meals and entertainment. - The amount deductible for business meals and entertainment is generally limited to 80% of the amount otherwise allowable. In addition meals may not be lavish or extravagant; a bona fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal.

Special rules apply to deductions for tickets to entertainment activities. With the exception of certain charitable sporting events, the deduction for the cost of a ticket is limited to the face value of the ticket.

If a taxpayer rents a skybox in the same arena for more than one event, the deduction is limited to the sum of the face. value on non-luxury box seats for the seats in the box covered by the lease. Both the limitation on tickets to entertainment activities and the limitation on sky box rentals is calculated before the application of the 20% reduction required by section 274. See Pub. 463, Travel, Entertainment, and Gift Expenses, for details.

Transactions between related taxpayers. -- Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

Section 291 Ilmitations.—Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible

Page 6

drilling and exploration and development costs, bad debt deductions for financial institutions, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of the adjustment Golden parachute payments. — A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G for additional

Nondeductible Items

Certain interest expenses.—No deduction is allowed under section 163 for interest on the items described in section 807(c). Addition to reserves for bad debts.--No deduction is allowed for an addition to reserves for had debts. However, a deduction for specific bad debts is allowable if the requirements of section 166 are met. Business startup expenses. —Business startup expenses are required to be capitalized unless an election is made to mortize them over a period of 60 months. See section 195

Amortizable bond premiums.—No deduction for an amortizable bond premium is allowed under section 171. However, see section 811(b) for the rules relating to the treatment of amortizable bond premiums by life insurance companies.

Foreign intangible drilling costs and mining and development costs.—Foreign intangible drilling costs and mining and development costs must either be added to the corporation's basis for cost depletion or be deducted ratably over a 10 year period For more information, see sections 263(i), 616, and 617

Certain travel and entertainment expenses. —Generally, a corporation cannot deduct an expense paid or incurred for a facility (such as a vacht or hunting lodge) that is used for an activity that is usually considered entertainment amusement, or recreation. In addition, no deduction may be taken for the rental of a luxury skybox. However, the corporation may be able to deduct such an expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent

Schedule B---Increase or (Decrease) in Reserves (Section 807)

Section 807 requires life insurance companies to determine whether certain reserves decreased or increased for the tax year. A net decrease will be treated as includible in gross income white a net increase will be treated as a deduction allowable in computing LICTI.

The net increase or net decrease in reserves is figured by comparing the opening balance for reserves to the closing balance for reserves reduced by: (1) the policyholders' share of tax-exempt interest and (2) for mutual life companies, the excess, if any, (shown on line 8, Schedule E) of the differential earnings amount over deductible policyholder dividends determined without regard to section 809.

For rules dealing with the method of computing reserves on contracts where interest is guaranteed beyond the end of the tax year, see section 811(d).

Reserve adjustments are not treated as interest expenses for allocation purposes under section 864(c). See section 818(f). Line 1. Life insurance reserves. -- For rules dealing with the method of computing life insurance reserves, see sections 807(d) and (e). Section 807(d)(2)(B), as amended by the Act of 1987, provides that the interest rate used to compute life insurance reserves is the greater of the applicable Federal interest rate or the prevailing state assumed interest rate. See Rev. Rul. 88-16, 1988-1 C. B. 266.

Une 2. Unearned premiums and unpaid losses. - For purposes of sections 807 and 805(a)(1) the amount of the unpaid losses (other than losses on life insurance contracts) shall be the amount of the discounted unpaid losses determined under section 846

In general, section 846 provides that the amount of the discounted unpaid losses shall be computed separately by each line of business (except that the multiple peril lines shall be treated as a single line of business) and by each accident year and shall be equal to the present value of such losses determined by using: (1) the amount of the undiscounted unpaid losses; (2) the applicable interest rate; and (3) the applicable loss payment pattern. Special ules apply with respect to unpaid losses related to disability insurance (other than credit disability insurance), noncancelable accident and health insurance, cancelable accident and health insurance, and to the international and reinsurance lines of business. With regard to the special rules for discounting unpaid losses on accident and health insurance (other than disability income insurance) unpaid losses are assumed to be paid in the middle of the year following the accident year.

As a rule, the amount of the undiscounted unpaid losses means the unpaid losses shown in the annual statement. However unpaid losses must be adjusted to take into account estimated recoveries on account of salvage and reinsurance attributable to those losses. If the amounts shown in the annual statement were determined on a discounted basis and if the extent to which these losses were discounted can be determined on the basis of information disclosed on or with the annual statement, the amount of the undiscounted unpaid losses must be recomputed to eliminate any reduction attributable to such discounting In no event can the amount of discounted unpaid losses determined under section 846 with respect to any line of business for an accident year exceed the aggregate amount of unpaid losses with respect to any line of business for an accident year as reported on the taxpayer's annual statement.

The applicable interest rate for each calendar year and the applicable loss payment pattern for each accident year for each line of business are determined by the Secretary of the Treasury. The applicable interest rate determined under section 346(c) for purposes of section 807, is 8.16% for 1989. (Rev. Rul. 88-101A, 1988-2 C.B. 136). The applicable interest rate for 1988 is 7.77% (Rev. Rul. 88-16.

1988-1 C B. 266). The applicable loss Tayment patterns for 1989 are published in Sev. Rul. 89-66A, 1989-24, I.R.B. 50. The ess payment patterns for 1988 are published in Rev. Rul. 88-63, 1988-2 B. 130. However, under the provisions of section 846(e), corporations having sufficient historical experience to determine a loss navment nattern may under certain circumstances, elect to use their own. If such an election is made, the loss payment patterns will be based on the most recent calendar year for which an annual statement was filed before the beginning of the accident year. No election under section 846(e) shall apply to any international or reinsurance line of business. If the corporation elects to use its own loss payment pattern, be sure to check the "Yes" column for question 0 in Schedule 0. Additional Information. For more information regarding this election, see section 846(e) and Notice 88-100, 1988-2

Section 807(d)(4)(A)(ii) permits an election to recompute Federal interest rate every 5 years. In general, a life insurance company would apply the greater of the applicable Federal interest rate (AFIR) or the prevailing state assumed interest rate for the calendar year in which the contract is issued and the following 4 calendar years In the fifth calendar year after the calendar year in which the contract was issued, they would begin using the AFIR in effect for that fifth calendar year or the prevailing state assumed interest rate for the calendar year which the contract was issued, whicheve s greater. This rate would then remain in effect for the 4 years after that. For each subsequent 5 year period a similar ecomputation would be required. Once made, the election is effective for contracts. issued during that calendar year and any with the consent of the Secretary. Note: An insurance company's treatment of salvage in determining its paid and unpaid losses is a method of accounting for Federal income tax purposes. In general, companies that did not previously treat salvage in accordance with the provisions of Temporary Regulations section 1.832-4T (1988 amendments) were to change their method of accounting for the first tax year beginning after December 31, 1987. (The "Fresh Start" provision of section 1023(e) of the Tax Reform Act of 1986 ("Act of 1986") is not applicable to the adjustments required as a result of such a change of required as a result of such a change of method. See Temporary Regulation section 1.832-4T(dX,1)). However, Temporary Regulation section 1.832-7T postponed the effective date of the 1988 amendments until tax years beginning after December 31, 1938, and reinstated for tax years beginning before January 1, 1989, the regulations as in effect before the 1988 amendments. For more information, see Temporary Regulation section 1.832-71. Note: Any insurance company required to a scount unnaid losses under section 846 Tay be allowed an additional deduction arder section 847. To claim a section 847 deduction, include it on line 14. Schedule A and attach Form 8816. If this deduction is taken, you must make a special estimated tax payment. See the instructions for line. 14b (on page 12 of these instructions) for now to show this payment.

Line 3. Supplementary contracts.—Enter the amount (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made) life, accident, or health contingencies. For purposes of this item, the appropriate rate of interest is the higher of the prevailing State assumed interest rate as of the time such obligation first did not involve life, accident, or health contingencies or the rate of interest assumed by the company (as of such time) in determining the guaranteed benefit. In no case, however, shall the amount so determined for any contract be less than the net surrender value of such contract. Line 4. Dividend accumulations and other amounts. - Enter the total dividend accumulations and other amounts held at interest in connection with insurance and Line 5. Advance premiums. - Enter the

liabilities for premium deposit funds Line 6. Special contingency reserves.— Enter the total reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination thereof Line 8. Increase (decrease) in reserves.-In figuring the amount shown on line 8, any decrease in reserves must be computed without any reduction of the closing balance of section 807 reserves by the policyholders' share of tax-exempt interest. See the instructions for line 2, Schedule A. Note: If the basis for determining the amount of any item referred to in section 807(c) (life insurance reserves, etc.) at the end of the tax year differs from the basis for the determination at the beginning of the tax year, see section 807(f).

total premiums received in advance and

Schedule C—Gross Investment Income (Section 812(d))

Line 1. Interest. - Enter on line 1 the total taxable interest received or accrued during the tax year, less any amortization of premium, plus any accrual of discount required under section 811(h). The appropriate amortization of premium and accrual of discount attributable to the tax year on bonds, notes, debentures, or other evidence of indebtedness held by a life nsurance company should be determined: (a) in accordance with the method regularly employed by the company, if such method is reasonable, and (b) in all other cases, in accordance with regulations prescribed by the Secretary of the Treasury. Market discount is not required to be accrued under the provisions of section 811(b). Attach a statement showing the method and computation used

Note: The Technical Corrections and Miscellaneous Revenue Act of 1988 (*Act of 1988) amended section 1011(d) of the Act of 1986 to increase the tax rate from 28% to 31.6% on any gain recognized by any insurance company from the redemption of any market discount bond issued before July 19.1984 and acquired on or before September 25, 1985.

Line 3. Gross rents — Enter the gross rents received or accrued during the tax year. Related expenses, such as repairs, taxes, and depreciation should be reported as "Other deductions" on line 14. Schedule A. Line 4. Gross royalties. — Enter the gross royalties received or accrued during the tax year. If you claim a deduction for depletion, report it on line 14. Schedule A.

Line 5. Leases, terminations, etc.—Enter the gross income received from entering into, altering, or terminating any lease, mortgage, or other instrument from which the company derives interest, rents, or royalties.

Line 7, Gross Income from a trade or business other than insurance. —Enter the gross income from any business other than an insurance business carried on by the life insurance company, or by a partnership of which the life insurance company is a partner. Include on this line section 1245, section 1250, and other ordinary gains on assets used in a noninsurance business from Form 4797. See the instructions under "Sales of business property and involuntary conversions," on page 4. If you claim expenses related to any business other than an insurance business, report them on line 14. Schedule A.

Line 9. Tax-exempt interest.—Enter the total amount of tax-exempt interest income received or accrued during the tax year. Tax-exempt interest does not include interest received on securities acquisition loans as defined in section 133(b).

Line 11. 100% qualifying dividends.— Enter the total amount of dividends for which the percentage used to determine the deduction allowable under sections 243, 244, and 245(b) is 100%. Do not include dividends to the extent that they are funded with tax-exempt interest or dividends that would not qualify as 100% dividends in the hands of the taxpayer. See section 812(e). Note: Multi-liered corporate arrangements cannot be used to change the cheracter of the tax-exempt interest and dividends received in an attempt to avoid exclusion.

Schedule E—Policyholder Dividends (Section 808)

The term "policyholder dividend" is defined as any dividend or similar distribution to policyholders in their capacity as such. Policyholder dividends include all amounts paid or credited (including an increase in benefits) where the amount is not fixed in the contract but depends on the company's experience or the management's discretion, plus all excess interest, premium adjustments, and experience-rated refunds. Furthermore, under the provisions of section 808(e), any policyholder dividend which increases either the cash surrende value of the contract or other benefits payable under the contract, or which reduces the premium that otherwise has to be paid, is treated as having been paid to the policyholder and returned by the policyholder to the company as a premium. When this happens, such amounts must be reported as income on line 1. Schedule A.

Generally, a company's deduction for policyholder dividends is the amount actually paid or accrued during the tax year. However, mutual life insurance companies must reduce this amount by the differential earnings amount as determined under section 809. If a mutual like insurance company's differential earnings amount exceeds total policyholder diylednas for the tax year, the company must reduce its ending reserves by the amount of the excess.

Schedule F — Differential Earnings Amount (Section 809)

Section 809 requires mutual life insurance companies to reduce (but not below zero) their deduction for policyholder dividends by the differential earnings amount (as defined in section 809(a)(3)). If a mutual life insurance company's differential earnings amount exceeds the total policyholder dividends for a tax year, the excess is treated as a reduction to the closing reserves balance for purposes of subsections (a) and (b) of section 807.

The differential earnings rate and the recomputed differential earnings rate for each tax year are determined by the Secretary of the Treasury on the basis of information submitted by the 50 largest stock life insurance companies and all mutual life insurance companies. Neithe the differential earnings rate nor the recomputed differential earnings rate can be a negative rate. See Notice 88-106, 1988-2 C.B. 444. The Service publishes both tentative and final differential earnings rates as this information is developed. For 1987. the tentative differential earnings rate was 3.647% and the final differential earnings rate was 3.676% (Rev. Rul. 88-80, 1988-2 C.B. 129). The tentative recomputed differential earnings rate for 1987 is 8.028%, and the final recomputed differential earnings rate for 1987 is 8.076%. For 1988, both the tentative and final differential earnings rates are zero. See Announcement 89-39, 1989-12, I.R.B. 94 and Rev. Rul. 89-106, 1989-37 I.R.B. 14.

To compute the differential earnings amount for 1983, multiply the average equity base (line 14, Scheduel e7) by the differential earnings rate for 1989. Enter the result on line 15, Scheduel e7. When determining the equity base, no item should be taken into account more than once.

See section 809 for definitions, computational information, transitional rules, and special adjustments that may be required.

Schedule G—Dividend Income and Dividends-Received Deduction

Line 1, column (a).—Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) received from less-than-20%-owned domestic corporations subject to income tax and that qualify for the deduction allowable under section 243(a)(1).

Include on line 1, column (a), taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the 70% deduction and certain dividends of Federal Home Loan Banks (see section 246(a)(Z)). For dividends received from a regulated investment company, see section 854 for the amount that qualifies for the deduction.

So-called dividends or earnings received from mutual savings banks, money market certificates, etc., are really interest and should not be treated as dividends. Lina 2, column (a).—Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) received from 20%-or-more-owned domestic corporations subject to income tax and that qualify for the 80% deduction allowable under section 243(c/1). Include on this line taxable distributions from an IC-

DISC or former DISC that are designated as

being eligible for the 80% deduction. Line 3, column (a). —Enter dividends on debt-financed stock (acquired after July 18, 1984) received from domestic and foreign corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under section 243(a)(1) or 245(a). Generally, debtfinanced stock is stock that the corporation acquired and in doing so, incurred a debt (for example, it borrowed money to buy the stock).

Line 4, column (a).—Enter dividends received on the preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends and

Line 5, column (a).—Enter dividends received on the preferred stock of a 20%-or-more-owned-public utility that is subject to income tax and is allowed the deduction provided in section 247.

Line 6, column (a).—Enter the U.S. source portion of dividends received from less-than-20%-owned foreign corporations and that qualify for the 70% deduction under section 245(a). To qualify for the 70% deduction, the corporation must own at least 10% of the foreign corporation's stock by vote and value. Also enter on line 6, column (a), dividends received from a foreign sales corporation (FSC) that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreign trade income) and that qualify for the 70% deduction provided in section 245(c)(1)(B). Line 7, column (a).—Enter the U.S. source portion of dividends received from 20%-or-more-owned foreign corporations and that qualify for the 80% deduction under section 245(a). Also enter on line 7, column (a), dividends received from a 20%-or-more-owned FSC that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreig trade income) and that qualify for the 80% deduction provided in section 245(c)(1)(B). Line 8, column (a).—Enter dividends received from wholly owned foreign subsidiaries that qualify for the 100% deduction under section 245(b), but only to the extent that such dividends are distributed out of tax-exempt interest or out of dividends which do not qualify as 100% dividends. In general, the deduction under section 245(b) applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which:

(1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividend, and (2) all of its gross income from all sources is effectively connected with the conduct of a

trade or business within the U.S. Also include on line 8, column (a), all dividends received from a FSC that are attributable to export sales income and that qualify for the 100% deduction under section 245(c). Do not include dividends received from a life insurance company.

Line 9, column (a).—Enter dividends that qualify for the 100% dividends-received deduction under section 243(a)(3) and that are subject to the elective provisions of section 243(b), but only to the extent that such dividends are distributed out of tax-exempt interest or out of dividends that do not qualify as 100% dividends. Do not include dividends received from a life insurance company.

Line 3, columns (6) and (c).—Dividends received on debt-financed stock are not entitled to the full 70% or 80% dividends-received deduction. Instead, the 70% or 80% deduction is reduced under the provisions of section 246A by a percentage that is related to the amount of debt incurred to acquire the stock. Also see section 245(a) before making this computation for an additional limitation which applies to dividends received from toreign corporations. For more information, see section 246A. Attach a schedule showing how the dividends-received deduction on debt-financed stock was computed.

Line 10, column (c) Limitation on dividends-received deduction worksheet

Generally, line 10 of column (c) may not exceed the amount from the worksheet below. However, in a year in which a loss from operations occurs, this limitation does not apply even if the loss is created by the dividends-received deduction. (See sections 246(b) and 810).

246(b) and 810).
1. Add line 2, page 1, and line 7. Schedule A less the total of lines 8 through 14. Schedule A, and without regard to: the small life insurance company deduction, the operations loss deduction. The dividends received deduction (sections 243(a)1), 244(a), and 245), any adjustment under section 1059, and any capital loss carryback to the current asyer (section 1212(a)1)).

	,		·-/·	-,,		
2.	Enter the sum) a	nd
	13, column (c)	٠	٠	٠		•
3	Subtract line 2 f		a tir	. 1		

4.	Multiply				tine	3
	by 80%					
	Enter th	 _	Af 8	٠.	 	٠.

5. Enter the sum of the amounts
on lines 2, 5, 7, and 8 of
column (c) and the portion of
the deduction on line 3 of
column (c) that is attributable
to dividends received from 20
%-or-more-owned corporations .

6. Enter the lesser of fine 4 or I	
(Do not complete the rest	
this worksheet if line 5	
greater that line 4. Instei	ad
enter the amount from line	. 6
on line 10 of column (c)) .	

7.	Enter	the	tot	al -	amo	unt	
	divide	nds	re	cev	red	tr	OF
	20%	01.	m o	1 6	. 0	w n	e
	corpora	tions	an	d is	nclu	ded	٥
	lines 2						
	column						

Page 8

- 8. Subtract line 7 from line 3
 9. Multiply the amount on line 8 by 70%.
 10. Subtract line 5 from line 10 of column (c).
 11. Enter ne lesser of line 9 or line 10.
 12. Dividends-received deduction after limitation (section 246(p)) Add the amounts on
- Line 13, column (a).—Enter dividends that qualify for the 100% dividends-received deduction and that are not reported on line 8 or 9 because they were not distributed out of tax-exempt interest or out of dividends that do not qualify as 100% dividends, or because they were paid by a life insurance company.

line 10 of column (c)

Note: Certain dividends received by a foreign corporation are not subject to proration. Attach a schedule showing you computation.

Line 14, column (a).—Enter the total of other dividends received. Attach a schedule showing separately:

- Foreign dividends not reportable on lines 6, 7, 8, or 13. Exclude distributions of amounts constructively taxed under Subpart F (sections 951 through 964) in the current year or in earlier years.
- Income constructively received from controlled foreign corporations under Subpart F. This should equal the total amount reported in Schedule J of Form(s) 54.71
- Gross-up of dividends for taxes considered paid under sections 902 and 960.
- Dividends (other than capital gain and exempt-interest dividends) received from regulated investment companies that do not qualify for the dividends-received deduction.
- Dividends from tax-exempt organizations.
- Dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualify under sections 856 through 860.
- Dividends not eligible for the dividendsreceived deduction because of the stock's holding period or because of an obligation to make corresponding payments on similar stock.
- Any other taxable dividend income not properly reported above, including distributions under section 936(h)(4).

Note: Two situations in which the dividends-received deduction will not be allowed on any share of stock are: (1) if the corporation held the stock with regard to which the dividends were issued for 45 days or less; or (2) to the extent that the corporation is under an obligation to make related payments for substantially similar or related property.

Schedule H—Small Life Insurance Company Deduction (Section 806(a))

Schedule H is used to compute the small life insurance company deduction under section 806(a). To qualify for this deduction, a life insurance company must have both less than \$15,000,000 of tentative life insurance company taxable income (tentative LICTI), and less than \$500,000,000 in assets.

In computing the deduction, the tentative LICTI for any year must be determined without regard to all items attributable to noninsurance businesses. In general, the term "noninsurance business" means any activity which is not an insurance business. However, under the provisions of section 806(b)(3)(B), any activity which is not an incurance husiness shall be treated as an insurance business if: (1) it is of a type traditionally carried on by life insurance companies for investmen purposes, but only if the carrying on of such activity (other than in the case of real estate) does not constitute the active conduct of a trade or business, or (2) it involves the performance of administrative services in connection with plans providing life insurance, pension, or accident and health benefits

For purposes of the assets test, the assets of all members of a controlled group, as defined in section 806(c/3), must be included, regardless of whether or not they are life insurance companies. For information regarding the valuation of assets, see the instructions for Schedule O, Part I.

The deduction for qualifying small life insurance companies is 60% of the tentative LCTI for the tax year that does not exceed \$3,000,000. To the extent that tentative LICTI exceeds \$3,000,000, the deduction is phased out. The reduction in the deduction is equal to 15% of the tentative LICTI for the tax year that exceeds \$3,000,000.

Note: In determining the amount of the small life insurance company deduction of a controlled group including an electing mutual company, for lax years beginning after 1986 and before 1992, the taxable income of an electing mutual company must be taken into account in applying the phaseout of the small life insurance company deduction.

Schedule I—Controlled Group Information (Section 806(c))

In computing the small life insurance company deduction, all life insurance company members of the same controlled group are treated as one life insurance company. Any small life insurance company deduction determined with

respect to the group must be allocated among the life insurance companies in the group in proportion to their respective tentative LICTIs.

Schedule K—Company/ Policyholder Share Percentage (Section 812)

Schedule K is used to compute: (1) the company's share percentage to be used in determining the company's share of the dividends-received deduction under section 805(a)(4), and (2) the policyholders' share percentage to be used in determining the policyholders' share of tax-exempt interest for purposes of determining the increase or decrease in reserves under section 807.

In figuring the policyholders' and company's share percentages, carry out the computations to enough decimal places to ensure substantial accuracy and to eliminate any significant error in the resulting tax.

Lines 1–9.—Lines 1 through 9 are used to compute the investment income ratio. The investment income ratio is the ratio that gross investment income less policy interest bears to life insurance company gross income (including tax-exempt interest) less the amount of any increase in reserves. To compute the investment income ratio, complete lines 1 through 8 and then divide the amount on line 3 by the amount on line 8. Enter the result on line 9.

Note: In computing the amount entered on line 8, any decrease in reserves must be computed without any reduction of the closing balance of section 807 reserve items by the policyholders' share of taxexemat interest.

Lines 10-19.—Lines 10 through 19 are used to compute the policyholders' share amount. First, lines 10 through 17 are completed to compute gross investment income's proportionate share of policyholder dividends on line 16. Line 16 is then multiplied by the investment income ratio. The result is added to the policy interest to compute the policyholders' share amount, which is entered on line 19.

Lines 20.-26.—Lines 20 Uthough 26 are

used to compute both the company's share percentage and the policyholders' share percentage. First, net investment income (line 21) is computed by multiplying gross investment income (line 20) by 90% or, in the case of gross investment income attributable to assets held in segregated asset accounts under variable contracts, by 95%. The policyholder share amount is subtracted from net investment income to compute the company's share of net investment income on line 23. The company's share percentage is computed on line 25 by dividing the company's share of net investment income. The policyholders' share percentage is figured by subtracting the company's share of net investment income. The policyholders' share percentage is figured by subtracting the company's share of net investment income from 100%.

Schedule L—Policy Interest (Section 812(b)(2))

Schedule L is used to compute the policy interest (as defined in section 812(b/2)) for the tax year. The policy interest is needed to calculate the company and policyholder share percentages in Schedule K.

Schedule M—Shareholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that each stock life insurance company (whether domestic or foreign) that had a policyholders' surplus account on December 31, 1983, will continue to maintain a shareholders' surplus account. Schedule M is used to calculate both the addition made to the shareholders' surplus account and the account's year-end balance as defined in section 815(c). In determining the tax liability shown on line 4, proper adjustments are to be made for any year in which the alternative minimum tax is imposed or the minimum tax credit has been taken.

Enter on line 6 all amounts treated under section 815 as distributions to shareholders. Any distribution to shareholders is treated as having been made first out of the shareholders' surplus account, to the extent thereof.

Schedule N—Policyholders' Surplus Account (Section 815(d))

Section 815(d)(1) provides that every stock life insurance company (whether domestic or foreign) that had an existing policyholders' surplus account on December 31, 1983, will continue to maintain the account. For tax years beginning after December 31, 1983, no additions can be made to this account; however, the account must be decreased by the amounts specified in section 815(d)(3) Further, section 815(f) provides that, in general, the provisions of subsections (d) (e), (f), and (g) of section 815 as in effect before the enactment of the Tax Reform Act of 1984 ("Act of 1984") continue to be applicable in respect of any policyholders' surplus account for which there was a balance as of December 31 1983

Amounts that are subtracted from the policyholders' surplus account for a tax year are added to a corporation's taxable income and are subject to the tax imposed by section 801. Schedule N is used to compute both the ending balance in the policyholders' surplus account and the amount of any increase to taxable income Line 1.-Enter the beginning balance in the policyholders' surplus account. If the balance at the end of the preceding tax year is different from the balance at the beginning of the current tax year (for example, due to the provisions of section 815(d)(5) as in effect prior to the enactment of the Act of 1984), attach a schedule showing the adjustments made Prior to the enactment of the Act of 1984. section 815(d)(5) provided that if any

Page 10

addition to the policyholders' surplus account increases or creates a loss from operations and part or all of the loss cannot be used in any other year to reduce the company's taxable income, then the loss will reduce the policyholders' surplus account at the time that the addition was made. In such a case, you must adjust the beginning balance of the policyholders' surplus account at the tore any subtractions for the current tax year are made.

Line 2a.—If the total direct and indirect distributions to shareholders during the tax year exceeds the amount on Schedule M, line 5, enter the excess on line 2a.

Line 2b. - To compute the tax increase due to the amount entered on line 2a, you must: (1) subtract the corporation's tax rate from 100%; (2) divide the distributions on line 2a by the result of step 1; (3) subtract the amount on line 2a from the result of step 2: and (4) enter the result of step 3 on line 2b. Line 2c.—To compute the amount to be entered on line 2c, you must: (1) determine the total amount to be subtracted from the policyholders' surplus account under sections 815(d)(1) and 815(d)(4) as they were in effect prior to the enactment of the Act of 1984 (do this only after you have subtracted the amounts on lines 2a and 2b from the beginning balance in the policyholders' surplus account): (2) add 100% to the corporation's tax rate: (3) divide the result of step 1 by the result of step 2; and (4) enter the result of step 3 on line 2c. You must also add the amount entered on line 2c to the shareholders surplus account at the beginning of the next tax year.

Line 2d.—Subtract the result of step 3, line 2c, from the result of step 1, line 2c. Enter the result on line 2d.

Line Ze.—Enter the total amount to be subtracted from the policyholders' surplus account under the provisions of section 815(J(Z) as it was in effect prior to the enactment of the Act of 1984. At that time, section 815(J(Z) provided that if, for any tax year, a taxpayer is not an insurance company, or if for any two successive tax years a taxpayer is not a life insurance company, or if for any two successive tax years a taxpayer is not a life insurance company, then any balance remaining in the policyholders' surplus account as of the end of the last tax year that the taxpayer was a life insurance company shall be included in taxable income for such tax year.

Line 3.—Enter the total of lines 2a through 2e on line 3; however, this total must be limited to the amount shown on line 1. Schedule N. Also enter this total on page 1, line 3.

Schedule O—Total Assets (Section 806(a)(3)(C)) and Total Insurance Liabilities (Section 842(b)(2)(B)(i))

All insurance companies required to file Form 1120L must complete Parts I and II of Schedule O.

Note: Foreign insurance companies should report assets and insurance liabilities for their U.S. business only.

Part I—Total Assets

For purposes of Schedule O, the term "assets" means all assets of the company. In valuing real property and stocks, use fair market value; for other assets, use the adjusted basis as determined under section 1011, and related sections, without regard to section 818(c). An interest in a partnership or trust is not itself treated as an asset of the company. Instead, the company is treated as actually owning its proportionate share of the assets held by the partnership or trust; the value of the company is share of these assets should be listed on line 3 of Schedule O.

Part II—Total Insurance

Foreign insurance companies must maintain a certain surplus of U.S. assets over their U.S. insurance liabilities. The minimum required surplus is determined by multiplying their U.S. insurance liabilities by a percentage determined and proclaimed by the Secretary of the Treasury. The Secretary determines the percentage from data supplied by domestic insurance companies in Schedule O, Part II. For more information, see section 84.

For purposes of Schedule O, the term "total insurance liabilities" means the sum of the following amounts as of the end of the tax year: (1) total reserves as defined in section 816(c); plus (2) the items referred to in paragraphs (3), (4), (5), and (6) of section 807(c), to the extent such amounts are not included in total reserves.

Foreign insurance companies, see Notice 89-96, 1989-35 I.R.B. 1, for more information on determining your total insurance liabilities on U.S. business.

Enter each item on the appropriate line. Enter on line 9g any other amounts included in the definition of total insurance liabilities, but not described on this schedule.

Schedule P—Limitation on Noninsurance Losses (Section 806(b)(3)(C))

Section 806(b)(3)(C) provides that, in computing LICTI, any loss from noninsurance business is limited to the lesser of 35% of the loss or 35% of LICTI (computed by excluding any noninsurance loss included in Schedule A). Use Schedule P to compute any excess loss that must be added back to taxable income on page 1, line 2, Form 1120L. For more information on either the computation of the allowable loss deduction or on applicable carryback provisions, see section 1503(c).

Schedule Q—Additional Information

Be sure to answer questions G through S on page 7, Form 1120L. The instructions that follow are keyed to these questions.

1. Question J(2)(c). U.S. person.—The term "U.S. person" means: (1) A citizen or resident of the United States; (2) A

domestic partnership: (3) A domestic corporation; or (4) Any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated. organized, created, or administered

- 2. Question L. Foreign financial accounts.—Check the "Yes" box if either a or b. below, applies to the corporation; otherwise check the "No" box:
- (a) At any time during the year the corporation had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account): AND
- . The combined value of the accounts was more than \$10,000 at any time during the year: AND
- . The account was NOT with a U.S. military banking facility operated by a U.S. financial
- (b) The corporation owns more than 50% of the stock in any corporation that would answer "Yes" to item a. above.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

If "Yes" is checked for this question, file Form TD F 90-22.1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120L. Form TD F 90-22.1 may be obtained from IRS Forms Distribution

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

3. Question P. - Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

Schedule R-Reconciliation

All filers of Form 1120L must attach a schedule which reconciles their NAIC Annual Statement to their Form 1120L

Schedule S--Compensation of Officers

Attach a schedule for all officers using the following columns:

- 1. Name of officer.
- 2. Social security number.
- 3. Percentage of time devoted to business.
- 4. Amount of compensation.

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

Taxable Income and Tax Computation Instructions— Page 1, lines 4-19

Line 4. Total taxable income.—Generally, this is the sum of lines 1, 2, and 3 of page 1. However, if there is an amount entered on line 3, then even if lines 1 and 2 total less than zero, the amount entered on line 4 may not be less than the amount on line 3. Corporations that are not a member of a controlled group should skip line 5, and use the line 6 instructions to figure their tax. including any additional tax, to enter on line Members of a controlled group of corporations should check the box on line 5 and compute their tax by using the Tax Computation Worksheet below. Also, they should see the instructions below for lines 5a and 5b before computing their tax. Une 5a. -- Members of a controlled group, as defined in section 1563, are entitled to one \$50,000 amount and one \$25,000 amount (in that order) in each taxable income bracket on line 5a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) for the requirements and for the time and manner of making the

Equal Apportionment Plan.---If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore. corporation A is entitled to \$25,000 (onehalf of \$50,000) in the taxable income bracket on line 5a(i) and \$12,500 (one-half of \$25,000) in the taxable income bracket on line 5a(ii). Corporation B is also entitled to the same amounts in each taxable income bracket

Unequal Apportionment Plan. -- Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income bracket. (But the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.)

Line 5b. - Members of a controlled group of corporations are treated as one corporation for figuring the additional 5% tax. If the additional tax applies, each member of the group must attach a schedule that shows the taxable income of the entire group, as well as how its portion of the additional tax (entered on line 5b) was figured.

The Tax Computation Worksheet includes the computation of an additional 5% tax on the excess of a corporation's taxable income over \$100,000. The limitation on the additional tax is \$11,750.

Tax Computation Worksheet

(PO	r members of a controlled group)
1.	Enter the taxable income (line 4, page 1)
2.	Enter line 1 above or your share of the \$50,000 taxable income bracket, whichever is less
3.	Subtract line 2 from line 1
4.	Enter line 3 or your share of the \$25,000 taxable in- come bracket, whichever is less
5.	Subtract line 4 from line 3 .
6.	15% of line 2
7.	25% of line 4
8.	34% of line 5
9.	If the taxable income of the controlled group exceeds \$100,000, enter the portion of the lesser of 5% of the excess over \$100,000 or \$11,750 that this

member must pay 10. Add lines 6 through 9. Enter here and on line 6, page 1

Additional tax. Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by the corporation with taxable income in excess of \$100,000. If the additional tax applies. each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member of the group must enter its share of the additional 5% tax on line 5b and attach to its tax return a schedule that shows the taxable income of the entire group as well as how its share of the additional tax was figured.

Line 6. Income Tax

If the amount on tine 4, Form 1120L

Over—	But not over—	its tax	Of the amount over—
0	\$50,000	15%	0
\$50,000	75,000	\$ 7,500 + 25%	\$50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000		34%	0

Include on line 6, page 1, Form 1120L, any interest charge for certain installment sales. See section 453(I)(3) and 453A(c) for details. Write on the dotted line to the left of line 6 "Sec. 453(I)(3) (or Sec. 453A(c)) interest—\$(amount)". Attach a schedule showing the computation.

If the corporation was a shareholder in a passive foreign investment company (PFIC) that received an excess distribution or disposed of its investment in the PFIC during the year, it must include the aggregate increases in taxes due under section 1291(c)(2) in the amount to be entered on line 6. page 1 Form 1120L. Write on the dotted line to the left of line 6, "Sec. 1291-\$ (amount)." Do not include on line 6 the interest charge due under section 1291(c)(3). Instead, write "Sec. 1291

Page 11

interest" and the amount owed in the bottom margin of page 1, Form 1120L. See Form 8621 for details.

Line 7a. Foreign tax credit.—See Form 1118. Computation of Foreign Tax Credit-Corporations, for an explanation of when a corporation can take this credit for navment of income tax to a foreign country or U.S. possession.

Line 7b. Other credits.—Possessions tax credit. - See Form 5712, Election To be Treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit, and Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, to compute the credit. Include the credit in the amount shown on fine 7b.
On the line to the left of the entry space. write the amount of the credit and identify it as a section 936 credit.

Credit for fuel produced from a nonconventional source. —A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Orphan drug credit.—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit) for an explanation of when a corporation can take this credit as well as how it is figured.

Line 7c. General business credit. - This credit is made up of the sum of the following credits:

Investment credit.-The investment credit was generally repealed for property placed in service after 1985. See Form 3468, Computation of Investment Credit, for exceptions.

Jobs credit. - The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules. and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit determined without regard to the limitation based on the tax (section 38(c)). Alcohol fuel credit. - A corporation may be able to take a credit for alcohol used as fuel.
Use Form 6478, Credit for Alcohol Used As Fuel, to figure the credit.

Credit for increasing research activities. - See Form 6765, Credit for Increasing Research Activities, and section 41

Low-income housing credit. - See Form 8586, Low-Income Housing Credit, and section 42:

Form 3800, General business credit. Enter on line 7c, page 1, the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming

only one of the above credits, it generally does not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the corporation has a carryforward or carryback of any of these credits, it must use Form 3800. For more information, see Pub. 572, General Rusiness Credit

Line 7d. Credit for prior minimum tax.-If the corporation had an alternative minimum tax liability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, it may be able to take the credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax, and section 53. Line 10. Foreign corporations. -- A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company on its income effectively connected with the conduct of a trade or business within the U.S. See sections 842 and 897, and Notice 89-96, 1989-35 I.R.B. 1 for more information. Income from sources outside the U.S. from U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For a definition of effectively connected income, see sections 864(c) and 897.

Generally, any other U.S. source income received by a foreign corporation that is not effectively connected with the conduct of a business within the U.S. is taxed at 30% (or at a lower treaty rate), (Note: Interest received from certain portfolio debt investments that were issued after July 18, 1984 is not subject to the tax.) See section 881. If you have this income, attach a schedule showing the kind and amount of income, the tax rate (30% or a lower treaty rate), and the amount of tax. Additional taxes resulting from the net

investment income adjustment may offset a company's 30 percent tax on U.S. source income. The tax reduction is determined by multiplying the 30 percent tax by the ratio of the amount of income adjustment to income subject to the 30 percent tax, computed without the exclusion for interest on state and local bonds or income exempted from taxation by treaty (section 842(c)(3)). Attach a statement showing how you figured the reduction of section 881 tax. Enter the net tax imposed by section 881 on line 10, page 1.

Note: Section 842(c)(1) requires that foreign life insurance companies make the investment income adjustment before claiming a small life insurance company deduction

Mutual life insurance companies are required to determine the amount of their policyholder dividends deduction by increasing their year-end equity base (under section 809) by the excess of their required ITS assets over their mean assets held in the U.S. during that year. See section

Note: Section 953(d) allows a foreign insurance company to elect to be taxed as a domestic corporation. If the corporation makes this election, include the additional tax required to be paid, on line 13. Write on the dotted line to the left of line 13, page 1, "Sec. 953(d)—\$(amount)." See section 953(d) for more details.

Line 11. Recapture Taxes. - Recapture of investment credit. If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255. Recapture of Investment Credit.

Recanture of low-income housing credit. If you must recapture part of the lowincome housing credit because there has been a decrease in the qualified basis of a building from the prior year or if you disposed of the building or an ownership interest in it, see Form 8611, Recapture of Low-Income Housing Credit, and section 42(i)

Line 12a. Alternative minimum tax.-Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income or (Inss) before the operation loss deduction when combined with the corporations adjustments and tax preference items (including the book income adjustment) exceed \$40,000 (or more than your allowable exemption amount, if less). See Form 4626 for details.

Note: Section 56(f)(2)(H) provides special rules for life insurance companies for the computation of the book income preference item. (1) In respect to mutual life insurance companies, only reduce adjusted net book income for policyholders' dividends to the extent that those dividends exceed the year's differential earnings amount under section 809. (2) Make additional adjustments as determined by the Secretary, to make the calculation of adjusted net book income consistent among incurance companies

Line 12b. Environmental tax.—The corporation may be liable for the environmental tax if the modified alternative minimum taxable income of the corporation exceeds \$2,000,000. See Form 4626 for details.

Line 14b. 1989 estimated tax payments.-Include on this line all estimated tax payments for this tax year. If in addition to "regular" estimated payments, you are required to make special estimated tax payments (SETP) under section 847 or apply a SETP from a prior tax year to this tax year, enter on line 14b your total estimated tax payments and write on the dotted line to the left of the entry space "Includes SETP", and attach a schedule indicating the type of payment and amount. See section 847(2) for more

Page 12

ell.S. Government Printing Office: 1990-243-258

For	_m 1120-P	U.S. Property a	nd Casualty Insuranc ncome Tax Return	e Compan	ייי	OMB No. 1545-1
	partment of the Treasu rnal Revenue Service	ny	► See separate instructions nning		19	1989
print	Name	1				dentification numbe
ō		or P.O. box number if mail is not delivered to				
Please type		or r.o. oox numbers) mail is not delivered to s	treet address)	В	Date incorp	orated
5	City or town, state, a	nd ZIP code				
F.				C	Check if thi consolidate	
_	D Check applicab	le boxes: (1) Final return (2)	Change in address (3) Amended re	eturo.	COISONGALE	a recum P
		e box if an election has been made und		(2) 953(d)		
		ind of company: (1) Mutual (2) Sto		(2) 🔲 335(6)		
		ome (Schedule A, line 37)			1	
	2 Taxable inv	estment income for electing small of	ompanies (Schedule B, line 21) .		2	
			p (see sections 1561 and 1563).			
	a Enter your	share of the \$50,000 amount and \$	25,000 amount (in that order) in ea	ach taxable		
	income bra	cket: (i) \$ (ii)	\$			
			ceed \$11,750) ▶ \$		VIIIIIIIIIIII	
	4 Income tax-	—See instructions to figure the tax .			4	
		nt of tax that a reciprocal must incli	ıde		5	
		ines 4 and 5)			6	
	7 Tax credits:		1 - 1	1		
		credit (attach Form 1118)				
		ts (see instructions)				
	Form 58		m 6765 Form 8586 7c			
草		rior year minimum tax (attach Form	07 03	 		
Tax Computation and Payments		s (add lines 7a through 7d)			7e	
à		tax (line 6 less line 7e)			8	
4		porations—Tax on income not conr			9	
8			☐ Form 8611		10	
ģ	11a Alternative	minimum tax (attach Form 4626).			11a	
#	b Environmer	ntal tax (attach Form 4626)			11b	
Ē	12 Personal ho	lding company tax (attach Schedule	PH (Form 1120))		12	
ខ		Add lines 8 through 12		innimainnimainnimain	13	
ĕ		ayment allowed as a credit 14	ia			
-1		special estimated tax be applied	in ///////////////////////////////////			J
		be applied				1
- 1		al estimated tax payments				
ı	(See instructio		A A			
١		applied for on Form 4466 14	Je ()			1
-		tal of lines 14a through 14c less line				ļ
١		ed with Form 7004				
		ciprocal for tax paid by attorney-in-fa				
		s and payments				
- 1	j Total credits	and payments (add lines 14f throu	gh 14i)		14j	
	15 Enter any P	ENALTY for underpayment of estim	ated tax—Check ▶ ☐ if Form 22:	20 is attached .	15	
]	16 TAX DUE-	If the total of lines 13 and 15 is larg	ger than line 14j, enter AMOUNT OV	WED	16	
- 1	17 OVERPAYN 18 Enter amous	IENT—If line 14j is larger than the nt of line 17 you want: Credited to	total of lines 13 and 15, enter AMO			
	Under pena	ities of perjury, I declare that I have examine	ed this return, including accompanying sched	Refunded ules and statements	▶ 18 and to the t	est of my knowledo
Plea	ase belief, it is t	rue, correct, and complete. Declaration of pre	ed this return, including accompanying sched parer (other than taxpayer) is based on all info	ormation of which pre	parer has an	y knowledge.
Sigr Her	e b		I			
	Signate	ire of officer	Date	Title		
Paid	Preparer's		Date	Chack if	Prepa	erer's social security
	arer's signature	<u></u>		Check if self-employed ▶		1 1
	Pirm's nam					

For	m 112	PO-PC (1989)					Page
S	che	ule A Taxable Income—S	ection 832				
	1 2	Premiums earned—section 832(Dividends—section 832(b)(2) (Section 832(b)(4) (Schedule E, line chedule C, line 14, colu	7) ,		1 2	
			(a) Interest received	(b) Amortization of premium	(c) Balance (Column (a) less column (b))		
	3 3	Gross interest—section 832(b)(2).					
	١.	Interest exempt under section 103.					
		Taxable interest (line 3a less line 3b)				3c	
•	4	Rents—section 832(b)(2)				4	
Ĕ	5	Royalties—section 832(b)(1)(C)				5	
псоте		Capital gain net income—section				6	
=	7					7	
	8	Certain mutual fire or flood insuran				8	
	9	Income on account of special inco				9	
	ı -	Income from protection against lo				10	
	lii					11	
		Income from a special loss discou				12	
	13	Other income—section 832(b)(1				13	
	14	Gross income (add lines 1 through					
-	15					14 15	
	17	Salaries and wages—section 832(16c	
		Worthless agency balances and bi				17	
_	18	Rents—section 832(c)(1)				18	
S	19					19	
₫	20	Interest—section 832(c)(2)				20	
Š	21	Contributions—section 832(c)(9)				21	
2	22	Depreciation (attach Form 4562)				22	
5	23	Depletion—section 832(c)(8)				23	
ō	24	Pension, profit-sharing, etc., plan				24	
Ë	25	Employee benefit programs—sec				25	
ati	26	Losses incurred—section 832(c)				26	
ŧ	27	Additional deduction—section 84	7			27	
≐	28	Other capital losses—section 832				28	
ē	29	Dividends to policyholders—secti				29	
2	30	Mutual interinsurers or reciprocal				30	
rtio	31	Other deductions—sections 832 unpaid loss adjustment expenses)				31	
Ę.	32	Total deductions (add lines 15 thr	ough 31)			32	
Ë	33	Subtotal (fine 14 less line 32) .				33	
(See		Special deduction for section (Schedule H, line 6)	833 organizations—	section 833(b)	1 1		
Deductions (See instructions for limitations on deductions)	t	Deduction on account of special section 832(c)(13)	I income and deducti	ion accounts			
3	c	Total (add lines 34a and 34b)				34c	
ě		Subtotal (line 33 less line 34c) .				35	
		Dividends-received deduction—se			1		
		Net operating loss deduction—se					
		Total (add lines 36a and 36b) .				36c	
	37	Taxable income or (loss) (line 35 I	ess line 36c). Enter her	e and on page 1, line 1		37	

	(a) Interest received	(b) Amortization of premium	(c) Balance (Column (a) less column (b))			
034/6/17/4				- V		
1a Gross interest—section 834(b)(1)(A) b Interest exempt under section 103						
c: Taxable interest (line 1a less line 1b)				10		
2 Dividends—section 834(b)(1)(A)	(Schedule C. line 14.	column (c))		2		
3 Gross rents—section 834(b)(1)(A)			. 3		
4 Gross royalties—section 834(b)(1)(A)			· 4		-+
5 Gross income from trade or busin	ness other than insurar	ice business and from	Form 4797—section	1 _ 1		
834(b)(2)				. 5		
6 Income from leases described in	sections 834(b)(1)(B) a	and 834(b)(1)(C)		6		
7 Gain from separate Schedule D (Form 1120)—section i	834(b)(1)(D)		. 7		
8 Gross investment income. (add lin	nes 1c through 7) .	 	 	. 8		-
9 Real estate taxes—section 834(c	c)(3)	$\mathcal{L}_{i}(x) = (x_i + x_i) + (x_i + x_i)$		10		-t
10 Other real estate expenses—sec	tion 834(c)(3)	$\dots \dots \dots \dots$		11		
11 Depreciation (attach Form 4562)				12		_
12 Depletion—section 834(c)(9) .				13		一
13 Trade or business deductions as	provided in section 834	l(c)(8) (attach schedu	ile)	14		
14 Interest—section 834(c)(5)		13 column (a)\		15		
15 Other capital losses—section 83	14(c)(6) (Schedule G, II	ne 12, column (g)) .		16		
16 Total (add lines 9 through 15) .		to the second second		17		
17 Investment expenses—section 8	334(c)(2) (attach sched	iule)		18		
18 Total deductions (add lines 16 ar						
				19		
19 Line 8 less line 18	section 834(c)(7) (Sch			20		\Rightarrow
20 Dividends-received deduction—	section 834(c)(7) (Sch	edule C, line 27).		20		
20 Dividends-received deduction—	section 834(c)(7) (Sch	edule C, line 27).				
20 Dividends-received deduction— 21 Taxable investment income or (light charities Bart III—Invested A	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values	edule C, line 27).	page 1, line 2	20		
Dividends-received deduction— Taxable investment income or (le	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values	edule C, line 27).	page 1, line 2	20	B.)	
20 Dividends-received deduction— 21 Taxable investment income or (Inchesials Barrells—Invested A	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values	edule C, line 27). O). Enter here and on	page 1, line 2 located to investmen (a) Beginning of tax year	20	e.) (b) End of ta	х уеат
20 Dividends-received deduction— 21 Taxable investment income or (leshedule B Part II—Invested A (Complete only if you	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values	edule C, line 27). O). Enter here and on	page 1, line 2	20	e.) (b) End of ta	х уеат
20 Dividends-received deduction— 21 Taxable investment income or (least to be divided by the complete only if you real estate	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values I claim a deduction for	edule C, line 27). O). Enter here and on general expenses al	page 1, line 2	20	e.) (b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (National Part II — Invested A (Complete only if you Real estate Mortgage loans	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values I claim a deduction for	edule C, line 27). (0) Enter here and on general expenses al	page 1, line 2	20	e.) (b) End of ta	х уеаг
20 Dividends-received deduction— 21 Taxable investment income or (Its hedule B Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Policy loans, including premium not	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values a claim a deduction for	edule C, line 27). (0). Enter here and on general expenses al	page 1, line 2	20	e.) (b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (Its heddle B Part II — Invested A (Complete only if you Real estate Mortgage loans Collateral loans Collateral loans including premium not Bonds of domestic corporations	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values I claim a deduction for es	edule C, line 27). O). Enter here and on r general expenses al	page 1, line 2 located to investmen (a) Beginning of tax year 2 3 4 5	20	a.) (b) End of ta	x year
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20 Dividends-received deduction— 21 Taxable investment income or (lichedule B) Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Stock of domestic corporations Government obligations, etc Bank deposits bearing interest	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values a claim a deduction for es	edule C, line 27). O). Enter here and on general expenses al	page 1, line 2	20	e.) (b) End of ta	х уеат
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20 Dividends-received deduction— 21 Taxable investment income or (It- hedule B Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Government obligations, etc. Bank deposits bearing interest Other interest-bearing assets (attact Total (add lines 1 through 9)	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values a claim a deduction for es	edule C, line 27). (O). Enter here and on r general expenses al	page 1, line 2	20	(b) End of ta	х уезг
20 Dividends-received deduction— 21 Taxable investment income or (Italian Barrell Barr	section 834(c)(7) (Sch oss) (Line 19 less line 2 Assets Book Values c claim a deduction for es	edule C, line 27). (0). Enter here and on general expenses al	page 1, line 2 located to investmen (a) Beginning of tax year 3 4 5 6 7 8 9 0	20 21 t incom	(b) End of ta	x year
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20 Dividends-received deduction— 21 Taxable investment income or (Note of the dule B) Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Government obligations, etc Bank deposits bearing interest Other interest-bearing assets (attact) Total (add lines 1 through 9) Add columns (a) and (b), line 10 Mean of the invested assets for the Weat of 1% of line 12 (multiply line 12	section 834(c)(7) (Schooss) (Line 19 less line 2 Assets Book Values in claim a deduction for the control of the	edule C, line 27). (O). Enter here and on r general expenses al	page 1, line 2 located to Investmen (a) Beginning of tax year 3 4 5 6 7 8 9 0	20 21 t incom	(b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (its heddle B) Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Stock of domestic corporations Government obligations, etc Bank deposits bearing interest Other interest-bearing assets (attact) Total (add lines 1 through 9) Add columns (a) and (b), line 10 Mean of the invested assets for the 4 of 1% of line 12 (multiply line 12 Income base (Subtract line 1b, Sch	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values a claim a deduction for es es th schedule) tax year (enter one-hal	edule C, line 27). (O). Enter here and on general expenses all and a series and a series all a series and a series all a	page 1, line 2 located to Investmen (a) Beginning of tax year 3 4 5 6 7 8 9 0	20 21 t incom	(b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (Its and Its	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values I claim a deduction for es es th schedule) tax year (enter one-hale by .0025) edule B, Part I, from th umn (c), Schedule B, P	edule C, line 27). (O). Enter here and on general expenses al	page 1, line 2 located to Investmen (a) Beginning of tax year 2 3 4 5 5 7 8 9 0	20 21 t incom	(b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (it include B) Part II—Invested A (Complete only if you Real estate Mortgage loans Collateral loans Collateral loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Government obligations, etc Bank deposits bearing interest Other interest-bearing assets (attact Total (add lines 1 through 9) Add columns (a) and (b), line 10 Mean of the invested assets for the W of 1 % of line 12 (multiply line 12 to Schedule B, Part I, plus line 1b, Sch Schedule B, Part I, plus line 1b, bine 12 (multiply line 12 %) 34% of line 12 (multiply line 12 %)	esction 834(c)(7) (Schooss) (Line 19 less line 2 Assets Book Values in claim a deduction for the control of the	edule C, line 27). (O). Enter here and on general expenses al general expenses al folione 11) are total of line 8, art l)	page 1, line 2 located to Investmen (a) Beginning of tax year 2 3 4 5 5 6 7 8 9 0 0	20 21 t incom	(b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (it shedule B) Part II—Invested A (Complete only if you Real estate Mortgage loans Policy loans, including premium not Bonds of domestic corporations Stock of domestic corporations Government obligations, etc Bank deposits bearing interest Other interest-bearing assets (attac) Total (add lines 1 through 9) Add columns (a) and (b), line 10 Mean of the invested assets for the Wort of the other land of the invested assets for the Schedule B, Part I, plus line 1b, colt 53% of line 12 (multiply line 12 by Line 14 less line 15 (but do not enter	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values a claim a deduction for es es th schedule) tax year (enter one-hal by 0025) edule B, Part I, from th umn (c), Schedule B, P 0375) er less than zero)	edule C, line 27). (O). Enter here and on general expenses all general	page 1, line 2 located to investmen (a) Beginning of tax year 2 3 4 5 5 7 8 9 9 0	20 21 t incom	(b) End of ta	x year
20 Dividends-received deduction— 21 Taxable investment income or (Itchedule B Part II — Invested A (Complete only if you Real estate . Mortgage loans . Collateral loans . Policy loans, including premium not Bonds of domestic corporations . Stock of domestic corporations . Stock of domestic corporations . Government obligations, etc . Bank deposits bearing interest . Other interest-bearing assets (attac) Total (add lines 1 through 9) . Add columns (a) and (b), line 10 2 Mean of the invested assets for the 3 ¼ of 1% of line 12 (multiply line 12 4 Income base (Subtract line 1b, Sch	section 834(c)(7) (Schoss) (Line 19 less line 2 Assets Book Values a claim a deduction for es es th schedule) tax year (enter one-hal by 0025) edule B, Part I, from th umn (c), Schedule B, P 0375) er less than zero)	edule C, line 27). (O). Enter here and on general expenses all general	page 1, line 2 located to investmen (a) Beginning of tax year 2 3 4 5 5 7 8 9 9 0	20 21 11 12 13	(b) End of ta	x year

	120-PC (1989) edule C Dividends and Special Deductions		Dividends R	eceived	(c) Total dividends
	(See instructions.)	(8) Not subject to section 832(b)(5)(B)	(b) Subject to section 832(b)(5)(8)	received (column (a) p'us column (b))
Inco	me	-	832(0)(3)(6)	OSE(DASAD)	
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)—section 243(a).	1			
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)—section 243(c)	2			
3	Dividends on debt-financed stock of domestic and foreign corporations—section 246A	3			
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	4			
5	Dividends on certain preferred stock of 20%-or-more- owned public utilities	5_			
6	Dividends on stock of certain less-than-20%-owned foreign corporations and certain FSCs .	6_			
7	Dividends on stock of certain 20%-or-more-owned foreign corporations and certain FSCs.	7			
8	Dividends on stock of wholly owned foreign subsidiaries and FSCs—section 245(b)	8_			
9	Dividends from affiliated companies—section 243(a)(3)	9			
10	Other dividends from foreign corporations not included on lines 6, 7, and 8.	10			
11	Income from controlled foreign corporations under sub- part F (attach Forms 5471)	11			
12	Foreign dividend gross-up (section 78)	12			
13	Other dividends (attach schedule)	13			
14	Total dividends—add lines 1 through 13. Enter the amount from column (c) on Schedule A, line 2, or Schedule B, Part I, line 2, whichever is applicable	14			
			Dividends-Recei	ved Deduction	(c) Total dividends-receive
Dec	luction		a) Not subject to section 832(b)(5)(8)	(b) Subject to section 832(b)(5)(8)	deduction (column (a) piu column (b))
15	70% of line 1	15		<u> </u>	
16	80% of line 2	16			
17	Deduction for line 3 (see instructions)	17			
18	41.176% of line 4	18			
19	47.059% of line 5	19			
20	70% of line 6	20			
21	80% of line 7	21			
22	100% of line 8	22			
23	Total—add lines 15 through 22. (See instructions for limitation.)	23		1	
24	100% of line 9	24	<u></u>		
25	Total not subject to section 832(b)(5)(B)—add line 23, column (a), and line 24, column (a)				
26		lumn (b), and line 24,	6	
27	Total deduction—add line 23, column (c), and line 24, column 36a, or Schedule B, Part I, line 20, whichever is applied	olumn	(c). Enter here and on	Schedule A,	,

dit						
	edule E Premiums Earned (See Instructions.)—Section 832					
	Net premiums written—section 832(b)(4)(A)			1		
	Plus: Unearned premiums on outstanding business at the end of the precedi	ng tax	year:			
	100% of life insurance reserves included in unearned premiums (section			<i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
	832(b)(7)(A)) and all unearned premiums of section 833 organizations.	2a				
	90% of unearned premiums attributable to insuring certain securities—					
	section 832(b)(7)(B)	2b		<i>\\\\\\\</i>		1
	Discounted unearned premiums attributable to title insurance—section			<i>VIIIIII</i>		
	832(b)(8)	2c		<i>\\\\\\\</i>		
	80% of all other unearned premiums—section 832(b)(4)(B)	2d		2e		
	Total (add lines 2a through 2d)			3		_
	Line 1 plus line 2e			· · //////////		\vdash
	Less. Unearned premiums on outstanding business at the end of the current	tax ye	ar:			
	100% of life insurance reserves included in unearned premiums (section			\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		
	832(b)(7)(A)) and all unearned premiums of section 833 organizations	4a		<i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
ь	90% of unearned premiums attributable to insuring certain	4ь		- /////////////////////////////////////		
	securities—section 832(b)(7)(B)	40		<i>\(\(\(\(\(\)\\\\\\\\\\\\\\\\\\\\\\</i>		1
c	Discounted unearned premiums attributable to title insurance—section 832(b)(8)	4c		. <i>VIIIII</i>		
	80% of all other unearned premiums—section 832(b)(4)(B)					
	Total (add lines 4a through 4d)			. 4e		
	Line 3 less line 4e			5		
,	Transitional adjustment (Fiscal year filers see instructions)					
	(1) Unearned premiums (other than title, life, and those described in	1		W//////		
a	sections 832(b)(7)(B) and 833) as of 12/31/86—section 832(b)(4)(C)	6a(1)				
	(2) Line 6a(1) times 31/3%			6a(2)		
	(1) Unearned premiums attributable to insuring certain securities as of					
	12/31/86—section 832(b)(7)(B)	6b(1)				
	(2) Line 6b(1) times 13/3%			6b(2)		
c	Adjustment for companies terminating as an insurance company taxable un			ction		
•	832(b)(7)(C)			<u>6</u> c		
d	Total—add lines 6a(2), 6b(2), and 6c			<u>6d</u>		_
_	Premiums earned—line 5 plus line 6d. Enter here and on Schedule A, line 1	<u>. </u>		7		
ch	edule F Losses Incurred (See instructions.)—Section 832					
					-	_
	Language and during the territories (ettech achodule)			1 1		
!	Losses paid during the tax year (attach schedule)			1		
l 2	Plus:	 I	 I	1		
l 2	Plus: Unpaid losses on life insurance contracts outstanding at the end of the		 	1		
2 a	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii)			1		
2 a	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax			1		
a b	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$.			2c		
a b	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines 2a and 2b			2c 3		
a b c	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines 2a and 2b					
i 2 a b c 3	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less:					
i 2 a b c 3	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the	2a_2b				
1 2 a b c 3	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section 832(b)(5)(A)(ii)	2a_2b				
1 2 a b c 3	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the	2a_2b				
a b c 3 4 a	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines $2a$ and $2b$. Line 1 plus line $2c$. Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$.	2a 2b				
a b c 3 4 a b	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section 832(b)(5)(A)(ii) Total—add lines 4a and 4b	2a 2b		3		
a b c 3 4 a	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines 2a and 2b	2a 2b		4c		
2 a b c 3 4 a b c 5 6	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section 832(b)(5)(A)(iii) Discounted unpaid losses outstanding at the end of the preceding tax year—section 832(b)(5)(A)(iii) Total—add lines 4a and 4b Losses incurred—line 3 less line 4c—section 832(b)(5)(A). Tax-exempt interest subject to section 832(b)(5)(B)	2a 2b 4a 4b		4c		
2 a b c 3 4 a b c 5	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines $2a$ and $2b$. Line 1 plus line $2c$. Line 1 plus line $2c$. Line 1 plus line $2c$. Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$. Total—add lines $4a$ and $4b$. Losses incurred—line 3 less line $4c$ —section $832(b)(5)(A)$. Tax-exempt interest subject to section $832(b)(5)(B)$. Dividends-received deduction subject to section $832(b)(5)(B)$.—Enter the	2a 2b 4a 4b		4c		
2 a b c 3 4 a b c 5 6 7	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Discounted unpaid losses outstanding at the end of the current tax year—section 832(b)(5)(A)(ii) Total—add lines 2a and 2b Line 1 plus line 2c Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section 832(b)(5)(A)(iii) Discounted unpaid losses outstanding at the end of the preceding tax year—section 832(b)(5)(A)(iii) Total—add lines 4a and 4b Losses incurred—line 3 less line 4c—section 832(b)(5)(A). Tax-exempt interest subject to section 832(b)(5)(B)	2a 2b 4a 4b		4c 5		
2 a b c 3 4 a b c 5 6	Plus: Unpaid losses on life insurance contracts outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the current tax year—section $832(b)(5)(A)(ii)$. Total—add lines 2a and 2b. Line 1 plus line 2c. Less: Unpaid losses on life insurance contracts outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$. Discounted unpaid losses outstanding at the end of the preceding tax year—section $832(b)(5)(A)(ii)$. Total—add lines 4a and 4b. Losses incurred—line 3 less line 4c—section $832(b)(5)(A)$. Tax-exempt interest subject to section $832(b)(5)(B)$. Dividends-received deduction subject to section $832(b)(5)(B)$. Enter the amount from Schedule C. line 26	2a 2b 4a 4b 6 7 8		4c 5		

	(Capital a	ssets sold or excha	(See instruction nged to meet abnor		ses and to pay div	dends and similar dist	tributio	ns to policyholder	s.)
1	Dividends and similar	r distributions pai	d to policyholder	s			1		↓_
2	Losses paid						2		+
3	Expenses paid						3		+-
4	Total (add lines 1, 2,	and 3)			1.56		4		+-
5	Interest received—a	djusted to cash m	nethod if necessa	ry	5				
6	Dividends received— method if necessary								
7	Gross rents, gross ro trade or business of from Form 4797 (inc method if necessary	ther than an instruction	surance business rested assets only	including inco y), adjusted to c	ash 7				
8	Net premiums receiv	ed (adjusted to c	ash method if ned	cessary)	8				
9	Total (add lines 5 thr	ough 8)					9		+
									l
10	Limitation on gross rece				1		10	(g) Loss (col. (d	lolus
(а) Description of capital asset	(b) Date acquired	(c) Gross sales price	(d) Cost or other basis	(e) Expense of sale	(f) Depreciation allo (or allowable)	wed	col. (e) less the s cols (c) and	um of
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12	Totals—column (c) mus line 10. (Enter column line 28, or Schedule B, f	(g) in Schedule A,							
	line 10. (Enter column line 28, or Schedule B, I applicable)	(g) in Schedule A, ine 15, whichever is		Organizations	(See instructi	ons.)			
Sch	line 10. (Enter column line 28, or Schedule B, I applicable)	(g) in Schedule A, ine 15, whichever is		Organizations	(See instructi	ons.)			
Sch Part	line 10. (Enter column line 28, or Schedule B, 1 applicable) redule H Specia	(g) in Schedule A, ine 15, whichever is	r Section 833 (
Sch Pari	line 10. (Enter column line 28, or Schedule B, 1 applicable) redule H Specia t I—Computation of Claims incurred duri	(g) in Schedule A, ine 15, whichever is	r Section 833 (:)(A)(i)	, .		1_1_		
Sch Part	line 10. (Enter column line 28, or Schedule B, 1 applicable) redule H Specia	(g) in Schedule A, ine 15, whichever is I Deduction for Deduction of Deduction mg the tax year—uring the tax year	r Section 833 (()(A)(i) ith the administr	ration, adjustme	ent, or	2		
Sch Pari	line 10. (Enter column line 28, or Schedule B.1 applicable) The dule H Special Limits applicable Special Limits incurred duri Expenses incurred d	(g) in Schedule A, ine 15, whichever is I Deduction for Deduction of Deduction mg the tax year—uring the tax year—section 833(b)	r Section 833 (b)(1 r in connection wi)(1)(A)(ii)	(A)(i) ith the administr	ration, adjustme	ent, or	2		
Part 1 2	line 10. (Enter column line 28, or Schedule B, 1 applicable)	(g) in Schedule A, ine 15, whichever is I Deduction for Deduction of Deduction mg the tax year—uring the tax year—section 833(b)	section 833 (b)(1 r in connection wi)(1)(A)(ii)	(A)(i) ith the administr	ration, adjustmo	ent, or	3 4		
Sch Part 1 2	line 10. (Enter column line 28, or Schedule B, 1 applicable) Tedule H Specia I — Computation of Limiting incurred during the structured during the structured during the structured during the structured during the structured during the structured during the structured during the structured during the structured during the structured during the structure during t	(g) in Schedule A, ine 15, whichever is I Deduction for of Deduction mg the tax year—uring the tax year—section 833(b and 2.	r Section 833 (b)(1 in connection wi(1)(A)(ii) .	(A)(i) ith the administr	ration, adjustme	ent, or	2		
Sch Part 1 2 3 4	line 10. (Enter column ine 28, or Schedule B, 1 applicable) Ledule H Specia t I—Computation of Claims incurred duri Expenses incurred duri Expenses incurred distillement of claims Total—add lines 1 a 25% of line 3	(g) in Schedule A, ine 15, whichever is I Deduction for Deduction ang the tax year—section 833(b and 2 surplus (see instruction 4 less line 5	r Section 833 (b)(1 in connection wi(1)(A)(ii) .	i)(A)(i)	ration, adjustme	ent, or	3 4		
Part 1 2 3 4 5 6	line 10. (Enter column line 28, or Schedule B, 1 applicable) Ledule H Specia t I—Computation of Line Expenses incurred during Expenses incurred during Expenses incurred during total—add lines 1 a 25% of line 3 Beginning adjusted s Special deduction—	(g) in Schedule A. ine 15, whichever is 15 Deduction for Deduction mg the tax year—section 833(b and 2	r Section 833 (b)(1 in connection wi (1)(A)(ii)	i)(A)(i)	ration, adjustme	ent, or	2 3 4 5		
Part 1 2 3 4 5 6	line 10. (Enter column line 28, or Schedule B, 1 applicable) **Pedule H	(g) in Schedule A. ine 15, whichever is I Deduction for Of Deduction Ing the tax year— section 833(b) Ind 2 surplus (see instruction) of Ending Adju	r Section 833 (b)(1 in connection wi (1)(A)(ii)	(c)(A)(i)	ration, adjustm	ent, or edule A, line 34a.	2 3 4 5		
Part 1 2 3 4 5 6 Part	line 10. (Enter column line 28, or Schedule B, 1 applicable) Tedule H Specia L — Computation of Expenses incurred during Expenses incurred during Expenses incurred during Expenses of line 3 line 25% of line 3 Beginning adjusted of Special deduction—(See instructions for	(g) in Schedule A. ine 15, whichever is I Deduction for Of Deduction Ing the tax year— section 833(b Ind 2 Surplus (see instru- line 4 less line 5 limitation.) of Ending Adjuster enter all Surplus—enter all Surplus—enter all	r Section 833 (b)(1) r in connection wi (1)(A)(ii) uctions) , but not less the usted Surplus mount from line 5	ith the administr	ration, adjustm	ent, or edule A, line 34a.	2 3 4 5 6		
Part 1 2 3 4 5 6 Part 7	line 10. (Enter column line 28, or Schedule B, 1 applicable) Tedule H Specia I — Computation of Expenses incurred during Expenses incurred duri	(g) in Schedule A, ine 15, whichever is I Deduction for of Deduction mg the tax year—uring the tax year—section 833(b) and 2 isurplus (see instruction 4 less line 5 limitation.) of Ending Adjusurplus—enter at schedule A, line 3	section 833 (b)(1 in connection wi (x)(x)(A)(ii) uctions) , but not less that usted Surplus mount from line 9 4a)—section 83	i)(A)(i)	ration, adjustment of the state	ent, or edule A, line 34a.	2 3 4 5 6		
9 Sch Part 1 2 3 4 5 6 Part 7 8	line 10. (Enter column line 28, or Schedule B, 1 applicable) redule H Specia t I—Computation or Claims incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred during Expenses incurred to Claims Total—add lines 1 a 25% of line 3 Beginning adjusted s Special deduction—(See instructions for t II—Computation Beginning adjusted s Special deduction (See instructions for t II—Computation Beginning adjusted s Special deduction (See instructions for t II—Computation Beginning adjusted s Special deduction (See instructions for t III—Computation Beginning adjusted s Special deduction (See instructions for the III—Computation Beginning adjusted s Special deduction (See instructions for the III—Computation Beginning adjusted s Special deduction (See instructions for t III—Computation Beginning adjusted s Special deduction (See instructions for t III—Computation Beginning adjusted s Special deduction—See instructions for t III—Computation Beginning adjusted s Special deduction—See instructions for t III—Computation Beginning adjusted s Special deduction—See instructions for t III—Computation Beginning adjusted s Special deduction—See instructions for t III—Computation Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction—See instruction Beginning adjusted s Special deduction See instruction Beginning adjusted s Special deduction See instruction Beginning adjusted s Special deduction See instruction Beginning adjusted s Special deduction See instruction See instruction See instruction See instruction See instruction See instruction See instru	(g) in Schedule A, ine 15, whichever is in 15, whichever is in 15, whichever is in 16, whichever is in 16, which was a limit at a year—uring the tax year—uring the tax year—section 833(b and 2	r Section 833 (b)(1 in connection wi (1)(A)(ii)	in zero. Enter h. 5, Part I. 3(b)(3)(C)(i) . section 833(b)(structions):	ere and on Sch	ent, or edule A, line 34a.	2 3 4 5 6		
Part 1 2 3 4 5 6 Part 7 8 9 10 a	line 10. (Enter column line 28, or Schedule B, 1 applicable) Ledule H Specia It I—Computation of the Computation in Schedule A, ine 15, whichever is 15 me 15, whichever is 16 Deduction for Deduction mg the tax year—section 833(b and 2	section 833 (b)(1 in connection wi (x1)(A)(ii)	in zero. Enter his section 833(b)(structions):	ere and on Sch	ent, or ent. o	2 3 4 5 6			
Part 1 2 3 4 5 6 Part 7 8 9 10 a	line 10. (Enter column line 28, or Schedule B, 1 applicable) **Pedule H	(g) in Schedule A. ine 15, whichever is 15 whichever is 16 Deduction for Deduction of Deduction mg the tax year—uring the tax year—section 833(b) and 2	r Section 833 (b)(1 in connection will (1)(A)(ii) uctions) , but not less that usted Surplus mount from line 4a)—section 83 ile A, line 36b)—(3)(C)(iii) (see internal control of the section 83)	in zero. Enter h	ere and on Sch	ent, or edule A, line 34a.	2 3 4 5 6		
Part 1 2 3 4 5 6 Part 7 8 9 10 a	line 10. (Enter column line 28, or Schedule B, 1 applicable) Ledule H Specia It I—Computation of the Computation in Schedule A. ine 15, whichever is 15 whichever is 16 Deduction for Deduction of Deduction mg the tax year—uring the tax year—section 833(b) and 2	r Section 833 (b)(1 in connection will (1)(A)(ii) uctions) , but not less that usted Surplus mount from line 4a)—section 83 ile A, line 36b)—(3)(C)(iii) (see internal control of the section 83)	in zero. Enter h	ere and on Sch	ent, or edule A, line 34a.	2 3 4 5 6			

Form 1120-PC (1989) Page 7
Schedule I	Compensation of Officers (See instructions.)
Schedule J	Additional Information
directly or ind of a domestic see section 26 If "Yes," a address, and owned; and (c or special de 1120 (or lint corporation for tax year. (2) Did any estate, or trudirectly or corporation's see section 26 If "Yes," a address, and owned; and (c person other check "Yes," checked "Yes," 5472.	ttach a schedule showing: (a) Name, identification number; (b) Percentage of the two the stock was a than a U.S. person (see instructions), and show owner's country. Note: If "the corporation may have to file Form" (b) for the previous tax year: \$ (b) for the previous tax year: \$
H Was the cor controlled for 957)? (If "Yes," attac Note: Domesi business in th	poration a U.S. shareholder of any pign corporation (see sections 951 and cherry form 5471 for each such corporation.) ic and foreign corporations in a trade or le U.S. that are controlled by a foreign we to file Form 5472. O Does the corporation discount any of the loss reserver shown on the corporation is adjustment expenses shown on the corporation's annual statement: (a) for the current tax year: \$ (b) for the previous tax year: \$ O Does the corporation discount any of the loss reserver shown on the corporation is count any of the loss reserver shown on the corporation.)
At any time d have an inter- over a financia a bank accour- account)? (Se filing requirem	reserves shown on its annual statement? P Enter the amount of tax-exempt interest received or accrued during the tax year ▶ It securities account, or other financial ethe instructions for exceptions and ents for Form TD F 90-22.1.) in the name of the foreign country.
Schedule K	Subtractions From Protection Against Loss Account (See Instructions.)
 Subtraction Section 82 Section 82 Section 82 Section 82 	(References are to section 824(d)(1) prior to its repeal by P.L. 99-514.) beginning of year 1 is (attach computation of any items on lines 2a through 2d) 2a 4(d)(1)(B) 2b 4(d)(1)(C) 2c 4(d)(1)(D) 2c 4(d)(1)(E) 2d Ulines 2a through 2d. Enter here and on Schedule A, line 10 2e
3 Balance at	end of year—line 1 less line 2e

/GI	edule L Balance Sheets		g of tax year	End of ta	
_	Assets		(b)	(c)	(d)
1	Cash	Yaarii ahaa ka ka ka ka ka ka ka ka ka ka ka ka k			
2a	Trade notes and accounts receivable				
ь	Less allowance for bad debts			(
3	Inventories				
١	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
5	Other current assets (attach schedule)				
7	Loans to stockholders				
3	Mortgage and real estate loans				
•	Other investments (attach schedule)				
)a	Buildings and other depreciable assets				
ь	Less accumulated depreciation	()		()	
l a	Depletable assets				
	Less accumulated depletion.	()		()	
2	Land (net of any amortization)				
la	Intangible assets (amortizable only)				
	Less accumulated amortization	()		()	
ĭ	Other assets (attach schedule).				
;	Total assets				
_	Liabilities and Stockholders' Equity				
5	Accounts payable				
,					
	Mortgages, notes, bonds payable in less than 1 year.				
}	Other current liabilities (attach schedule)		}		
	Loans from stockholders.				
)	Mortgages, notes, bonds payable in 1 year or more .		 		
	Other liabilities (attach schedule)	yanaanaanaanaanaanaanaanaanaanaanaanaana			
2	Capital stock: a Preferred stock			-	
	b Common stock		 		
3	Paid-in or capital surplus		· · · · · · · · · · · · · · · · · · ·		
•	Retained earnings—Appropriated (attach schedule)				
5	Retained earnings—Unappropriated		ļ		
•	Less cost of treasury stock)		<u> </u>
, 	Total liabilities and stockholders' equity		1		
لك	Reconciliation of Income p				1 46 40
_	(You are not required to complete	this schedule if the to	· · · · · · · · · · · · · · · · · · ·		re iess than \$25,0
l	Net income per books			on books this year not	
2	Federal income tax		included in this r		
1	Excess of capital losses over capital gains		a Tax-exempt inter	est \$	
ļ	Income subject to tax not recorded on books				
	this year (itemize)				
			8 Deductions in thi	s tax return not charged	
	Expenses recorded on books this year not		against book inco	me this year (itemize)	
	deducted in this return (itemize)				
	` ,			ryover \$	
а	Depreciation \$	•			
	Depreciation \$,	
ь	Contributions carryover \$				
ь					
ь	Contributions carryover \$ Travel and entertainment \$		9 Total of lines 7 a	nd 8	
c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5	Retained Earning	9 Total of lines 7 a	nd 8	
c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated		9 Total of lines 7 a 10 Income (Schedule A s per Books (line 25	nd 8	re less than \$25.0
b c eli	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete		9 Total of lines 7 a 10 Income (Schedule A. s per Books (line 25 tal assets on line 15, col	nd 8 . line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a	re less than \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year		9 Total of lines 7 a 10 Income (Schedule A. s per Books (line 25 tal assets on line 15, col 5 Distributions: a	nd 8. line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a Cash	re less than \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books.		9 Total of lines 7 a 10 Income (Schedule A. is per Books (line 25 tal assets on line 15, col 5 Distributions: a b	nd 8. line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a Cash Stock	re less than \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books. Other increases (itemize)		9 Total of lines 7 a 10 Income (Schedule A; sper Books (line 25 tal assets on line 15, col 5 Distributions: a b	nd 8. line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a Cash Stock Property	re less than \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books. Other increases (itemize)		9 Total of lines 7 a 10 Income (Schedule A; sper Books (line 25 tal assets on line 15, col 5 Distributions: a b	nd 8. line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a Cash Stock	re less than \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books. Other increases (itemize)		9 Total of lines 7 a 10 Income (Schedule A; sper Books (line 25 tal assets on line 15, col 5 Distributions: a b	nd 8 . line 35)—line 6 less line 9 , Schedule L) urnn (d), of Schedule L a Cash Stock Property (itemize)	re less thân \$25,0
b c	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books. Other increases (itemize)		9 Total of lines 7 a 10 Income (Schedule A. s per Books (line 25 tal assets on line 15, col 5 Distributions: a c 6 Other decreases	nd 8. line 35)—line 6 less line 9 , Schedule L) umn (d), of Schedule L a Cash Stock Property (Itemize)	re less than \$25,0
di Gli	Contributions carryover \$ Travel and entertainment \$ Total of lines 1 through 5 Edule M-2 Analysis of Unappropriated (You are not required to complete Balance at beginning of year Net income per books. Other increases (itemize)		9 Total of lines 7 a 10 Income (Schedule A. 15 per Books (line 25 1a) assets on line 15, col 5 Distributions: a 6 Other decreases	nd 8 . line 35)—line 6 less line 9 , Schedule L) urnn (d), of Schedule L a Cash Stock Property (itemize)	re less than \$25,0

1989



Instructions for Form 1120-PC

U.S. Property and Casualty Insurance Company Income Tax Return

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 104 hrs., 59 min. Learning about the law . 42 hrs., 46 min. or the form Preparing the form 79 hrs. 51 min. Copying, assembling, and sending the form to IRS . . . 9 hrs.. 39 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the Internal Revenue Service. Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; or the Office

of Management and Budget, Paperwork Reduction Project (1545-1027), Washington,

Changes You Should Note

See the instructions for lines 14c and 14d on page 5 of these instructions for how to indicate the portion of the estimated tax applied as a special estimated tax payment

General Instructions A. Purpose of Form

Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return, is used to report income, gains, losses, deductions, and credits of insurance companies other than life insurance

B. Filing Form 1120-PC Who Must File

Every domestic nonlife insurance company subject to taxation under section 831 and every foreign corporation carrying on an insurance business within the U.S. that would qualify as a nonlife insurance company subject to taxation under section 831, if it were a U.S. corporation, must file a return on Form 1120-PC. This includes organizations described in section 501(m)(1) that provide commercialtype insurance and organizations described in

Exceptions. -- A nonlife insurance company

 Exempt under section 501(c)(15) should file Form 990, Return of Organization Exempt

 Subject to taxation under section 831, and that disposes of its insurance business and receives, or otherwise reases to be taxed corporate existence while winding up and liquidating its affairs, should file Form 1120, U.S. Corporation Income Tax Return.

Life insurance companies — Life insurance companies should file Form 1120L U.S. Life Insurance Company Income Tax Return

In general, a corporation must file its income tax return by the 15th day of the 3rd month after its tax year ends. A new corporation filing a short period return must generally file by the 15th day of the 3rd month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved. A foreign corporation that does not maintain an office or place of business in the U.S. has until the 15th day of the 6th month after the end of its tax vear to file.

Extension. - File Form 7004, Application for Automatic Extension of Time To File
Corporation Income Tax Return, to request an atic 6-month extension of time to file. Period Covered .- File the 1989 return for calendar year 1989.

Where To File

If the corporation's principal business.

located in	address
ew Jersey, New York (New ork City and counties of essau, Rockland, Suffolk, and Westchester)	Holtsville, NY 0050
onnecticut Maine	

Lise the following

sachusetts. New Hampshire. Andover, MA 05501 New York (all other counties) Rhode Island, Vermont Florida, Georgia, South Carolina Atlanta, GA 39901 Austin, TX 73301 Indiana, Kentucky, Michigan, Ohio, West Virginia Cincinnati, OH 45999 Iltinois, Iowa, Minnesota, Missouri, Wisconsin Kansas City, MO 64999 Alabama, Arkansas. Louisiana, Mississippi, North Carolina, Tennessee Memphis, TN 37501 Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Maria Marticcino, Medica

Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama,

Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

California (all other counties), Hawaii

Fresno, CA 93RRR

Delaware, District of Columbia, Maryland Pennsylvania, Virginia

Philadelphia, PA 19255

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

The separate income tax returns of a group corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

Signature

The return must be signed and dated by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation

f a corporate officer filled in Form 1120-PC, the Paid Preparer's space under "Signature of officer" should remain blank. I meone prepares Form 1120-PC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-PC should not sign. For mple, a regular, full-time employee of the corporation, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare Form 1120-PC must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST complete the required preparer information and:

 Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

Give a copy of Form 1120-PC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Pub. 1045, Information for Tax Practitioners, for more

C. Figuring and Paying the Tax

Accounting Methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income.

Unless the law specifically permits otherwise, the corporation may not change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) unless it first secures IRS consent on Form 3115, Application for Change in Accounting Method.

Corporations (other than qualified personal service corporations) are not permitted to use the cash method of accounting if their average annual gross receipts are more than \$5,000,000. Corporations required to change from the cash method because of this provision must complete and file Form 3115 in accordance with the requirements in Temporary Regulations section 1.448-1T(g) and 1.448-1T(h). Attach Form 3115 to Form 1120-PC. See section 448 for more

2. Rounding Off to Whole-Dollar Amounts

You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher

3. Depositary Method of Tax

The corporation must pay the tax due in full when the return is filed but no later than the 15th day of the 3rd month after the end of the

Deposit corporation income tax payments Leposit corporation income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (Form 8109). Be sure to darken the "1120" box on the coupon. Make these tax deposits with either a financial institution qualified as a depositary for federal taxes or the Federal Reserve bank or branch serving the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more

To help ensure proper crediting to your account, please write your employer identification number, the type of tax paid. and the tax period to which the deposit applies on your check.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the

For more information concerning deposits, see Pub. 583, Taxpayers Starting a Business.

4. Estimated Tax

Generally, a cornoration must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$500 or more. Use Form 1120-W. Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the deposit coupons (Form 8109) in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing rm 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 after the end of the tax year, but before the 16th day of the third month thereafter, and before the corporation files its tax return

5. Timing Change in Deducting **Accrued Expenses**

Generally, an accruat basis taxgaver can all events have occurred that determine the liability, and the amount of the liability can be determined with reasonable accuracy However, all the events that establish liability for the amount are treated as occurring only when economic performance takes place.
There are exceptions. See section 461(h).

D. Interest and Penalties

Interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it will be liable for penalties unless it can show that failure to file or pay was due to reasonable cause and not willful

1. Interest. -- Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file. negligence, fraud, gross valuation overstatements, and substantial understatements of tax. Interest is charged from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

2. Late Filing of Return.—A corporation that fails to file its return when due (including extensions) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

Since Regulations section 1.6012-2(c) requires that the annual statement approved by the National Association of Insurance Commissioners (NAIC) he filed as part of the return, a late filing penalty may be imposed for not including the annual statement when the return is filed.

3. Late Payment of Tax. - Generally, the penalty for not paying tax when due is ½ of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is mposed on the net amount due.

4. Underpayment of Estimated Tax.—A corporation that fails to make estimated tax underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the corporation must make estimated tax payments of at least the smaller of 90% of the tax shown on the return, or 100% of its prior year's tay. See section 5655 for details and exceptions. Form 2220, Underpayment of Estimated Tax by Corporations, is used to see if the corporation owes a penalty and to figure the penalty. Generally, the corpora does not have to file this form because IRS can figure the amount of any penalty and bill the corporation for it. However, you must complete and attach Form 2220 even if the corporation does not owe the penalty if (a) the annualized income or adjusted seasonal installment method is used, or (b) the corporation is a "large corporation computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure to check the box on line 15, and enter the amount of any penalty on that line. 5. Overstated Tax Deposits.—If deposits are

overstated, the corporation may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(b)

6. Other Penalties. - There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661

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

1. Forms

The corporation may have to file any of the

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

Form W-2P. Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA

Forms 1042 and 1042S. Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Person's U.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on nents or distributions made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments or distributions constitute gross income from sources within the U.S. (see sections 861 through 865). For more ormation, see sections 1441 and 1442, and Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

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

Form 1098. Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

Forms 1099-A, B, DIV, INT, MISC, OID, PATR, R, and S. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers and barter exchange transactions, certain dividends and distributions, interest payments, payments for certain fishing boat crew members, medical and dental health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, individual retirement arrangements, insurance contracts, etc., and proceeds from real estate transactions. Also use these returns to report ounts that were received as a nominee behalf of another person.

For more information, see Pub. 937, Business Reporting.

Note: Every corporation must file information returns if, in the course of its trade or business, it makes payments of rents. commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person during the calenda.

Form 5452. Corporate Report of Nondividend

Form 5498, Individual Retirement Arrangement Information. Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account Form 5713, International Boycott Report, to

persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C o Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC

Form 8264. Application for Registration of a Tax Shelter. This form is used by tax shelter organizers to register tax shelters with the IRS for the purpose of receiving a tax shelter

Form 8271. Investor Reporting of Tax Shelter Registration Number. This form is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number

Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139, Corporation Application for Tentative Refund) or an amended return)

on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken or any income attributable to a tax shelter is reported.

Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

Form 8300. Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8594. Asset Acquisition Statement, is to be filed by both the purchaser and seller of a group of assets constituting a trade or business if goodwill or a going concern value attaches, or could attach, to such assets and if the purchaser's basis in the essets is determined only by the amount paid for the

Form 8316. Special Loss Account and Special Estimated Tax Payments for Insurance Companies. This form must be filed by any insurance company that elects to take an additional deduction under section 847. See Form 8316 and section 847 for more information.

2. Consolidated Returns

If an affiliated group of corporations includes one or more domestic life insurance companies taxed under section 801, the common parent may elect to treat those companies as includible corporations. The life insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2) and Regulations section 1.1502-47(0)(2)

The parent corporation of an affiliated group of corporations must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- · Items of gross income and deductions
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Note: If a nonlife insurance company is a member of an affiliated group, file Form 1120-PC as an attachment to the consolidated return in lieu of filing supporting statements. Write across the top of page 1 of Form 1120-PC, "Supporting Statement to Consolidated Return."

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

3. Statements

NAIC Annual Statement.—Regulations section 1.6012-2(c) requires that the NAIC annual statement be filed with Form 1120-PC.

Stock ownership in foreign corporations.— Attach the required statement to Form 1120-PC if the corporation owned 5% or more in value of the outstanding stock of a foreign personal holding company and the corporation was required to include in its gross income any undistributed foreign personal holding company income from a foreign personal holding company. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation may have to file Form 5471, information Return with Respect to a Foreign Corporation.

A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472, Information Return of a Foreign-Owned Corporation

Transfers to a corporation controlled by the transferor.—If a person receives stock or securities of a controlled corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach to their respective income tax returns the information required by Regulations section 1.351-3.

4. Attachments

Please complete every applicable entry space on Form 1120-PC. Do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120-PC.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Show the same information called for on the form in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separates heets after all the schedules and forms. Also, put the corporation's name and employer identification number (EIN) on each sheet.

Specific Instructions

Item A. Employer Identification number. — Enter the corporation's EIN. A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same internal Revenue Service Center to which Form 1120-PC is mailed. If the EIN has not been received by the filing time for the corporation, write "Applied for" in the space provided for the EIN.

Item D.—Indicate a final return, change of address, or amended return by checking the appropriate box.

Item E.—Check the appropriate box provided if the carporation is a foreign corporation and elects under (1) section 953(c/3)(C) to treat its related person insurance income as effectively connected with the conduct of a trade or business in the U.S., or (2) section 953(d) to be treated as a domestic corporation. A foreign corporation making either election should file its return with the Internal Revenue Service Center, Philadelphia, PA 19255.

See Notice 89-79, 1989-30 I.R.B. 7, for the procedural rules to make the section 953(d)

Note: Once either election is made, it shall apply to the tax year for which it is made and to all subsequent tax years unless revoked with the consent of the Secretary of the Treasury.

Taxable income

Line 1, Taxable Income, and line 2, Taxable Investment Income.—If the corporation is a small company as defined in section 831(b)(2) and makes the election under section 831(b)(2)(4)(ii) to be taxed on taxable investment income, complete Schedule B (ignore Schedule A) and enter the amount from Schedule B, line 21, on line 2, page 1. All other companies should complete Schedule A (ignore Schedule B) and enter on line 1, page 1, the amount from Schedule A, line 37.

Tax Computation and Payments

Page 1, lines 3-18

Corporations that are not members of a controlled group should skip line 3, and use the line 4 instructions to figure their tax, including any additional tax, to enter on line 4. Members of a controlled group of corporations should check the box on line 3 and compute their tax by using the Tax Computation Worksheet below. Also, they should see the instructions below for lines 3a and 3b before computing their tax.

Line 3a. — Members of a controlled group, as defined in section 1563, are entitled to one \$50,000 amount and one \$25,000 amount (in that order) in each taxable income bracket on line 3a.

When a controlled group adopts or later amends an apportonment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) or the requirements and for the time and manner of making the consent.

Equal Apportlomment Plan. If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of Corporation And Corporation B. They do not elect an apportionment plan. Therefore, Corporation A is entitled to \$25,000 (one-half of \$50,000) in the \$50,000 taxable income bracket on line 3a(i) and to \$12,500 (one-half of \$25,000) in the \$25,000 (but a base) income bracket on line 3a(ii). Corporation B is also entitled to the same apportionment in each taxable income

Unequal Apportionment Plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.

Page 3

Tax Computation Worksheet (For members of a controlled group)

- 1. Enter the taxable income (line 1 or 2, page 1)
 2. Enter line 1 above or your share of the \$50,000 taxable income bracket, whichever is less

 3. Subtract line 2 from line 1
 4. Enter line 3 or your share of the \$25,000 taxable income bracket,
- whichever is less
- 5. Subtract line 4 from line 3
- 6. 15% of line 2 7. 25% of line 4
- 8. 34% of line 5
- If the taxable income of the controlled group exceeds \$100,000, enter the portion of the lesser of 5% of the excess over \$100,000 or \$11,750 that this member must pay.

10. Add lines 6 through 9. Enter here and on line 4, page 1
Additional tax. Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000. If the additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. See section 1561(a). Each member of the group must enter its share of the additional 5% tax on line 3b and attach to its tax return a checkule that shows the taxable income of the entire group as well as how its share of the additional tax was figured.

Line 4. Income tax If the amount

on line 1 or 2, Form 1120-PC

is: <i>Over</i> —	But not over—	Its tax is:	Of the amount over—
0	\$50,000	15%	
\$50,000	75,000	\$7,500 + 25%	\$50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000		34%	(

Include on line 4, page 1, Form 1120-PC, any interest charge for certain installment sales. See sections 453()(3) and 453A(c) for details. Write on the dotted line to the left of line 4 "Sec. 453A(c)) for Sec. 453A(c) interest—5(amount). Attach a schedule showing the computation.

If the corporation was a shareholder in a passive foreign investment company (PFIC) that received an excess distributed or disposed of its investment in the PFIC during the year, it must include the aggregate increases in taxes due under section 1291(c/X) in the amount to be entered on line 4, page 1 Form 1120-PC. Write on the dotted line to the left of line 4, "Sec.1291— S(amount)." Do not include on line 4 the interest charge due under section 1291(c/X). Instead, write "Sec. 1291 interest" and the amount owed in the bottom margin of page 1, Form 1120-PC. See Form 8621 for details.

Line S. Enter amount of tax that a reciprocal must include.—Section 835 provides that a mutual insurance company that is an interinsurer or reciprocal underwriter can elect to limit the deduction for amounts paid or incurred to a qualifying attorney-in-fact to the amount of the deductions of the attorney-in-fact that are allocable to the income received by the attorney-in-fact form the reciprocal. If this election is made, any increase in the taxable income of a reciprocal that is attributable to this limitation is taxed at the highest rate of tax specified in section 11(b).

If the mutual insurance company's taxable income before including the section 835(b)

income before including the se

amount is \$100,000 or more, make no entry on line 5. Otherwise, this tax is 34% of the section 835(b) amount. If there is an entry on line 5, attach a statement showing how you computed the tax.

Reciprocal underwriters making the election under section 835(a) are allowed a credit on

line 14h for the amount of tax paid by the attorney in-fact that is attributable to the income received by the attorney-in-fact from the reciprocal in the lax year. See section 815 and where related regulations for special rules and for information regarding the statements required to be attached to the

Line 7a. Foreign tax credit.—See Form
1118, Computation of Foreign Tax Credit—
Corporations, for an explanation of when a
corporation can take this credit for payment of

income tax to a foreign country or U.S.

Line 7b. Other Credits. — Possessions tax credit.— See Form 5712. Election To be Treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit. Compute the credit on Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, include the credit in the amount shown on line 7b. On the line to the left of the entry space, write the amount of the credit and identify it as a section 936 credit.

. Credit for fuel produced from a nenconventional source.—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels,

provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Orphan drug credit.—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit as well as how it is figured.

Line 7c. General business credit.—This credit is made up of the sum of the following credits:

Investment credit, —The investment credit was generally repealed for property placed in service after 1985. See Form 3468, Computation of Investment Credit, for exceptions.

Jobs credit.—The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit determined without regard to the limitation based on the tax (section 38(c)).

Alcohol fuel credit.—A corporation may be able to take a credit for alcohol used as fuel. Use Form 6478, Credit for Alcohol Used As Fuel, to figure the credit.

Credit for increasing research activities.— See Form 6765, Credit for Increasing Research Activities, and section 41.

Low-income housing credit.—See section 42 and Form 8586, Low-Income Housing Credit.

Form 3800, General Business Credit. — Enter on line 7c, page 1, the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, it generally does not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the corporation has a carryforward or carryback any of these credits, it must use Form 3800. For more information, see Pub. 572, General Business Credit.

Line 7d. Credit for prior year minimum tax.—If the corporation had an alternative minimum tax ilability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, if may be able to take the credit for prior year minimum tax. See Form 8801, Credit tor Prior Year Minimum Tax, and section 53.

Line 9. Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company on its income effectively connected with the conduct of a trade or business within the U.S. See sections 842 and 897, and Notice 89-96, 1989-35 i.R.B. 14 for more information. Income from sources outside the U.S. from U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For a definition of effectively connected with the conduct of a trade or business within the U.S. For a definition of effectively connected income, see sections 864(c) and 897.

Generally, any other U.S. source income received by a foreign corporation that is not effectively connected with the conduct of a business within the U.S. is taxed at 30% (or at a lower treaty rate).

Note: Interest received from certain portfolio debt investments that were issued after July 18, 1984, is not subject to the tax. See section 881. If you have this income, attach a schedule showing the kind and amount of income, the tax rate (30% or a lower treaty rate), and the amount of tax.

Additional taxes resulting from the net investment income adjustment may offset a company's 30% tax on U.S. source income. The tax reduction is determined by multiplying the 30% tax by the ratio of the amount of income adjustment to income subject to the 30% tax, computed without the exclusion for interest on state and local bonds or income exempted from taxation by treaty. See section 842(c/X2). Attach a statement showing how you figured the reduction of section 881 tax. Enter the net tax imposed by section 881 on line 9, page 1.

Note: Section 953(d) allows a foreign insurance company to efect to be taxed as a domestic corporation. If the corporation makes this election, include the additional tax required to be paid on line 13. Write on the dotted line to the left of line 13. "Sec. 953(d) tax——{amount). *Attach a schedule showing the computation. See Section 953(d) for more details.

Line 10. Recapture Taxes .-

Recapture of investment credit.—If property is disposed of or ceases to be inqualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Recapture of low-income housing credit.—If you must recapture part of the low-income housing credit because there has been a decrease in the qualified basis of a building from the prior year, or if you disposed of the building or an ownership interest in it, see Form 8611, Recapture of Low-income Housing Credit, and section 42(i).

Line 11e. Alternative minimum tax.—
Attach Form 4626, Alternative Minimum
Tax.—Corporations, if the taxable income or
(loss) before the net operating loss deduction
when combined with your adjustments and tax
preference items (including the book income
adjustment) exceed \$40,000 (or more than
your allowable exemption amount, if less). See
Form 4626 for details.

Line 11b. Environmental tax.—The corporation may be liable for the environmental tax if the modified alternative minimum taxable income of the corporation exceeds \$2,000,000. See Form 4626 for details.

Line 12. Personal holding company tax.—A corporation is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

Line 13. Total Tax.—Dealers in personal properly. If the corporation deferred the payment of tax for its first or second tax year ending after 1986 under the transition rule of 1986 Act section 811(c)(7), it must include the ratable portion of the tax due for the current tax year on line 13. Write on the dotted line to the left of line 13. "Sec. 453C tax—\$(amount)." Attach a schedule showing the computation.

Line 14b. Prior year's special estimated tax payments to be applied. —Enter on this line the portion of the special estimated tax payments made in earlier tax years that you are applying this year. The amount entered on this line must agree with the amount(s) from line 10, Part II, Form 8816. See Form 8816 and section 847(2) for additional information.

Line 14c. 1989 Estimated tax payments.— Enter on this line your estimated tax payments for 1989. Do not include any amount being applied on line 14d as a "Special estimated tax nayment."

Line 14d. 1989 Special estimated tax payments.—If an additional deduction for undiscounted unpaid losses under section 847 is claimed on Schedule A, line 27, special estimated tax payments must be made in an amount equal to the tax benefit attributable to the deduction. See Form 8816 and section 847(2) for additional information.

Line 14h. Credit by reciprocal for tax paid by attorney-in-fact under section 835(d).—
Enter the amount of tax paid by an attorney-in-fact that is attributable to the income received by the attorney-in-fact from the reciprocal during the tax year. For additional information see section 835, the related regulations, and the instructions for line 5.

Sales or Exchanges of Capital Assets

Report sales or exchanges of capital assets on Schedule D (Form 1120). You must report every sale or exchange of a capital asset in detail. even if there is no gain or loss.

in general, corporate losses from sales or exchanges of capital assets are only allowed up to the gains from such sales or exchanges. However, for companies taxable under section \$311, this general rule does not apply to losses from capital assets sold or exchanged to get funds needed to meet abnormal insurance losses and to psy dividends and similar distributions to policyholders. The net capital loss for these companies is the amount by which losses for the year from sales or exchanges of capital assets are more than the gains from these sales or exchanges plus the

- (1) Taxable income (computed without regard to gains or losses from sales or exchanges of capital assets); or
- (2) Losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders.
- Subject to the limitations in section 1212(a), a net capital loss can be carried back 3 years and forward 5 years as a short-term capital loss.

For more information on gains and losses from sales or exchanges of property, see the instructions for Schedule D (Form 1120) and Pub. 544, Sales and Other Dispositions of Assets.

Schedule A-Taxable Income

Gress Income. —The gress amounts of underwriting income and investment income should be computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Association of Insurance Commissioners.

Note: In computing the amounts entered on lines 2, 3, and 4, take all interest, dividends,

or rents received during the year, add interest, dividends, or rents due and accrued at the end of the tax year, and deduct interest, dividends, or rents due and accrued at the end of the preceding tax year. For rules regarding the accruel of dividends, see Regulations section 1.301-1(b).

Line 3a, column (a). Gross interest.—Enter the gross amount of interest income, including all tax-exempt interest.

Une 3b. column (a). Interest axempt under section 103.—Section 103(a) provides that interest on state or local bonds is exclusible from gross income. This exclusion does not apply to: (1) any private activity bond which is not a qualified bond within the meaning of section 141; (2) any arbitrage bond within the meaning of section 148; or (3) any bond that does not meet the applicable requirements of section 149 (regarding the registration of tax-exempt bonds).

Lines 3a and 3b, column (b). Amortization of premium.—Enter on line 3a, column (b), the total amortization of bond premium, including amortization on tax-exempt bonds. Enter on line 3b, column (b), the amortization of bond premium on tax-exempt bonds only. Line 4. Rents.—Enter gross rents, computed as indicated in the note above. Deduct rental expenses, such as repairs, interest, taxas and depreciation on the proper lines in the deductions section (lines 15 through 31).

Line 5. Royalties.—Enter gross royalties. If you claim a deduction for depletion, report it on line 23

Line 6. Capital gain net income.—Enter the capital gain net income (if any) shown on line 11 of Schedule D (Form 1120).

Line 8. Certain mutual fire or flood Insurance companies. — Under the provisions of section 832(b)(1)(D), a mutual fire or flood insurance company whose principal business is the issuance of policies:

- (i) for which the premium deposits are the same (regardless of the length of the term for which the policies are written), and
- (ii) under which the unabsorbed portion of such premium deposits not required for losses, sepenses, or establishment of reserves is returned or credited to the policyholder on cancellation or expiration of the policy, must include in income an amount equal to 2% of the premiums earned on insurance contracts during the tax year with respect to such policies returned or credited during the same tax year.

Line 9. Income on account of the special Income and deduction accounts. — Section 832(e) requires companies which write the kinds of insurance listed below to maintain the following special accounts. A company which writes:

- (1) mortgage guaranty insurance, must maintain a mortgage guaranty account;
- (2) lease guaranty insurance, must maintain a lease guaranty account; and
- (3) insurance on obligations the interest on which is excludible from gross income under section 103, must maintain an account with respect to insurance on state and local obligations.

Amounts that are required to be added to these special accounts under the provisions of section 832(e)(4) or 832(e)(6) are allowed as a deduction on line 34b of Schedule A. Amounts that are required to be subtracted from these accounts under the provisions of sections 832(e)(5) and 832(e)(5) must be reported as income on line 9 of Schedule A.

Page 5

Additions to special accounts.— Generally, section 832(e) allows a deduction for additions to reserves for mortgage guaranty insurance losses, leases guaranty insurance losses, or losses on the insurance of state and local obligations resulting from adverse economic cycles. The deduction with respect to each of these types of insurance may not exceed 50% of premiums earned during the tax year on that type of insurance. Further, no deduction is allowed unless the company purchases tax and loss bonds in an amount equal to the tax benefit attributable to such deduction.

These tax and loss bonds must be purchased on or before the date that any taxes (determined without regard to section 832(e)) due for the taxable year for which the deduction is allowed are due to be paid. If a company would make payments of estimated tay if section 832(e) did not apply, then whether or not such company pays estimated tay after the application of section 832(e). such bonds must be purchased on or before the date for paying such estimated tax in order for them to be considered purchased on or before the date that any taxes due for the tax year are to be paid. If a deduction would be ved but for the fact that tax and loss bonds were not timely purchased, such deduction hall be allowed to the extent such purchases are made within a reasonable time as determined by the Secretary, if all applicable interest and penalties are paid.

Subtractions from special accounts.—The following subtractions from the special income and deduction accounts are required:

- (1) any amount added to an account must be restored to income at the close of 10 years (20 years in the case of insurance on section 103 obligations);
- (2) any excess of the aggregate amount in each account over the amount required by state law or regulation to be set aside in a reserve must be restored to income (see section 832(e)(5)(B) for special rules relating to the determination of such excess amount):
- (3) an amount (if any) equal to the net operating loss for the tax year computed without regard to section 832(e)(5)(C);

(4) any amount improperly subtracted from the account under subparagraphs (A), (B), or (C) of section 832(e)(5) to the extent that tax and loss bonds were redeemed with respect to such amount;

(5) if a company liquidates or otherwise terminates its mortgage guaranty, lease guaranty, or state and local obligation insurance business and does not transfer or distribute such business in an acquisition of assets referred to in section 381(e), the entire amount remaining in such account(s) shall be restored to income in the current tax year; and

(6) except in the case where a company transfers or distributes its mortgage guaranty insurance, lease guaranty insurance, or state and local obligation insurance business in an acquisition of assets referred to in section 381(a), if the company is not subject to the tax imposed by section 831 for any tax year, the entire amount in the account at the close of the preceding taxable year shall be subtracted from the account in such preceding tax year. Line 11. Mutual InterInsurers or reciprocal underwriters—decrease in subscriber

Line 11. Mutual Interinsurers or reciprocal underwriters—decrease in subscriber accounts.—Enter the decrease for the tax year in savings credited to subscriber account of a mutual insurance company that is an interinsure or reciprocal underwriter. See the instructions for line 30, Schedule A, for a definition of savings credited to subscriber accounts.

Line 12. Income from a special loss discount account. —Enter on line 12, the total from line 7, Part I, Form 8816. See section 847(5) and the instructions for Form 8816 for more information.

Line 13. Other income. —Enter on line 13 the total of all taxable income not reported or lines 1 through 12. Attach an itemized schedule listing the sources of all amounts included on line 13.

Deductions

Line 15a. Salaries and wages.—Enter salaries and wages paid or accrued during the tax year. Do not include salaries and wages deducted elsewhere on your return, such as contributions to a simplified employee pension plan that are deducted on line 24 of Schedule A.

Caution: If you provided taxable fringe benefits to your employees, such as the personal use of an auto, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed elsewhere on your return.

Line 16b. Less jobs credit.—Enter on line 16b the amount of the jobs credit from Form 5884.

Line 17. Worthless agency balances and bills receivable. —Enter agency balances and bills receivable that became worthless during the tax year.

Line 18. Rents.—Enter rent paid or accrued for business property in which the company has no equity.

Line 19. Taxes. —Enter taxes paid or accrued during the tax year. Do not include the following taxes:

- 1. Federal income tax;
- 2. Foreign income taxes or U.S. possessions income taxes if you are claiming a foreign or U.S. possessions tax credit;
- 3. Taxes not imposed upon the corporation; or 4. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property. Such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

See section 164(d) for the apportionment of taxes on real estate between a seller and a purchaser.

Line 20. Interest.—Enter interest paid or accrued during the tax year, except interest on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly tax exempt.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized or added to inventory costs. See section 263(g).

Interest paid or incurred that is allocable to certain property produced by a corporation for its own use or for sale must be capitalized. In addition, a corporation must capitalize any interest on debt that it incurred or continued in connection with an asset used to produce the above property. See section 263A for definitions and for more information.

Line 21. Contributions. —Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c), and for any unused contributions carried over from prior years.

The total deduction allowable in any year may not exceed 10% of taxable income (line 37, Schedule A) computed without regard to:

- (1) the deduction for charitable
- (2) the deduction for dividends received; (3) the deductions allowed under sections 249 and 250:
- (4) any net operating loss carryback to the tax year under section 172; and
- (5) any capital loss carryback to the tax year under section 1212(aV1).

Charitable contributions over the 10% limitation may not be deducted in this tax year but may be carried over to the next 5 tax years. A contribution carryover is not allowed, however, to the extent that it increases a net operating loss deduction.

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the tontributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution

Special rule for contributions of certain property. —For a charitable contribution of property, you must reduce the contribution by the sum of:

- The ordinary income or short-term capital gain that would have resulted if the property had been sold at its fair market value, and
- For certain contributions, all of the long term capital gain that would have resulted if the property had been sold at its fair market value.
- The reduction for long-term capital gain applies to:
- Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption; and

2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4)

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

Charitable contributions of scientific property used for research.—A corporation (other than a personal holding company or a personal service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 1706 to

Documentation required for certain contributions.—If a contribution is in property other than money for which the total caimed deduction of all property contributed exceeds \$500, attach a schedule showing the name of each organization to which such a contribution was made and the amount of the contribution. Describe the kind of property contributed and the method used in determining list fair market value. If you include a contribution carryover, show the amount and how it was determined.

Corporations generally must complete and attach Form 8283, Noncash Charitable Contributions, to their returns for contributions of property other than money, if the total claimed deduction for all property contributed was more than \$5,000.

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

Line 22. Depreciation.—Besides depreciation, include on line 22 the part of the cost that the corporation elected to expense under section 179 (limited to \$10,000) for certain recovery property placed in service during the tax year.

Line 23. Depletion.—See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including limite).

Foreign intangible drilling costs and mining and development costs paid or incurred must either te added to the corporation's basis for cost depletion purposes or be deducted ratably over a 10-year period. See sections 253(i), 616, and 617 for more information.

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is taken.

Line 24. Pension, profit-sharing, etc., plans.—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to file these forms on

In addition, there is a penalty for overstating the pension plan deduction. See section

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C/R.—Complete this form for each plan with fewer than 100 participants.

Form 5500EZ.—Complete this form for a one-participant plan.

Line 25. Employee benefit programs.— Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24.

Line 27. Additional deduction (section 847).—Any insurance company that is required to discount unpaid losses under section 846 is allowed an additional deduction that is not to exceed the excess of (1) the amount of certain undiscounted unpaid losses, over (2) the amount of the related discounted unpaid losses, to the extent the amount was not deducted in a preceding tax year. Enter the amount of the additional deduction on this line, and attach form 8816.

Any insurance company taking the additional deduction is required to: (1) make special estimated tax payments equal to the tax benefit attributable to the deduction, and (2) establish and maintain a Special Loss Discount Account. See section 847 and Form 8816 for details.

Line 29. Dividends to policyholders.—Enter the total dividends and similar distributions paid or declared to policyholders in their capacity as such, except in the case of any mutual fire insurance company the dividend to the case of any such as the capacity of the capa

The term "dividends and similar distributions" Includes amounts returned or credited to policyholders on cancellation or expiration of policies issued by a mutual fire or flood insurance company (1) where the premium deposits for the policy are the same (regardless of the length of the term for which the policies are written), and (2) under which the unabsorbed portion of such premium deposits not required for losses, expenses, or establishment of reserves is returned or credited to the policyholder on cancellation or expiration of the policy.

In the case of a qualified group self-insurers fund, the fund's deduction for policyholder dividends is allowed no earlier than the date the state regulatory authority determines the amount of the policyholder dividend that may be paid. See section 6076 of the Technical and Miscellaneous Revenue Act of 1988 ("Act of 1988.")

Line 30. Mutual interinsurers or reciprocal underwriters—Increase in subscriber accounts.—A mutual insurance company that is an interinsurer or reciprocal underwriter may deduct the increase in savings credited to subscriber accounts for the tax year.

Savings credited to subscriber accounts means the surplus credited to the individual accounts of subscribers before the 16th day of the 3rd month following the close of the tax year. This is true only if the company would be required to pay this amount promptly to a subscriber if the subscriber ended the contract when the company year year ends. The company must notify the subscriber as required by Regulations section 1.823-6(c)(ZXV). The subscriber must treat any savings credited to the subscriber's account as a dividend paid or declared.

Line 31. Other deductions.—Enter the total deductions allowable under sections 832(c)(10) (net of the annual statement change in undiscounted unpaid loss adjustment expenses) to the extent they are not reported on lines 15 through 30. Attach a schedule itemizing the amounts included on line 31.

Line 34a. Special deduction for section 833 organizations.—Enter the amount shown on Schedule H. line 6.

Note: The amount claimed cannot exceed taxable income for the tax year (determined without regard to this deduction).

Line 34b. Deduction on account of the special income and deduction accounts. Enter the total of the amounts required to be added to the special income and deduction accounts under the provisions of sections 832(e) and the instructions for Schedule A, line 10, for more information.

Note: The deduction on account of the special income and deduction accounts is limited to taxable income for the tax year (computed without regard to this deduction or to any carryback of a net operating loss).

Line 36s. Dividends-received deduction.—Enter the amount from Schedule C, line 27.

Note: Generally, the dividends-received deduction allowed by sections 243(a)(1), 244(a), and subsections (a) and (b) of section 245 may not exceed 70% (80% in certain cases) of taxable income (or taxable investment income for electing small companies) computed without regard to: (1) the deduction allowed by section 172 (net operating loss); (2) the deductions allowed by section 243(a)(1), section 244(a), subsection (a) or (b) of section 245, and section 245.

(3) any adjustment under section 1059; and (4) any capital loss carryback to the tax year under section 1212(a)(1). However, this limitation does not apply for any tax year for which there is a net operating loss as determined under section 172.

Line 36b. Net operating loss deduction.—Enfort the amount of any net operating loss deduction allowable under section 172. The net operating loss deduction section 172. The net operating loss deduction for a given tax year is the total of the net operating loss carryovers and carrybacks to the tax year. Generally, you must carry a net operating loss back to each of the 3 years preceding the year of the loss and over to each of the 15 years following the year of the loss. There is, however, an election available whereby a company can elect to forego the carryback period and carry the net operating loss over to each of the 15 years following the year of the loss. The election may be made by attaching a statement to a return that is filled on time (including extensions). The election is irrevocable.

The amount of the loss that may be carried to each succeeding year in the carryback or carryover period is the excess, if any, of the amount of such loss over the sum of the taxable income for each of the prior tax years to which such loss may be carried. For this purpose, the taxable income for any such prior tax year shall be computed as provided in section 172(b)(2). If there is a carryback of a net operating loss, net capital loss, or an unused credit, file Form 1139, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. See section 6411.

A net operating loss cannot be carried to or from any tax year for which the insurance company is not subject to tax under section 831(a), or to any tax year if (between the tax year from which such loss is being carried and such tax year) there is an intervening tax year for which the insurance company was not subject to tax imposed by section 831(a).

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see Pub. 536, Net Operating Losses.

See section 382 for the limitation on the amount of taxable income of a loss opproration for any tax year ending after a post-1986 ownership change that may be offset by prechange net operating loss carryovers. Also see Temporary Regulations section 1.382-27(a)(ZVII), which requires that a loss corporation file an information statement with its income tax return for each tax year that it is a loss corporation.

See section 844 for special loss carryover rules for insurance companies.

Schedule B, Part I — Taxable Investment Income or (Loss) of Electing Small Companies

Note: (1) Once an election is made to be taxed only of investment income, it can only be revoked with the consent of the Secretary, and (2) a company making this election must include in gross investment income any amount subtracted from a protection against loss account.

Income

Line 1a, column (a). Gross interest.—Enter the gross amount of interest income including all tax-exempt interest income.

Page 7

Lino 1b, column (a). Intorest exempt under section 103.—Enter the amount of interest on state and local bonds that is exempt from taxation under section 103. See the instructions for Schedule A, line 3b, column (a), for more information.

Lincs 1n and 1b, column (b). Amortization of promiums.—Enter on line 1a, column (b) the total amortization of bond premiums, including amortization of premium on tax-exempt bonds. Enter on line 1b, column (b), the amortization of bond premium on tax-exempt bonds.

Lino 3. Gross ronts.—Enter the gross rents received or accrued during the tax year. Deduct rental expenses such as repairs, interest, taxes and depreciation on the proper lines in the deductions section.

Line 4. Gress royalties.—Enter the gress royalties received or accrued during the tax year. If you claim a deduction for depletion, see line 12 below.

Lino 5. Gross Income from trade or business other than insurance business and from Form 4797.—Enter the gross income from any business other than an insurance business carried on by the insurance company or by a partnership of which the insurance company is a partner. Include section 1245, section 1250 (as modified by section 291), and other gains from Form 4797. Sales of Business Property, on investment assets only.

Line 6. Income from longes described in sections 834(b)(1)(B) and 834(b)(1)(C).— Enter the gross income from entering into (or changing or ending) any lease, mortgage, or other instrument or agreement from which the company earns interest, dividends, rents, or subtice.

Lino 7. Gain from soparato Schodule D.— Enter the capital gain net income (if any) shown on line 11 of Schedule D (Form 1120).

Deductions

Lino 9. Roal catato taxoa.—Enter taxes paid or accrued on real estate owned by the company and deductible under section 164. Also see section 834(d)(1) regarding the limitation of expenses on real estate owned and occupied in part or in whole by a mutual insurance company.

Lino 10. Othor roal ostato exponsos.— Enter all ordinary and necessary real estate expenses, such as fire insurance, heat, light, and labor. Also enter the cost of incidental repairs that keep the property in an ordinary, efficient operating condition but neither materially add to the property's value nor appreciably perioding its file. Do not include any amount paid for new buildings or for permanent improvements or betterments made to increase the value of any property enter the property is held for rent.

Also see section 834(d)(1) regarding the limitation of expenses on real estate owned and occupied in part or in whole by a mutual insurance combine.

insurance company.

Lino 11. Deproclotion.—Enter depreciation on assets only to the extent that the assets are used to produce the income specified in section (SA(b) and reported on lines 1 through 7 of Schedule B. Besides depreciation, include on line 11 the part of the cost you elect to expense for critain recovery property placed in service during the tax year. See the instructions for Form 4942, Depreciation and Amortization. Also see section 834(6X1) regarding the limitation of depreciation and real estate expenses on real estate owned and occupied in part or in whole by a mutual insurance

Page 8

Une 12. Dopletion.—Enter any allowable depletion on the royalty income reported on line 4 of Schedule B. See sections 613 and 613A for percentage depletion rates for natural deposits.

Attach Form T (Timber), if a deduction is claimed for depletion of timber.

Lino 13. Trade or business doductions.— Enter total deductions for any business income included in the insurance company's gross investment income under section 834(b)(22). Do not include deductions for any insurance business. Do not include losses from sales or exchanges of capital assets or property used in the business, or from the compulsory or involuntary conversion of property used in the trade or business.

property used in the trade or business.

Lino 14. Interest.—See the instructions for line 20, Schedule A.

Line 17. Investment exponses.—Enter expenses that are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot be more than the amount shown on Schedule B, Part II, Jine 18. Attach a schedule showing the kind and amount of the items and group the minor items into one amount.

See section 267 for the limitation on deductions for unpaid expenses and interest in transactions between related taxoavers.

Schedule B, Part II—Invested Assets Book Values

Schedule B. Part II, is used to compute the limitation on investment expenses required under section 834(c/2) when any general expenses are in part assigned to or included in the investment expenses deducted on Schedule B. Part I, line 17. In such cases, the total deductible investment expenses are limited to 4 or 19 of the mean of the book value of the invested assets held at the beginning and end of the taxable per plus ¼ of the amount by which taxable investment income (computed without regard to any deduction for (i) investment expenses under section 834(c/2), (ii) tax/free interested assets held at the section 834(c/2), (ii) tax/free interested section 834(c/2), (ii) tax/free interested section 834(c/2), (ii) any dividends-received deduction on allowed by section 834(c/7) exceeds 34% of the book value of the mean of the invested assets held at the beginning and end of the tax year.

Schedule C—Dividends and Special Deductions

Linea 1 through 9, column (a). Not subject to section 832(b)(5)(8). —Enter in column (a) of the appropriate line those dividends that are not subject to the provisions of section 832(b)(5)(8). This will include: (i) all dividends received on stock whose acquisition date is before August 8, 1986; and (ii) 100% dividends on stock acquired after August 7, 1986, to the extent that such dividends are not attributable to prorated amounts.

Linca 1 through 9, column (b). Subject to soction 832(b)(5)(9).—Enter in column (b) of the appropriate line those dividends that are subject to the provisions of section \$82(b)(5)(8). This will include: (f) all dividends (other than 100% dividends) received on stock acquired after August 7.1986; and (ii) 100% dividends received on stock acquired after August 7.1986, to the extent that such dividends are attributable to prorated amounts.

In the case of an insurance company that files a consolidated return, the determination

with respect to any dividend paid by a member to another member of the affiliated group is made as if no consolidated return was filed. See section 832(g).

Definitions.—

Acquisition date.—In the case of investments acquired by direct purchase, the trade date rather than the settlement date should be used for purposes of determining the acquisition date. In the case of investments acquired other than by direct purchase (such as those acquired through transfer among affiliates, tax-free reorganizations, or the liquidation of a subsidiary, etc.), the actual acquisition date should be used regardless of the holding period determined under section 1223.

In the case of dividends received from affiliates, a special rule applies in determining the acquisition date. This rule provides that the portion of any 100% dividend which is attributable to prorated amounts shall be treated as received with respect to stock acquired on the later of: (a) the date the payor acquired the stock or obligation to which the prorated amounts are attributable, or (b) the lists day on which the payor and payee were members of the same affiliated group as defined in section 243(b)(5). Also, if the taxpayer is a member of an affiliated group filing a consolidated return, its determination of dividends received is made as if the group were not filing a consolidated return.

Prorated amounts.—The term "prorated amounts" means tax-exempt interest and dividends with respect to which a deduction is allowable under section 243, 244, or 245 (other than 100% dividends).

100% dividends.—The term *100% dividend" means any dividend if the percentage used for purposes of determining the deduction allowable under section 243, 244, or 245(b) is 100%. A special rule applies with regard to certain dividends received by a foreign corporation.

Line 1.—Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) received from less-than-20%-owned domestic corporations subject to income tax and that qualify for the deduction allowable under section 243(a)(1).

Line 2.—Enter dividends (except those received on debt-financed stock acquired after July 18, 1984) received from 20%-or-more-owned domestic corporations subject to income tax and that qualify for the deduction allowable under section 243(c)(1).

Include on lines 1 and 2 taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the section 243(a)(1) deduction and certain dividends of Federal Home Lean Banks (see section 246(a)(2)). For dividends received from a regulated investment company, see section 854 for the amount that qualifies for the deduction.

So-called dividends or earnings received from mutual savings banks, money market certificates, etc., are really interest and should not be treated as dividends

Line 3. — Enter dividends on debt financed stock (acquired after July 18, 1984) that were received from domestic corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under section 243(a)1). Generally, debt-financed stock is stock that the corporation acquired and, in doing so, incurred a debt (for example, it borrowed money to buy the stock).

Dividends on any debt-financed stock of foreign corporations that was acquired after

July 18, 1984, are also subject to the rules of section 246A. For more information, see section 246A.

Line 4. - Enter dividends received on the preferred stock of a less-than-20%-owned public utility that is subject to income tax and is allowed the deduction provided in section

Line 5.-Enter dividends received on the preferred stock of a 20%-or-more-owned Oublic utility that is subject to income tax and allowed the deduction provided in section

Line 6.-Enter the U.S. source portion of dividends received from less-than-20%-owned foreign corporations that qualify for the 70% deduction under section 245(a). To qualify for the 70% deduction, the corporation must own at least 10% of the foreign corporation by vote and value. Also include dividends received from a foreign sales corporation (FSC) that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreign trade income) and that qualify for the 70% deduction provided in section 245(c)(1)(B).

Une 7.—Enter the U.S. source portion of dividends received from 20%foreign corporations that qualify for the 80% deduction under section 245(a). Also include dividends received from a FSC that are attributable to income treated as effectively connected with the conduct of a trade or business within the U.S. (excluding foreign trade income) and that qualify for the 80% deduction provided in section 245(c)(1)(B). Line 8.—Enter dividends received from

wholly owned foreign subsidiaries that qualify for the 100% deduction under section 245(b) and dividends from a FSC that qualify for the deduction provided in section 245(c)(1)(A). In general, the deduction under section 245(b) applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which: (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividend, and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S. Also include all dividends received from a FSC that are attributable to export sales income and that qualify for the 100% deduction under section 245(c).

Line 9 .- Enter dividends that qualify for the 100% dividends received deduction under section 243(a)(3) and are subject to the elective provisions of section 243(b).

Line 10, column (c). Other dividends from foreign corporations not included on lines 6. 7. and 8. —Enter dividends from foreign corporations that are not reportable on lines 6, 7 and 8. Exclude distributions of amounts constructively taxed under Subpart F (sections 951 through 964) in the current year or in earlier years.

Line 11, column (c), income from controlled foreign corporations under Subpart F.— Enter dividends constructively received from controlled foreign corporations under Subp.

F. The total reported should equal the total amount reported in Schedule J of Form(s)

Line 12, column (c). Foreign dividend gross-up.—Enter the gross-up required by section 78 of dividends received from certain foreign corporations for taxes considered paid under sections 902 and 906.

Line 13, column (c). Other dividends --Enter the total other dividends received. Attach a schedule showing separately:

- 1. Dividends (other than capital gain and exempt-interest dividends) received from regulated investment companies that do not qualify for the dividends-received deduction 2. Dividends from tax-exempt organizations.
- 3. Dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.
- 4. Dividends not eligible for the dividends. received deduction because of the stock's holding period or because of an obligation to make corresponding payments on similar

Two situations in which the dividendsreceived deduction will not be allowed on an share of stock are: (1) if the corporation held the stock with regard to which the dividends were issued, for 45 days or less; or (2) to the extent that the corporation is under an obligation to make related payments for substantially similar or related property 5. Any other taxable dividend income not properly reported above, including

distributions under section 936(h)(4).

Line 17. Deduction for line 3.—Dividends received on deht-financed stock are not entitled to the full 70% or 80% dividen received deduction, Instead, the 70% or 80% deduction is reduced under the provis section 246A by a percentage that is related to the amount of debt incurred to acquire the stock. For more information, see section 246A. Also see section 245(a) before making this computation for an additional limitation which applies to dividends received from foreign corporations.

A schedule showing how the dividendsreceived deduction on debt-financed stock was computed must be attached to Form 1120-PC.

Line 23 Total

Limitation on dividends-received deduction

Generally, line 23 of column (c) may not exceed the amount from the worksheet below. However, in a year in which a net operating loss occurs, this limitation does not apply even if the loss is created by the dividen deduction. (See sections 172(d) and 246(b))

- 1. Enter the amount from Schedule B. line 21. whichever applies. computed without regard to: the net operating loss deduction (section 172); dividend-received deduction (sections 243(a)(1), 244(a), 245(a) or (b), and 247); any stment under section 1059; and any capital loss carryback to the tax year under section 1212(a)(1)
- 2. Enter the amount from line 22, column (c), (without regard to wholly owned foreign subsidiáry dividends) and line 24. column (c)
- 3. Subtract line 2 from line 1 4. Multiply the amount on line 3 by 80%
- 5. Enter the sum of the amounts on lines 16, 19, 21, and 22 (without regard to FSC dividends) of column (c) and the portion

- of the deduction on line 17 of column (c) that is attributable to dividends received from 20%-or more-owned corporations
- 6. Enter the lesser of line 4 or line 5. (Do not complete the rest of this worksheet if ine 5 is greater than line 4. Instead enter the amount from line 6 on line 23 of column (c) (without regard to FSC dividends)) . . .
- 7. Enter the total amount of dividends received from 20%-or-more-owned corporations and included on lines 2, 3, 5, 7, and 8 (without regard to FSC dividends) of column (a)
- 8. Subtract line 7 from line 3. 9 Multiply the amount on
- 10. Subtract line 5 from line 23 of column (c) (without regard to FSC dividends) 11. Enter the lesser of line 9
- or line 10 . . 12 Dividends-received deduction after limitation (section 246(b)). Add the amounts on lines 6 and 11 and enter on line 23 regard to FSC dividends) .

Schedule E-Premiums Earned—Section 832

Line 1. Net premiums written.—From the amount of gross premiums written on insurance contracts during the tax year, deduct return premiums and premiums paid for reinsurance. Enter the balance on line 1.

Lines 2a and 4a. 100% of life insurance reserves included in unearned premiums and all unearned premiums of section 833 organizations. - include on lines 2a and 4a:

(1) all life insurance reserves, as defined in section 816(b) (but determined as provided in section 807), pertaining to the life, burial, or funeral insurance, or annuity business of an insurance company subject to the tax imposed by section 831 and not qualifying as a life insurance company under section 816; and

(2) all unearned premiums of a Blue Cross or Blue Shield organization to which section 833 applies

Lines 2b and 4b. 90% of unearned premiums attributable to insuring certain curities. -Include on lines 2b and 4b, 90% of unearned premiums attributable to insurance against default in the payment of principal or interest on securities described in section 165(g)(2)(C) (relating to worth securities) with maturities of more than 5

Lines 2c and 4c. Discounted unearned premiums attributable to title surance.---Include on lines 2c and 4c the discounted unearned premiums attributable to title insurance. The amount of the discounted unearned premiums as of the end of any tax year shall be the present value of such premiums (as of such time and separately with respect to premiums received in each calendar year) determined by using:

(1) the amount of the undiscounted unearned premiums at such time;

(2) the applicable interest rate; and

Page 9

(3) the applicable statutory premium recognition pattern.

Definition of terms

"Undiscounted unearned premiums" means the unearned premiums shown in the annual statement filed for the year ending with or within such tax year.

"Applicable interest rate" means the annual rate determined under section 846(c)(2) for the calendar year in which the premiums are

"Applicable statutory premium recognition pattern" means the statutory premium recognition pattern which is in effect for the calendar year in which the premiums are received, and which is based on the statutory premium recognition pattern which applies to premiums received by the taxpayer in such calendar year. For purposes of the preceding sentence, premiums received during any calendar year shall be treated as received in the middle of such year.

Lines 2d and 4d, 80% of all other unearned premiums. - Include on lines 2d and 4d, 80% of the total of all unearned premiums not reported on lines 2a through 2c, or 4a through

A reciprocal or interinsurer that is required under state law to reflect unearned premiur on its annual statement net of premium acquisition expenses, should increase its unearned premiums by the amount of such acquisition expenses prior to making the computation on lines 2(d) and 4(d). See section 832(b)(7)(E)

Line 6a(1). Unearned premiums (other than title, iife, and those described in sections 832(b)(7)(B) and 833) as of 12/31/86.-Enter all unearned premiums other than those attributable to:

- (1) title insurance;
- (2) life insurance:
- (3) insurance against default in the payment of principal or interest on securities described in section 165(g)(2)(C) (relating to worthless securities) with maturities of more than 5 vears: and
- (4) organizations described in section 833.

In the case of a reciprocal or interinsurer that is required under state law to report unearned premiums on its annual statement, net of premium adjustment expenses appropriate adjustments shall be made to reflect the amount by which unearned premium reserves at the close of the tax year beginning before January 1, 1987, are greater or less than 80% of the sum of such unearned premium reserves plus premium acquisition expenses. See section 832(b)(7)(E).

Line 6b(1). Unearned premiums attributable to insuring certain securities as of 12/31/86.—Enter unearned premiums attributable to insurance against default in the payment of principal or interest on securities described in section 165(g)(2)(C) (relating to worthless securities) with maturities of more

Note: Fiscal year filers completing lines 6a(1) and 6b(1) should enter unearned premiums on outstanding business as of the end of the most recent tax year beginning before January

Line 6c. Adjustment for companies terminating as insurance compenies taxable under section 831(a).—Except as provided in section 381(c)(22) (relating to carryovers in certain corporate readjustments), if, for any tax year beginning before January 1, 1993, the taxpayer ceases to be an insurance

Page 10

company taxable under section 831(a), the aggregate adjustments which would be made under section 832(bX4)(C) in such tax year and in subsequent tax years but for such cessation shall be made in the tax year preceding such cessation year.

Schedule F-Losses Incurred

Line 1. Losses paid.—Enter the result of the following computation: to losses paid on insurance contracts during the tax year, add salvage and reinsurance recoverable outstanding at the end of the preceding tax year and deduct salvage and reinsurance recoverable outstanding at the end of the current tax year. Note: An insurance company's treatment of

salvage in determining its paid and unpaid losses is a method of accounting for Federal income tax purposes. In general, companies that did not previously treat salvage in accordance with the provisions of Temporary Regulations section 1.832-4T (1988 amendments) were to change their method of accounting for the first tax year beginning after December 31,1987. (The "Fresh Start" provision of section 1023(e) of the Tax Reform Act of 1986 ("Act of 1986") is not applicable ACL 0: 1300 (ACL 0: 1300) is into applicable to the adjustments required as a result of such a change of method. See Temporary Regulation section 1.832-47(4)1). However, Temporary Regulation section 1.832-77 postponed the effective date of the 1988. amendments until tax years beginning after December 31, 1988, and reinstated for tax years beginning before January 1, 1989, the regulations as in effect before the 1988 amendments. For more information, see Temporary Regulation section 1.832-7T

Salvage, in the course of liquidation includes: (1) all property (other than cash). real or personal, tangible or intangible, regardless of how the salvage recoverable is orted for annual statement purposes; and (2) the estimated value of unaccrued progation claims contested by third parties. A schedule should be attached showing the computation of losses incurred during the tax

Lines 2a and 4a. Unpaid losses on life Insurance contracts. - Enter all unpaid losses on life insurance contracts. Unpaid losses must be adjusted for estimated recoveries of salvage and reinsurance attributable to unpaid losses. The amounts of such expected recoveries should be estimated based upon the facts in each case and the company's experience with similar cases. Lines 2b and 4b. Discounted unpaid losses outstanding.—Enter all discounted unpaid losses as defined in section 846.

In general, section 846 provides that the amount of the discounted unnaid losses shall be computed separately by line of business (except that the multiple peril lines shall be reated as a single line of business) and by accident year and shall be equal to the preser value of such losses determined by using: (1) the amount of the undiscounted unpaid losses, (2) the applicable interest rate, and (3) the applicable loss payment pattern. Special rules apply with respect to unpaid losses related to disability insurance (other than credit disability insurance), noncancelable accident and health insurance, cancelable accident and health insurance, and to the international and reinsurance lines of business. With regard to the special rules for discounting unpaid losses on accident and health insurance (other than disability income insurance), unpaid losses are assumed to be paid in the middle of the year following the accident year.

As a rule, the amount of the undiscounted unpaid losses means the unpaid losses and unpaid loss adjustment expenses shown in the annual statement. Under the provisions of Temporary Regulations section 1.832-4T(b); however, unpaid losses must be adjusted to take into account estimated recoveries on account of salvage and reinsurance attributable to those losses. If the amounts shown in the annual statement were determined on a discounted basis and if the extent to which these losses were discounted can be determined on the basis of information disclosed on or with the annual statement, the amount of the undiscounted unpaid losses must be recomputed to eliminate any reduction attributable to such discounting. In no event can the amount of discounted unpaid losses determined under section 846 with respect to any line of business for an accident year exceed the aggregate amount of unpaid losses with respect to any line of business for an accident year as reported on the taxpaver's annual statement

The applicable interest rate for each calendar year and the applicable loss navment pattern for each accident year for each line of business are determined by the Secretary of the Treasury. The applicable interest rate determined under section 846(c) for purposes of section 807, is 8.16% for 1989 (Rev. Rul. 88-101A, 1988-2 C.B. 136). The applicable interest rate for 1988 is 7.77% (Rev. Rul. 88-16, 1988-1 C.B. 266.) The applicable loss payment patterns for 1989 are published in Rev. Rul. 89-66A, 1989-24 I.R.B. published in Rev. Rut. 88-63, 1988-2 C.R. 130. However, under the provisions of section 846(e), corporations having sufficient historical experience to determine a loss payment pattern may, under certain circumstances, elect to use their own. If such an election is made, the loss payment patterns will be based on the most recent calendar year for which an annual statement was filed before the beginning of the accident year. No election under section 846(e) shall apply to any international or reinsurance line of business. If the corporation elects to use its own loss payment patterns, be sure to check the "Yes" column for question M in Schadule , Additional Information. For more information regarding this election, see section 846(e) and Notice 88-100, 1988-2 C.B. 439.

Note: There is a special application of the "Fresh Start" provision in the case of an insurance company that: (1) is exempt fr tax for its first tax year beginning after 1986 under section 501(a) by virtue of it being under section 501(a) by virtue of it being described in any paragraph of section 501(c) or, under section 831 (b), is taxed only on investment income. investment income, and (2) if such company later becomes subject to tax under section 831(a), the rules relating to the Fresh Start under the discounting provisions are to be applied by treating the last tax year before the year in which the company becomes subject to tax under section 831(a) as the company's last tax year beginning before 1987. See section 1010(e) of the Act of 1988 and Notice 88-100.

Line 6. Tax-exempt interest subject to section 832(b)(5)(B).—Enter the amount of tax-exampt interest received or accrued during the tax year on investments made after August 7, 1986. For additional information regarding the determination of the acquisition date of an investment, see the instructions for Schedule C, lines 1 through 9, column (b).

Schedule G—Other Capital Losses

Capital assets are considered sold or exchanged to provide funds to meet abnormal insurance losses and to pay dividends and make similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not more than the amount by which the sum of dividends and similar distributions paid to policyholders, losses paid, and expenses paid for the tax year is more than the total on line 9, Schedule G.

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

Schedule H—Special Deduction for Section 833 Organizations

Part I—Computation of Deduction Line 1. Claims incurred during the tax year.— Enter the total health care claims incurred during the tax year.

Line 2. Expenses incurred during the tax year in connection with the administration, adjustment, or settlement of claims. —Enter the total expenses incurred during the tax year in connection with the administration, adjustment, or settlement of health care

Line 5. Beginning adjusted surplus.—Enter on this line the amount from Schedule H, Part II, line 12 of the 1988 Form 1120–PC.

Line 6. Special deduction.—The deduction of determined in Part I for any tax year is limited to taxable income for such tax year determined without regard to such deduction.

Note: Under the provisions of section 833(5)(4), any determination under section 833(5) shall be made by only taking into account items attributable to the health-related business of the taxpayer.

Part II—Computation of Ending Adjusted Surplus

The adjusted surplus as of the beginning of any tax year is an amount equal to the adjusted surplus as of the beginning of the preciding tax year—

(1) increased by the amount of any adjusted taxable income for such preceding tax year, or

taxable income for such preceding tax year, or (2) decreased by the amount of any adjusted net operating loss for such preceding tax year.

For purposes of the computation of the adjusted surplus, the terms "adjusted taxable income" and "adjusted net operating loss" mean the taxable income or the net operating loss, respectively, determined with the following modifications:

(1) without regard to the deduction determined under section 833(b)(1);

(2) without regard to any carryforward or carryback to such tax year; and

(3) by increasing gross income by an amount equal to the net exempt income for the tax year.

Line 10a. Adjusted tax-exempt Income.— Reduce the total tax-exemp; interest received or accrued during the tax year by any amount (not otherwise deductible) which would have been allowable as a deduction for the tax year if such interest were not tax-exempt. Enter the result on line 10a.

Line 10b. Adjusted dividends-received deduction.—Reduce the aggregate amount allowed as a deduction under sections 243, 244, and 245 by the amount of any decrease in deductions allowable for the tax year by reason of section 832(b)(5)(B) to the extent such decrease is attributable to deductions under sections 243, 244, and 245. Enter the result on line 10b.

Schedule I—Compensation of Officers

Attach a schedule for all officers using the following columns:

- 1. Name of officer
- 2. Social security number
- 3. Percentage of time devoted to business.
- 4. Amount of compensation.

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

Schedule J—Additional Information

Be sure to answer questions G through P on page 7 of Form 1120-PC. The instructions that follow are keyed to these questions.

1. Question G. U.S. person. —The term "U.S. person" means: (1) a citizen or resident of the United States; (2) a domestic partnership; (3) a domestic corporation; or (4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(e)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

2. Question I. Foreign financial accounts. —Check the "Yes" box if either (a) or (b), below, applies to the corporation; otherwise, check the "No" box:

(a) At any time during the year the corporation had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account);

 the combined value of the account(s) was more than \$10,000 at any time during the year; AND

 the account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

(b) The corporation owns more than 50% of the stock in any corporation that would answer "Yes" to item (a), above.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is considered to have an interest in or signature or other authority over a financial account in a foreign country.

If "Yes" is checked for this question, file Form TD F 90-22.1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120-PC. Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

Schedule K—Subtractions From Protection Against Loss Account

Section 1024 of P.L. 99-514 repealed code section 824 relating to the protection against loss account (PAL account). However, for tax years beginning after December 31, 1986, PAL account belances are includible in income as though section 824 were still in effect.

Line 2a. Section 824(d)(1)(B).—Enter the amount (if any) by which the sum of the investment loss and the statutory underwiting loss for the tax year exceeds the sum of the statutory underwiting income and the taxable investment income for the tax year.

Line 2b. Section 824(d)(1)(C).—Enter (in the order in which the losses occurred) amounts equal to the unused loss carryovers to the tax year.

Line 2c. Section 824(d)(1)(D).—Enter any amount remaining in the account which was added to the account for the fifth preceding tax year minus one-half of the amount remaining in the account for such tax year which was added by reason of section 824(a)(X)(B)

Line 2d. Section 824(d)(1)(E).—Enter the amount by which the total amount in the account exceeds whichever of the following is greater:

(i) 10% of premiums earned on insurance contracts during the tax year (as defined in section 832(b)(4)) less dividends to policyholders (as defined in section 832(c)(11)), or

(ii) the total amount in the account at the close of the preceding tax year.

Schedule L— Balance Sheets

Line 5. Tax-exempt securities.—Include on this line: (1) State and local government obligations, the interest on which is excludable from gross income under section 103(a), and (2) Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the corporation.

Schedule M-1— Reconciliation of Income per Books With Income per Return

Line Sc. Travel and entertainment.—
Include on this line: 20% of meals and
entertainment not allowed under section
274(n); expent facility; the part of business
gifts in avcess of \$25'; expenses of an
individual allocable to conventions on cruise
ships in excess of \$2.00'; expenses of an
individual allocable to conventions on cruise
ships in excess of \$4.00; the
cost of entertainment fickets in excess of \$400; the
cost of entertainment fickets in excess of face
value (also subject to 20% disallowance); the
cost of expenses in excess of the face value of
non-luxury box seat tickets; the part of the cost
of luxury water travel not allowed under
section 274(m); expenses for travel as a form
of education; and other travel and
entertainment expenses not allowed as a
deduction.

★ U.S. GOVERNMENT PRINTING OFFICE: 1989-245-262

orm 1120-R	-··· (U.S. Income Tax Re Real Estate Investm			. 19	1989	<u> </u>
nternal Revenue Ser		► See separate instruct	ions.				-
Year REIT status w elected	as	Name		16	Employer	identification nun	iber
	Please	Number and street (or P.O. box number if mail is not o	telivered to street ad	dress) D	Date REIT	established	_
Check if this	Type						
Personal Hole	ing Print	City or town, state, and ZIP code		E	Total asse	ts (see Specific Inst	tructi
							,
Check applicable t	oxes (1) Final ret	urn (2) Change in address (3) Amended ret	ırn	1			_
Part I—Comp	utation of Real	Estate Investment Trust Taxable Inco	me				
ncome (EXCLU	DING income regi	uired to be reported in Part II or Part IV)					_
1 Dividends	on a medine requ	,			1		T
2 Interest .					2		
	from real proper	tv			3		
	s rents				4		4
		ach Schedule D (Form 1120))			5		+
		4797, Part II, line 18 (attach Form 4797)			6		+
		ns—attach schedule)			7		+
	me—Add lines 1 t	hrough 7	to be reported i	n Part II or Par	1 8 L		_
		ons directly connected with income required	to be reported i	il Fait II OI Fai	9		Т
•	tion of officers .	b Less jobs credit		c Balance ▶	10c		+
l 0a Salaries ar l 1 Repairs .	io wages	D Less jobs credit		C Dalance >	11		T
l Repairs .					12		T
13 Rents .					13		
14 Taxes .					14		\perp
15 Interest .					15		
	on (attach Form 4	(562)			16		4
17 Advertisin	· 3				17		4
18 Other ded	uctions (attach sc	hedule)			18		+
19 Total ded	uctions—Add line	s 9 through 18			19		+
		perating loss deduction, deduction for divide a 8 less line 19)		ection	20		1
		duction (see instructions)	21a		<i>-\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
		ends paid (Schedule A, line 6)	21b		21d		
		taxable income—Line 20 less line 21d	216		22		+
Tax and Paym		taxable income - Elife 20 tess inte 224 .			1		_
	Schedule J. line 9))			23		\top
	1988 overpayment c	' I I I					- [
	nated tax paymer	nts 24b					
	efund applied for o						
	ited with Form 70		24e		- <i>WIIII</i>		
		ment companies (attach Form 2439)	241				- [
		ls (attach Form 4136)	24g	March and	24h	-	+
		payment of estimated tax—check > it		ttached	25 26		+
		is 23 and 25 is larger than line 24h, enter am is larger than the total of lines 23 and 25, en		naid	27		+
27 Overpayn 28 Enter amour	t of line 27 you want:	Credited to 1990 estimated tax	let amount over	Refunded ►	28		丁
	Inder penalties of peni	ury, I declare that I have examined this return, including a , and complete Declaration of preparer (other than taxpa	ccompanying sched yer) is based on all in	ules and statemen formation of which	ts, and to the h preparer h	ne best of my know has any knowledge.	ledge
Sign .		i					
Here	Signature of officer		Date	Title	-		
		1	Date		Prep	parer's social securi	ty nu
	Preparer's signature	Į.		Check if self-employed			
Preparer's	irm's name (or	<u> </u>		E.I. No.	>		
	rours if self-employed) and address			ZIP code			

	1120-REIT (1989) II — Computation of Tax on Net Income From Foreclosure Property			Page
arı	(As defined in section 856(e)) (Caution: See instructions before completing this part.)			
-		i		İ
1	Net gain (or loss) from the sale or other disposition of foreclosure property described in section 1221(1) (attach schedule)	1		
2	Gross income derived from foreclosure property (attach schedule)	2		
	Total income from foreclosure property—Add lines 1 and 2.	3		
4	Deductions directly connected with the production of income shown on line 3 (attach schedule)	4		
5	Net income from foreclosure property—Line 3 less line 4	5	ļ	
,	Town and an Cabadula I lies 2h	_	1	
	Tax on net income from foreclosure property—Enter 34% of line 5 here and on Schedule J, line 3b III—Computation of Tax Imposed Under Section 857(b)(5) for Failure To Meet	6	!	
arı	Certain Source-of-Income Requirements (Caution: See instructions.)			
1.	Enter total income from Part I, line 8	Ī		
- 12	Enter total income from foreclosure property from Part II, line 3	1		
	Total—Add lines 1a and 1b	1c	}	
	Multiply line 1c by 95% and enter the result here	2		
	Enter the amount of income shown on line 1c that is derived from sources referred to in section	Г		
•	856(c)(2)	3		
4	Line 2 less line 3. (If less than zero, enter zero.)	4		
5	Multiply line 1c by 75% and enter the result here	5	ļ	
6	Enter the amount of income shown on line 1c that is derived from sources referred to in section 856(c)(3)	6		
7	Line 5 less line 6. (If less than zero, enter zero.)	7		
8	Enter the greater of line 4 or line 7. (If this line is zero, do not complete the rest of Part III.)	8	ļ	
	Enter the amount shown in Part I, line 20.	9	-	
	Enter the net capital gain from Schedule D (Form 1120), line 10	10	1	
	Line 9 less line 10	11	 	
12:	Enter total income from Part I, line 8	۱.		1
١	Denter the net short-term capital gain from Schedule D (Form 1120), line 4.		1	
	(If line 4 is a loss, enter zero.)	126		Ì
	Enter capital gain net income from Part I, line 5	13		
	Line 12c less line 13	14	1	
	Divide line 11 by line 14 and enter the result. Carry out your answer to 5 decimal places	15		
	Amount of section 857(b)(5) tax—Multiply line 8 by line 15 and enter the result here and on Schedule J,			
	line 3c	16		
ar	IV— Computation of Tax on Net Income From Prohibited Transactions			
1	Gain from the sale or other disposition of property described in section 1221(1) which is not	Π		
	foreclosure property (Do NOT include sales that meet the requirements of section 857(b)(6)(C) or	١.	j	
	losses from prohibited transactions.)	2		
2	Deductions directly connected with the production of income shown on line 1	3		
3	Net income from promotied transactions—time 1 less line 2	-	· · · · ·	
4	Tax on net income from prohibited transactions—Enter 100% of line 3 here and on Schedule J, line 3d.	4		
Scl	nedule A Deduction for Dividends Paid			
1	Dividends paid other than dividends paid after the end of the tax year (do not include dividends		T	
•	considered as paid in the preceding tax year under section 857(b)(8) or 858(a), or deficiency dividends as defined in section 860)	1		
2	Dividends paid in 12-month period following the close of your tax year which you elect to be treated as paid during the tax year under section 858(a)	2		
3	Dividends declared in October, November, or December deemed paid on December 31 under section			
	857(b)(8). (See instructions.)	3	 	
4	Consent dividends (attach Forms 972 and 973)	4	 	
5	Total dividends paid—Add lines 1 through 4	5	 	
6	Deduction for dividends paid—If there is net income from foreclosure property (Part II, line 5), see instructions for limitation on deductible amount. Otherwise, enter amount from line 5 here and on line			

	capture taxes. Check if from: Form 4255			<u>6</u>	<u> </u>
9 Tota	ernative minimum tax (attach Form 4626)			8	
in ccc If id (o, o, o, o, o, o, o, o, o, o, o, o, o, o	id the REIT at the end of the tax year own, directly or directly, 50% or more of the voting stock of a domestic orporation? (For rules of attribution, see section 267(c)). "Yes," attach a schedule showing: (a) name, address, and tentifying number; (b) percentage owned; and (c) taxable income for loss) before NOL and special deductions (e.g., if a Form 1120; om Form 1120, line 28, page 1) of such corporation for the tax ace anding with or within your tax year. Id any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50% or more the REIT's voting stock (or beneficial interests)? (For rules fattribution, see section 267(c).) If "Yes," complete (a) through (c) Attach a schedule showing name, address, and identifying number. The REIT and the schedule showing stock (or beneficial interest) a person other than a U.S. person? (See instructions.) Note: If "Yes," the REIT may have to file Form 5472. If "Yes," enter owner's country Form REIT and the sections 951 and 957.) The REIT a U.S. chareholder of any controlled foreign ation? (See sections 951 and 957.) The sections 1471 for each such corporation.	L	At any time during the tax year a signature or other authority country (such as a bank acc financial account)? (See instruction F and filling re ff "Yes," enter name of foreign or with the first of t	over a financial account, securities a equirements for for ountry	count in a foreign account, or other im TD F 90-22.1.) oreign trust which the REIT has any 3, 3520-A, or 926. (other than stock) in excess of the (See sections 301) any part of its?

Form 1120-REIT (1989) Schedule L Balance Sheets	Regionin	g of tax year	Fod of	Page 4
	(a)	(b)	(c)	(d)
Assets		(0)		
1 Cash	<i>Yanaanaanaanaanaa</i>		VIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	
2a Trade notes and accounts receivable		yananaanaanaanaanaanaanaanaa 		amannamanamana
b Less allowance for bad debts				
3 U.S. government obligations				
4 Tax-exempt securities (see instructions)				
5 Other current assets (attach schedule)				
6 Loans to stockholders				-
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9a Buildings and other depreciable assets		ynnunununununununununununununun 1		
b Less accumulated depreciation				
10 Land (net of any amortization)				
11a Intangible assets (amortizable only)				
b Less accumulated amortization				
12 Other assets (attach schedule)				
13 Total assets				
Liabilities and Stockholders' Equity				ymmunumumumumumumum
14 Accounts payable	V/////////////////////////////////////			
15 Mortgages, notes, bonds payable in less than 1 year	V/////////////////////////////////////	 		
16 Other current liabilities (attach schedule)	VIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII			
17 Loans from stockholders	VIIII III III III III III III III III I			
18 Mortgages, notes, bonds payable in 1 year or more	VIIIIIIIIIII			
19 Other liabilities (attach schedule)	Autonomananananananana			
20 Capital stock: a Preferred stock				
b Common stock		 		
21 Paid-in or capital surplus	V/////////////////////////////////////	}		
22 Retained earnings—Appropriated (attach schedule)	VIII.			
23 Retained earnings—Unappropriated	V/////////////////////////////////////	,		, ,
24 Less cost of treasury stock	V/////////////////////////////////////)		
25 Total liabilities and stockholders' equity	<u> </u>	<u> </u>	<i>yaaaaaaaaaaaaaaaaaaaaaa</i>	
Schedule M-1 Reconciliation of Income (You are not required to comple	per Books With Inc	come per Return	lumn (d) of Cohodula La	ro loce than \$25,000).
	e this schedule it the to	1		
1 Net income per books			on books this year not	
2a Federal income tax		included on this		
(Schedule J, line 9) \$			rest \$	
b Less: Section 857(b)(5) tax \$.()		1		
c Balance		8 Deductions on thi		
3 Excess of capital losses over capital gains			me this year (itemize):	
4 Income subject to tax not recorded on books		1	\$	1
this year (itemize):	1	b Net operating loss		
***************************************			્ \$	
	I	c Dividends paid dedu		
5 Expenses recorded on books this year not		(line Z10, page 1)	·	
deducted on this return (itemize):	1			
a Depreciation \$			· · · · · · · · · · · · · · · · · · ·	<u> </u>
b Section 4981 tax . \$			foreclosure property	
c Travel and entertainment . \$			prohibited transactions	
·	· [11 Total of lines 7 th		
6 Total of lines 1 through 5		12 REIT taxable inco	me (line 22, page 1)—	
Schedule M-2 Analysis of Unappropriat	ed Retained Farnin			 .
(You are not required to comple				re less than \$25,000 \
		1		1
1 Balance at beginning of year		1	Cash	-
2 Net income per books		- •	Stock	
3 Other increases (itemize):	1		Property	
			(itemize):	
A 733348		7 Total of lines 5 a	year (line 4 less line 7)	<u> </u>
4 Total of lines 1, 2, and 3	!	1 Dalance at end of	year (mic 4 icaa mic /)	1

1989



Instructions for Form 1120-REIT

U.S. Income Tax Return for Real Estate Investment Trusts

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Copying, assembling, and sending the form to IRS 4 hrs., 17 min.

If you have comments concerning the accuracy of these time estimates usgestions for making this form more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; or the Office of Management and Budget, Paperwork Reduction Project (1545-1004), Washington, DC 20503.

General Instructions

Note: In addition to those publications listed throughout these instructions, taxpayers may wish to get: Publication 534, Depreciation; Publication 535, Business Expenses; and Publication 542, Tax Information on Corporations.

A. Purpose of Form

Form 1120-REIT is used to report the income, gains, losses, deductions, and credits of real estate investment trusts as defined in section 856.

B. Filing Form 1120-REIT

1. Who Must File

A corporation, trust, or association that elects to be treated as a real estate investment trust for the tax year (or has made such election for a prior tax year and such election has not been terminated or revoked) and that meets the requirements listed below must file Form 1120-REIT. The election is made by computing taxable income as a real estate investment trust on Form 1120-REIT.

An electing real estate investment trust must be a corporation, trust, or association:
(a) that is managed by one or more trustees or directors:

(b) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(c) that would otherwise be taxed as a domestic corporation;

(d) that is neither a financial institution referred to in section 582(c)(5), nor an insurance company to which subchapter L applies;

(e) the beneficial ownership of which is held by 100 or more persons (except this rule does not apply for the first tax year in which the election is made to be taxed as a real estate investment trust);

(f) that is not closely held, as defined in section 856(h) (except this rule does not apply for the first tax year in which the election is made to be taxed as a real estate investment trust);

(g) that meets the gross income and diversification of investment requirements of section 856(c);

(h) that was treated as a real estate investment trust for all tax years beginning after February 28, 1986, or as of the end of the tax year, the corporation, trust, or association had no accumulated earnings and profits from any non-REIT year;

(i) that keeps the records required by Regulations section 1.857-8 to show the actual ownership of its outstanding stock or certificates of beneficial interest during the tax year:

(j) that has a tax year which is a calendar year, unless such corporation, trust, or association was considered to be a real estate investment trust for any tax year beginning on or before October 4, 1976;

(k) for which the deduction for dividends paid (excluding any net capital gain dividends) equals or exceeds:

(1) the sum of:
(i) 95% of its real estate investment trust taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and

(II) 95% of the excess of its net income from foreclosure property over the tax imposed on such income by section 857(b)4XA):

(2) minus any excess noncash income as determined under section 857(e).

See sections 856 and 857 for details and exceptions.

Note: For income tax purposes, a corporation that is a qualified REIT subsidiary is not treated as a separate corporation. See section 856(i) for details.

2. Termination of Election

Once the election to be treated as a real estate investment trust is made, it stays in effect for all years until it is terminated or revoked. The election terminates automatically for any tax year in which the corporation, trust, or association is not a qualified real estate investment trust as defined in section 856.

The election may also be revoked by the taxpayer for any tax year after the first year for which the election is effective by filing a statement with the internal Revenue Service Center where the corporation, trust, or association files its income tax return. The statement must be filed on or before the 90th day after the first day of the tax year for which the revocation is to be effective. The statement must be signed by an official authorized to sign the income tax return of the taxpayer and must contain the ame, address, and employer identification number of the taxpayer, specify the tax year or which the election was made, and state that the taxpayer, pursuant to section 856(gX)2; revokes its election under section 856(cX)1) to be a real estate investment trust.

During the 4 years after the first year for which the termination or revocation is effective, the corporation, trust, or association may not make a new election to be taxed as a real estate investment trust, except as provided in section 855(g)(4).

3. When To File

Generally, a real estate investment trust must file its income tax return by the 15th day of the 3rd month after the end of the tax year. A new real estate investment trust filing a short-period return must generally file by the 15th day of the 3rd month after the short period ends. A real estate investment trust that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved.

Extension.—File Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to file.

Period covered.—File the 1989 return for calendar year 1989 and fiscal years that begin in 1989 and end in 1990. For a fiscal year, fill in the tax year space at the top of the form

Note: The 1989 Form 1120-REIT may also be used if: (1) the real estate investment trust has a tax year of less than 12 months that begins and ends in 1990; and (2) the 1990 Form 1120-REIT is not available by the time the real estate investment trust is required to file its return. However, the real estate investment trust must show its 1990 tax year on the 1989 Form 1120-REIT and incorporate any tax law changes that are effective for tax years beginning after December 31, 1989.

Final return.—If the real estate investment trust ceases to exist, check the box for Final Return in item F at the top of the form.

4. Where To File

File your return at the applicable IRS address listed below.
If the real estate

Investment trust's principal business, office, or agency is located in	Use the following Internal Revenue Service Center address
New Jersey, New York (New York City, and counties of Nassau, Rockland, Suffolk, and Westchester)	Haltsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Florida, Georgia, South Carolina	Atlanta, GA 39901
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oktahoma, Texas	Austin, TX 73301
Alaska, Arizona, California Counties of Alpine, Amador, Counties of Alpine, Amador, Contra Costa, Del Notre, El Contra Costa, Del Notre, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Piacer, Plumas, Sacramiento, San Joaquin, Shasta, Sierra, Sakhyou, Shasta, Sierra, Sakhyou, Tollarina, Trinity, Yafu, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

Real estate investment trusts having their principal place of business outside the United States must file with the Internal

Philadelphia, PA 19255

Revenue Service Center, Philadelphia, PA 19255.

5. Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a real estate investment trust.

If a corporate officer filled in the real estate investment trust tax return, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares the tax return and does not charge the real estate investment trust, that person should not sign the return. Certain others who prepare the tax return should not sign for example, a regular, full-time employee of the real estate investment trust, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare the tax return must sign it and fill in the blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return must complete the required preparer information and:

 Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

 Give a copy of the tax return to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication** 1045, Information for Tax Practitioners, for more details.

C. Figuring and Paying the Tax

1. Accounting

Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the real estate investment trust's books and records. In all cases, the method adopted must clearly reflect taxable income. See section 446.

Generally, real estate investment trusts with average annual gross receipts of more than \$5,000,000 must use the accrual method of accounting. See section 448 for definitions and exceptions.

Unless the law specifically permits otherwise, the real estate investment trust may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods.

Change in accounting period.—A real estate investment trust may not change its accounting period to any accounting period other than the calendar year. Generally, before changing its accounting period, the real estate investment trust must obtain the Commissioner's approval by filing Form 1128, Application for Change in Accounting Period. (See Regulations section 1.442-1 and Publication 538.) However, upon electing to be taxed as a real estate investment trust, an entity that has not engaged in any active trade or business may

change its accounting period to a calendar year without the approval of the Commissioner

2. Rounding Off to Whole-Dollar Amounts

The real estate investment trust may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

3. Depositary Method of Tax Payment

The real estate investment trust must pay the tax due in full when the return is filed but no later than the 15th day of the 3rd month after the end of the tax year.

Deposit real estate investment trust income tax payments (and estimated tax payments) with Form 8109, Federal Tax posit Coupon. Be sure to darken the "1120" box on the coupon. Make these deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the real estate investment trust is located. Do not submit deposits directly to an IRS office; otherwise, the real estate investment trust may be subject to a failure to deposit atty. Records of deposits will be sent to penalty. Records or day IRS for crediting to the real estate investment trust's account. See the instructions contained in the coupon book (Form 8109) for more information.

To help ensure proper crediting to your account, write your employer identification number, "Form 1120-REIT," and the tax period to which the deposit applies on your check or money order.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the coupon book.

For more information concerning deposits, see Publication 583, Taxpayers Starting a Business.

4. Backup Withholding

If the real estate investment trust has had income tax withheld from any payments it received because, for example, it failed to give the payer its correct employer, it destricted on Form 1120-REIT for the total amount withheld. This type of withholding is called "backup withholding." Show the amount withheld in the blank space in the righthand column between lines 23 and 24h, page 1, and label the amount as "backup withholding." Also include the amount in the total for line 24h.

5. Estimated Tax

Generally, a real estate investment trust make estimated tax payments if it can expect its estimated tax to be \$500 or more. For estimated tax purposes, the estimated tax of the real estate investment trust is defined as its alternative minimum tax minus the credit for Federal tax on fuels. Use the deposit cdupons (Forms 81.09) in making deposits of estimated tax.

If the real estate investment trust overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The

Page 2

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 after the end of the tax year, but before the 16th day of the 3rd month thereafter, and before the real estate investment trust files its tax return.

6. Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, all the events that establish liability for the amount generally are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

7. Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income or expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29, and 84-30 (which are in Cumulative Builetin 1984-1) to change their method.

D. Interest and Penalties

- 1. Interest. Interest is charged on taxes not paid by the due date, even in extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.
- 2. Late Filling of Return. —A real estate investment trust that fails to file its return when due (including extensions of time for filling) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 50 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.
- 3. Late Payment of Tax. —Generally, the penalty for not paying tax when due is ½ of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.
- 4. Underpayment of Estimated Tax.—A real estate investment trust that fails to pay estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment, in general, to avoid the estimated tax penalty, the real estate investment trust must make estimated tax payments of at least the smaller of: 90% of its atternative minimum tax minus the credit for Federal tax on fuels as shown on the return; or 100% of its prior year's tax (computed in the same manner). See section 6655 for details and exceptions.
- Form 2220, Underpayment of Estimated Tax by Corporations, is used to see if the real estate investment frust owes a penalty and to figure the amount of the penalty. Generally, the real estate investment trust does not have to file this form because IRS

can figure the amount of any penalty and bill the real estate investment trust for it. However, you must complete and attach Form 2220 even if the real estate investment trust does not owe the penalty if: (a) The annualized income or adjusted seasonal installment method is used, or (b) the real estate investment trust is a large corporation computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure to check the box on line 25, page 1, Form 1120-REIT, and enter the amount of any penalty on this line.

5. Overstated Tax Deposits.—If deposits are overstated, the real estate investment trust may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(h).

6. Other Penalties. —There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661.

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

1. Forms

The real estate investment trust may have to file any of the following:

Forms W-2 and W-3, Wage and Tax Statement; and Transmittal of Income and Tax Statements.

Form W-2P, Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments.

Form 966, Corporate Dissolution or Liquidation.

Forms 1042 and 1042S, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Persons Su.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on payments or distributions made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments or distributic.ns constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, see sections 1441 and 1442, and Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Form 1098, Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the recipient's trade or business for any calendar year. Forms 1099-A, B, DIV, INT, MISC, OID,

Forms 1099-A, B, DIV, INT, MISC, OID, PATR, R, and S. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from broker and barter exchange transactions, certain dividends and distributions, interest payments, medical and dental health care payments, nonemployee compensation, original issue discount, patronage dividends, total distributions from profit sharing plans, retirement plans, individual retirement arrangements, insurance contracts, etc., and proceeds from real estate transactions. Also use these returns or proportion and the proportion of the proportion

nominee on behalf of another person.

For more information, see Publication 937. Business Reporting.

Note: Every real estate investment trust must file information returns if, in the course of its trade or business, it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person during the calendar year.

Form 5452, Corporate Report of Nondividend Distributions.

Form 5498, Individual Retirement Arrangement Information. Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account. Form 5713, International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate

tor persons naving operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

Forms 9288 and 8288-A, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Properly Interests; and Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests. Use these forms to report and transmit withheld tax on the sale of U.S. real property by a foreign person. However, with respect to distributions described in Temporary Regulations section 1.1445-87, use Forms 1042 and 1042S. See section 1445 and the related regulations for additional information.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8612, Return of Excise Tax on Undistributed Income of Real Estate Investment Trusts. If you are liable for the 4% excise tax on undistributed income imposed under section 4981, you must file this return for the calendar year.

Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electring Fund. A real estate investment trust that was a shareholder in a passive foreign investment company (as defined in section 1296) at any time during the tax year must complete and attach this form to its return.

2. Statements

Stock ownership in foreign corporations.—Attach the required statement to Form 1120-REIT if the real estate investment trust owned 5% or more in value of the outstanding stock of a foreign personal holding company and the

Page

include in its gross income any undistributed foreign personal holding company income. See section 551(c).

A real estate investment trust that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation may have to file Form 5471, information Return with Respect to a Foreign Corporation.

A real estate investment trust that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472, Information Return of a Foreign Owned Corporation.

Transfers to a corporation controlled by the transferor.—In eral estate investment trust receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the real estate investment trust (transferor) must attach to Form 1120-REIT the information required by Regulations section 1.351-3.

3. Amended Return

To correct any error in a previously filed Form 1120-REIT, file an amended Form 1120-REIT and check the box for Amended Return in item F at the top of the form.

4. Attachments

Attach Form 4136, Computation of Credit for Federal Tax on Fuels, after page 4, Form 1120-REIT. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

In order to process the return, we ask that you complete every applicable entry space on Form 1120-REIT. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120-REIT.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Also, show the same information called for on the form in the same order as on the printed forms. Be sure to show the totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the real estate investment trust's employer identification number (EIN) on each sheet.

F. Additional Information

Be sure to answer questions G through O on page 3, Form 1120-REIT. The instructions that follow are keyed to these questions.

1. Question G(2)(c)

- U.S. person.—The term "U.S. person" means:
- 1. A citizen or resident of the United States;
- 2. A domestic partnership;
- 3. A domestic corporation;
 4. Any estate or trust (other than a foreign estate or trust within the meaning of section.)

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

Page 4

2. Question I

Foreign financial accounts.—Check the "Yes" box if either a or b, below, applies to the real estate investment trust; otherwise, check the "No" box:

- a. At any time during the year the real estate investment trust had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account);
 AND
 - The combined value of the accounts was more than \$10,000 at any time during the year; AND
 - The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.
- b. The real estate investment trust owns more than 50% of the stock in any corporation that would answer "Yes" to item a above.

Get form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the real estate investment trust is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

If "Yes" is checked for this question, file form TD F 90-22. 1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120-REIT.

Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

3. Question O

Tax-exempt Interest. —Report any taxexempt interest received or accrued in the space provided, Include any exemptinterest dividends received as a shareholder in a mutual fund or other regulated investment company.

Specific Instructions

Employer Identification number.—Enter the employer identification number (EIN) of the real estate investment trust.

A real estate investment trust that does not have an EIN should apply for one on Form \$5-4, Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form \$5-4 to the same Internal Revenue Service Center to which Form 1120-REIT is mailed. If the EIN has not been received by the filing time for the real estate investment trust tax return, write "Applied for" in the space for the EIN.

write "Applied for" in the space for the EIN.

For more information concerning an EIN,
see Publication 583.

Date REIT established.—If the real estate investment trust is a corporation under state or local law, enter the date incorporated. If a trust or association, enter the date organized.

Total assets.—Enter the total assets of the real estate investment trust as of the end of the tax year. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Part 1

In this part, do not include income or deductions attributable to any prohibited transaction (as defined in section 857(b)(6)) resulting in a gain. In addition, exclude gross income, gains, losses, and deductions from foreclosure property (as defined in section 855(e)) if the aggregate of such amounts results in a positive amount of net income. To report these items of income and deduction, see the instructions for Parts II and IV.

Income

Line 1

Dividends

Enter the total amount of dividends received during the tax year.

Line 2

Interest

Enter interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest expense against interest income

Line 3

Gross rents from real property

Enter the gross amount received for the rental of real property. Such term includes charges for services customarily furnished or rendered in connection with the rental of real property and rent attributable to personal property leased under or in connection with a lease of real property (provided the rent attributable to such personal property does not exceed 15% of the total rent for the tax year charged for both the real and personal property under such lease). See section 856(d)(2) for amounts excluded from the term "rents from real property."

Line 4

Other gross rents

Enter the gross amount received for the rental of property not included on line 3.

Line 5

Capital gain net income

Every sale or exchange of a capital asset must be reported in detail on **Schedule D** (Form 1120), Capital Gains and Losses, even though no gain or loss is indicated.

Line 6

Net gain (or loss)

Enter the net gain (or loss) from Form 4797, Sales of Business Property, Part II, line 18. Line 7

Other income

Enter any other taxable income not listed above, except amounts that must be reported in Parts II or IV, and explain its nature on an attached schedule. Examples of other income are any adjustment under section 481(a) required to be included in income during the current tax year due to a change in a method of accounting; amounts received or accrued as consideration for entering into agreements to make real property loans or to purchase or lease real property; recoveries of bad debts deducted in prior years under the specific charge-off method; the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was

entered on Form 6478, Credit for Alcohol Used as Fuel, and refunds of taxes deducted in prior years to the extent it reduced income subject to tax in the year deducted (see section 111). Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, describe it in parentheses on line 7.

Deductions

Limitations on deductions. ---

- Transactions between related taxpayers. Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.
- 2. Direct and indirect costs (including taxes) allocable to real or tangible personal property constructed or improved by the taxpayer. Such costs must be capitalized in accordance with section 263A.
- 3. Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 2800 and
- Business startup expenses are required to be capitalized unless an election is made to amortize them over a period of 60 months. See section 195.
- 5. Passive activity limitations. Limitations on passive activity losses and credits under section 469 apply to real estate investment trusts that are closely held (as defined in section 856/h). Real estate investment trusts subject to the passive activity limitations must complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to compute their allowable passive activity loss and credit.

Line!

Compensation of officers

Do not include compensation deductible elsewhere on the return, such as elective contributions to a section 401(k) cash or deferred arrangement or amounts contributed under a salary reduction SEP agreement.

Line 10

Salaries and wages

Enter on line 10a the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as elective contributions to a section 401(k) cash or deferred arrangement or amounts contributed under a salary reduction SEP agreement.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 16 and 18.

Enter on line 10b the amount of jobs credit from Form 5884, Jobs Credit.

Line 11

Repairs

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

Line 12

Bad debts

Enter the total debts that became worthless in whole or in part during the tax year.

Line 14

Enter taxes paid or incurred during the tax year, but do not include the following:

- 1. Federal income taxes;
- 2. Foreign or U.S. possession income taxes if a tax credit is claimed:
- 3. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition?
- 4. Excise taxes imposed under section 4981 on undistributed real estate investment trust income; or
- 5. Taxes not imposed on the real estate investment trust.

See section 164(d) for apportionment of taxes on real property between seller and purchaser

Line 15

Interest

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from tax.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer who in 1989 prepaid interest allocable to any period after 1989 can deduct only the amount allocable to 1989. See Publication 545, Interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).

Line 16

Depreciation

Besides depreciation, include on line 16 the part of the cost (up to \$10,000) that the real estate investment trust elected to expense for certain recovery property placed in service during the tax year. See the instructions for Form 4562, Depreciation and Amortization.

Line 18

Other deductions

Attach a separate sheet listing all allowable deductions that are not deductible elsewhere on Form 1120-REIT. Enter the total on this line.

Include on this line contributions deductible under section 170; contributions to pension and profit-sharing plans, employee benefit programs, etc.; and amortization of organization expenses.

If a contribution deductible under section 170 is in property other than money and the total claimed deduction for all property contributed exceeds \$500, real estate investment trusts (except those closely held) shall attach a schedule describing the kind of property contributed and the method used in determining its fair market value. Closely held real estate investment trusts must complete Form 8283, Noncash Charitable Contributions, and attach it to their returns. All other real estate investment trusts generally must complete and attach Form 8283 to their returns for contributions of property other than money if the total claimed deduction for all property contributed was more than \$5,000.

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to file these forms on time and for overstating the pension plan deduction. See sections 6652(e) and 6659A.

Form 5500. —Complete this form for each plan with 100 or more participants. Form 5500-C/R. —Complete this form for each plan with fewer than 100 participants. Form 5500EZ. —Complete this form for a one-participant plan.

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income.

Generally, a real estate investment trust can deduct only 80% of the amount otherwise allowable for meals and entertainment expenses. In addition, meals must not be lavish or extravagant; a bona fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal. See section 274(k)(2) for exceptions, if a real estate investment trust claims a deduction for unallowable meal expenses, it may have to pay a penalty.

Additional limitations apply to deductions for gifts, skybox rentals, luxury water travel, convention expenses, and entertainment tickets. See section 274 and Publication 463, Travel, Entertainment, and Gift Expenses, for details.

All other ordinary and necessary travel expenses paid or incurred in the trade or business of the real estate investment trust are generally fully deductible.

However, expenses paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation are not deductible. (Note: The real estate investment trust may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.

Note: Do not deduct penalties imposed on real estate investment trusts such as those included in General Instruction D.

Line 20

Taxable income before net operating loss deduction, deduction for dividends paid, and section 857(b)(2)(E) deduction

"At-risk" rules.—Special "at-risk" rules under section 465 generally apply to closely held real estate investment trusts engaged in any activity as a trade or business or for the production of income. Such taxpayers may have to adjust the amount on line 20. But, the "at-risk" rules do not apply to 1.

(1) holding real property placed in service by the taxpayer before 1987; (2) equipment leasing under sections 465(c)(4), (3), and (6); and (3) any qualifying business of a qualified corporation under section 465(c)(7). However, the at-risk rules do apply to the holding of mineral property. For more information, see section 465 and Form 6198, Af-Risk Limitations.

Line 21s

Net operating loss deduction

The "net operating loss deduction" is the amount of the net operating loss carryovers that can be deducted in the tax year. See section 172(a). If this deduction is taken, explain its computation on an attached schedule.

If capital gain dividends are paid during any tax year, the amount of the net capital gain for such tax year (to the extent of such capital gain dividends) is excluded in determining: (1) the net operating loss for the tax year, and (2) the amount of the net operating loss of any prior tax year that may be carried through such tax year to any succeeding tax year.

Generally, a real estate investment trust may carry a net operating loss over to each of the 15 years following the year of loss. Real estate investment trusts are not permitted to carry back a net operating loss to any year preceding the year of such loss. In addition, a net operating loss from a year that is not a PEIT year may not be carried back to any year that is a REIT year.

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss the real estate investment trust may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the modified taxable income for each of the prior tax years to which the real estate investment trust may carry the loss. (See section 172(b).)

See section 172 and Publication 536, Net Operating Losses, for more information

See section 382 for the limitation on the amount of taxable income of a loss corporation for any tax year ending after a post-1986 ownership change that may be offset by pre-change net operating loss carryovers. Also see Temporary Regulations section 1.382-2T(a\(Z\(Z\) (i)\), which requires that a loss corporation file an information statement with its income tax return for each tax year that it is a loss corporation.

See section 384 for the limitation on the use of preacquisition losses of one corporation to offset recognized built-in gains of another corporation.

Part II

Do NOT complete this part unless the aggregate of the gross income, gains, losses, and deductions from foreclosure property (as defined in section 855(e)) results in a positive amount of net income. If an overall net loss results, report the gross income, gains, losses, and deductions from foreclosure property on the appropriate lines in Part.

Property may be treated as foreclosure property only if the property meets the requirements of section 856(e) and the real estate investment trust elects to so treat such property in the year the property was acquired. Such election must be ma the due date for filing Form 1120-REIT (including extensions) by attaching a statement indicating that the election under section 856(e) is being made and identifying the property to which the election applies. The statement must also set forth the name, address, and EIN of the real estate investment trust, the date the property was acquired, and a brief description of how the property was acquired (including the name of the person from whom the property was acquired and a description of the lease or debt with respect to which default occurred or was imminent). Once made, the election is irrevocable. See section 856(e) and Regulations section 1.856-6 for additional information.

Line 2 Gross in

Gross income derived from foreclosure property

Do NOT include on line 2 amounts described in sections 856(c)(3)(A), (B), (C), (D), (E), or (G). These amounts must be reported in Part 1.

Line 4

Only those expenses which have a proximate and primary relationship to the earning of the income shown on line 3 may be deducted to arrive at net income from foreclosure property. Such deductions include depreciation on foreclosure property, interest paid or accrued on debt of the real estate investment trust that is attributable to the carrying of such property, real estate taxes, and fees charged by an independent contractor to manage such property. Do not deduct general overhead and administrative expenses in Part II.

Part III

All real estate investment trusts must complete lines 1 strongh 8 of this part. If line 8 is zero, the tax imposed under section 857(b)(5) does not apply and the rest of Part III should not be completed. If line 8 is greater than zero, complete all of Part III and enter the tax from line 16 on Schedule J, Jine 3c.

Caution: If line 8 is greater than zero, the real estate investment trust MUST:

(a) ettach a schedule to Form 1120-RFII

(a) attach a schedule to Form 1120-REIT listing the nature and amount of each item

of its gross income described in sections 856(c)(2) and (3);

(b) not have fraudulently included any incorrect information in the schedule mentioned in (a) above; and

(c) have reasonable cause for not meeting the requirements of sections 856(c)(2) and

Failure to meet these three conditions will terminate the election to be treated as a real estate investment trust effective for this tax year and all succeeding tax years.

Part I\

Section 857(b)(6) imposes a tax equal to 100% of the net income derived from prohibited transactions. The 100% tax is imposed to prevent a real estate investment trust from retaining any profit from ordinary retailing activities such as sales to customers of condominium units or subdivided lots in a development tract.

Line 1 Gain from the sale or other disposition of property

Include only gains from the sale or other disposition of property described in section 1221(1) that is not foreclosure property (as defined in section 856(e)) and that does not qualify as an exception under section 857(b)

Do not net losses from prohibited transactions against gains in determining the amount to enter on line 1. Enter losses from prohibited transactions on the appropriate line in Part I.

Line 2

Deductions

Only those expenses which have a proximate and primary relationship to the earning of the income shown on line 1 may be deducted to arrive at net income from prohibited transactions. Do not deduct general overhead and administrative expenses in Part IV.

Tax on Certain Built-in Gains

IRS intends to issue regulations under section 337(d) that will impose a tax on the net built-in gain of C corporation assets in connection with: (1) the qualification of a corporation to be taxed as a real estate investment trust, or (2) the transfer of such assets to a real estate investment trust in a carryover basis transaction.

Generally, the net built-in gain equals the excess of aggregate gains over aggregate losses that would have been realized if the corporation had sold all of its assets at their respective fair market values on the relevant date described beliow and immediately liquidated. Unless the corporation makes the election described below, the gain must be recognized by the corporation as of: (a) the last day of the tax year immediately preceding the year in which it qualified as a real estate investment trust, in the case of (1) above; or (b) the day before the date of the transfer of assets, in the case of (2) above.

Election.—The regulations will allow the real estate investment trust to elect to pay the tax on any built-in gains recognized within a 10-year period on the essets held by the corporation before it was taxed as a real estate investment trust or before it transferred the assets in a carryover basis transaction to the real estate investment trust. The built-in gains of an electing real estate investment trust and the tax imposed on such gains will be subject to rules similar to the rules relating to net income from foreclosure property under section 857.

In the case of a corporation qualifying to be taxed as a real estate investment trust, the regulations will generally apply to tax years beginning after June 9, 1987. However, the regulations will not apply to any corporation that was taxed as a real estate investment trust for its tax year that included June 9, 1987. In the case of carryover basis transactions, the regulations will generally apply to transactions, will generally apply to transactions cocurring after June 9, 1987.

For more information, see Notice 88-19, 1988-1 C.B. 486.

Note: Details on how to compute and report this tax on Form 1120-REIT (if the real estate investment trust makes the election described above) were not available at the time these instructions were printed but will be announced by IRS after publication of the regulations under section 337(d). If the real estate investment trust is required to file Form 1120-REIT before these details are announced, the fund should not include the built-in gains tax on Form 1120-REIT at the time of original filing. Rather, the tax should be shown on an amended Form 1120-REIT filed after the announcement is issued by IRS.

Schedule A Deduction for Dividends Paid Lines 1 through 5

The rules in section 561 (taking into account sections 857(b)(8) and 858(a)) determine the deduction for dividends

Line 3

Dividends declared in October, November, or December and payable to shareholders of record on a specified date in such a month are treated as having been paid by the real estate investment trust and received by each shareholder on December 31 of such year provided the dividends are actually paid in January of the following year. Enter on line 3 all such dividends that are not already included on line 1 or 2.

Line 6

If for any tax year the real estate investment trust has net income from foreclosure property (as defined in section 857(b)(\$\(^2\)(8)\)), the deduction for dividends paid to be entered on line 6 (and on line 21b, page 1) is determined by multiplying the amount on line 5 by the following fraction:

Real estate investment trust taxable income (determined without regard to the deduction for dividends paid)

Real estate investment trust taxable income (determined without regard to the deduction for dividends paid) + (Net income from foruclosure properly minus the tax on net income from foreclosure property)

Schedule J

Tax Computation

Lines 1 and 2

Members of a controlled group, as defined in section 1563, are entitled to one \$50,000 and one \$25,000 taxable income bracket amount (in that order) on line 2a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.156-136) for the requirements and for the time and manner of making the consent.

Equal apportionment plan. If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan. Therefore, both corporation A and corporation B are entitled to \$25,000 (one-half of \$50,000) in the \$50,000 taxable income bracket on line 2a(i) and to \$12,500 (one-half of \$25,000) in the \$25,000 (in the \$25,000) in the \$25,000 taxable income bracket on line 2a(ii).

Unequal apportlonment plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income brackets. (But the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.)

Each member of a controlled group must compute the tax on its REIT taxable income as follows:

income as follows:	A0010
1. Enter REIT taxable income (line 22, page 1, Form 1120-REIT)	
2. Enter line 1 or the REIT's share of the \$50,000 tax- able income bracket, whichever is less	
3. Subtract line 2 from line 1	
4. Enter line 3 or the REIT's share of the \$25,000 taxable income bracket, whichever is less	
5. Subtract line 4 from line 3	
6. Enter 15% of line 2	
7. Enter 25% of line 4	
8. Enter 34% of line 5	
9. If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the lesser of: (a) 5% of the excess over \$100,000 or (b) \$11,750. (See instructions for additional 5% tax, below.)	

10. Total of lines 6 through 9. Enter this amount on line 3a, Schedule J, Form 1120-REIT Additional 5% tax. Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000. If the additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. (See section 1561(a).) Each member of the group must enter its share of the additional 5% tax on line 2b and attach to its tax return a schedule that shows the taxable income of the entire group as well as how its share of the additional tax was figured.

Line 3a

A real estate investment trust must compute its tax on its real estate investment trust taxable income as follows (Members of a controlled group should see the instructions above for lines 1 and 2):

if its real estate investment trust taxable income (line 22, Form 1120-REIT) on page 1 is:

Over—	But not over	Its tax is:	Of the amount over—
0	\$50,000	15%	0
\$50,000	75,000	\$ 7,500 + 25%	\$50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250+ 39%	100,000
335,000		34%	0

Line 3e

Interest on tax attributable to payments received on installment sales of certain timeshares and residential lots. If the real estate investment trust elected to pay interest on the amount of tax attributable to payments received on installment obligations arising from the disposition of certain timeshares and residential lots under section 453([X3]), it must include the interest due in the amount to be entered on line 3e, Schedule J. Write on the dotted line to the left of line 3e, Schedule J. "Sec. 453([X3]) interest — \$(amount)." Attach a schedule showing the computation.

Interest on tax deferred under the Installment method for certain non-dealer Installment obligations. If an obligation arising from the disposition of property to which section 453A applies is outstanding at the close of the year, the real estate investment rust must include the interest due under section 453A(c) in the amount to be entered on line 3e, Schedule J. Write on the dotted line to the left of line 3e, Schedule J. Sec. 453A(c) interest — \$(amount). Attach a schedule showing the computation.

Deferred tax amount under section 1291. If the real estate investment trux was a shareholder in a passive foreign investment company (PFIC) that received an excess distribution or disposed of its investment in the PFIC during the year, it must include the aggregate increase in taxes due under section 1291(c)(2) in the amount to be entered on line 3e. Schedule J. Write on the dotted line to the left of line 3e. Schedule J. "Sec. 1291—S(amount)." Do not include on line 3e the interest charge due under

Page 7

section 1291(c)(3). Instead, write "Sec. 1291 interest" and the amount owed in the bottom margin of page 1, Form 1120-REIT. See Form 8621 for details.

Line 4a

Foreign tax credit. See Form 1118, Computation of Foreign Tax Credit.— Corporations, for an explanation of when a real estate investment trust can take credit for payment of income tax to a foreign country or U.S. possession.

Line 4b

General business credit. This credit is made up of the sum of the following credits: Investment credit. The investment credit was generally repealed for property placed in service after 1985. See Form 3468, Computation of Investment Credit, for exceptions.

Jobs credit. The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section 38/c)).

Alcohol fuel credit. A real estate investment trust may be able to take a credit for alcohol used as fuel. Use Form 6478, Credit for Alcohol Used as Fuel, to figure the credit. Credit for increasing research activities. See Form 6765, Credit for Increasing Research Activities and section 41.

Low-income housing credit. See Form 8586, Low-Income Housing Credit, and section 42

Form 3800, General Business Credit. Enter the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the real estate investment trust is claiming only one of the above credits; you generally do not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the real estate investment trust has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800.

Line 4c

Credit for prior year minimum tax. If the real estate investment trust had an alternative minimum tax liability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, it may be able to take the credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax, and section 53

Line 4d

Credit for fuel produced from a nonconventional source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. If the real estate investment trust qualifies for this credit, attach a separate schedule to the return showing the computation of the credit in the total for line 4d, Schedule J. Write next to the entry for line 4d the amount of the credit and identify it as "section 29 credit."

Line 6

Personal holding company tax. A real estate investment trust is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year, is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

Line 7

Recapture taxes

Recapture of investment credit. It properly is disposed of or ceases to be qualified properly before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Recapture of low-income housing credit. If you must recapture part of the low-income housing credit because there has been a decrease in the qualified basis of a building from the prior year or if you disposed of the building or an ownership interest in it, see Form 8611, Recapture of Low-income Housing Credit, and section 42(j).

Line 8

Alternative minimum tax. Attach Form 4626, Alternative Minimum Tax—
Corporations, if the total of real estate investment trust taxable income (or loss) before the net operating loss deduction, net

income from foreclosure property, and net income from prohibited transactions, plus adjustments and tax preference items of the trust exceeds \$40,000 (or the allowable exemption amount, if less). See Form 4626 for details.

Line 9

Deferred tax and Interest on undistributed earnings of a qualified electing fund under section 1294. Follow the instructions for Form 8621 to determine the amount of tax owed or deferred to include in or subtract from the total tax on line 9, Schedule J. Write on the dotted line to the left of line 9, Schedule J. Scc. 1294 and the amount of tax to be added to or subtracted from the total for line 9, Show in brackets an amount to be subtracted.) Do not include on line 9 the interest charge due on the deferred tax. Instead, write "Sec. 1294 interest" and the amount owed in the bottom margin of page 1, Form 1120-REIT.

Schedule L Balance Sheets

Line 4

Tax-exempt securities. Include on this line:
(1) State and local government obligations, the interest on which is excludible from gross income under section 103(a), and (2) Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the real estate investment frust.

Schedule M-1

Reconciliation of Income per Books With Income per Return Line Sc

Travel and entertainment, include on this line: 20% of meals and entertainment not allowed under section 274(n); expenses for the use of an entertainment facility: the part of business gifts in excess of \$25; expenses of an individual allocable to conventions on cruise shins in excess of \$2,000; employee achievement awards in excess of \$400: the cost of entertainment tickets in excess of face value (also subject to 20% disallowance); the cost of skyboxes in excess of the face value of non-luxury box seat tickets; the part of the cost of luxury water travel not allowed under section 274(m); expenses for travel as a form of education: and other travel and entertainment expenses not allowed as a

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Department of the Treasury Internal Revenue Service A Year RIC status was elected Type B Date fund was established Final return Please Type City or town, state, and ZIP code E Check applicable boxes: (1) Final return City or town, state, and ZIP code F Check this box if the fund is a personal holding company or is not Part I—Computation of Investment Company Taxa 1 Dividends 2 Interest 3 Net foreign currency gain (or loss) from section 98: 4 Payments with respect to securities loans (see inst 5 Excess of net short-term capital gain over net load in the state of the second of the sec				<u></u>		_				
Name of fund Section										
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	32 Enter a	Under penalties of r	ornery I declare that it	ave examined this retu	rn, including accor	npanying sche			the best of my	knowledi
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Part II—Computation of Tax on	Undistributed Net Capita	al Gain Not Design	ated Under Sectio	n 852(b)(3)(D)	Page 2
Net capital gain from Schedule D (Form 1120), line 10 (attach Schedule D (Form 1120))						
Less: Capital gain dividends (do not include any amount reported on Form 2438, line 9b)						
Amount subject to tax—Line 1 les	3					
Capital gains tax-Enter 34% of I						
chedule A Deduction for Div				terest	dividends.)	
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Dividends paid in 12-month perio						
paid during the tax year under sec Dividends declared in October, N				_		-
852(b)(7). (See instructions.)			- 1			
Consent dividends (attach Forms						
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Deduction for dividends paid—Ad				5		
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the fund qualify under section 85					. 🔲 Yes	∐ No
our answer to the above question is		-		[1]		1
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Amounts disallowed as deduction: Net income from tax-exempt oblig				1 2 1		\neg
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Amount of line 3 designated as ex				4		
	Officers (See instructions					
Complete Schedul	e E only if total receipts are	e \$500,000 or mor	2.			
(a) Name of officer	(b) Social security number	(c) Percent of time devoted to	(d) Percent of fund's stock owned			sation
(a) Name of officer	(b) Social security number	business	Stock dwiled	(c) mindant or compensation		
		%	% !			
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		%	%			
		%	%			
tal compensation of officers—Ente		 				
chedule J Tax Computation				VIIIIIII		
Check if you are a member of a co	ntrolled group (see sections 1	(561 and 1563)	▶∟			
	5					1
If the box on line 1 is checked:		hracket amounts (in t	hat order):			- 1
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If the box on line 1 is checked: (Inter your share of the \$50,000 at (Inter your share of the additional a Tax on investment company tax; ax) Tax from line 4, Part II Total—Add lines 3a and 3b. Foreign tax credit (attach Form 1 and 1 an	ind \$25,000 taxable income (II) \$ 5% tax (not to exceed \$11,75 ble income (see instructions) 118) e and check which forms are 3468	50)		4d 5 6 7		
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į	Sitional Information (See instruction F.)	ľ
i	(1) Did the fund at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	ŀ
	If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; and (c) taxable income (or loss) before NOL and special deductions (e.g., if a Form 1120; from Form 1120, line 28, page 1) of such corporation for the tax year ending with or within your tax year.	ě
	(2) Did any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50% or more of the fund's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (c)	
	(a) Attach a schedule showing name, address, and identifying number.	
	(c) Was the owner of such voting stock a person other than a U.S. person? (See instructions.) Note: If "Yes," the fund may have to file Form 5472.	.
	If "Yes,," enter owner's country ▶	-
Н	Was the fund a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.). If "Yes," attach Form 5471 for each such corporation.	
ł	At any time during the tax year, did the fund have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	
	(See instruction F and filing requirements for form TD F 90-22.1)	
	If "Yes," enter name of foreign country ▶	
J	Was the fund the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the fund has any beneficial interest in it?	
	If "Yes," the fund may have to file Forms 3520, 3520-A, or 926.	
K	During this tax year, did the fund pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the fund's current and accumulated earnings and profits? (See sections 301 and 316.)	
	If "Yes," file Form 5452.	
L	During this tax year did the fund maintain any part of its accounting/tax records on a computerized system?	
М	Check method of accounting:	
	(1) Cash	
	(2) Accrual (3) Other (specify)	
N	Check this box if the fund issued publicly offered debt instruments with original issue discount	
	If so, the fund may have to file Form 8281.	
0	Enter the amount of tax-exempt interest received or accrued during the tax year	
P	If this return is being filed for a series fund (as defined in section 851(h)(2)), please complete (1) and (2): (1) Name of regulated investment company in which the fund is a series	
	(2) Date such regulated investment company was incorporated or organized	
Q	Section 853 election—Check this box if the fund meets the requirements of section 853(a) and elects to pass through the deduction or credit for foreign taxes it paid to its shareholders. See Regulations section 1.853-4(a) for additional requirements	:

Form 1120-RIC (1989)	· Page 4					
Schedule L Balance Sheets	Beginning of tax year		End of tax year			
Assets	(a)	(b)	(c)	(d)		
1 Cash	<i>YIIIIIIIIIIIIIIII</i>			40000000000000000000000000000000000000		
2a Trade notes and accounts receivable						
b Less allowance for bad debts						
3 U.S. government obligations						
4 Tax-exempt securities (see instructions)						
5 Other current assets (attach schedule) .						
6 Loans to stockholders						
7 Mortgage and real estate loans						
8 Other investments (attach schedule)						
9a Buildings and other fixed depreciable assets				amumumumumumumumumu		
b Less accumulated depreciation						
11a Intangible assets (amortizable only)						
b Less accumulated amortization				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
12 Other assets (attach schedule)				-		
13 Total assets						
Liabilities and Stockholders' Equity						
14 Accounts payable						
15 Mortgages, notes, bonds payable in less than 1 year						
16 Other current liabilities (attach schedule)						
17 Loans from stockholders	V/////////////////////////////////////					
18 Mortgages, notes, bonds payable in 1 year or more						
19 Other liabilities (attach schedule)						
20 Capital stock						
21 Paid-in or capital surplus						
22 Retained earnings—Appropriated (attach schedule)		}				
23 Retained earnings—Unappropriated		((
25 Total liabilities and stockholders' equity	V/////////////////////////////////////					
Schedule M-1 Reconciliation of Income	per Books With Inc	ome per Return	Vininga and a second se	·		
(You are not required to complete			umn (d), of Schedule L a	re less than \$25,000.)		
1 Net income per books		T	on books this year not			
2 Federal income tax		included on this r				
3 Excess of capital losses over capital gains			rest \$	l		
4 Income subject to tax not recorded on books		1				
this year (itemize):		8 Deductions on this	s return not charged			
		against book incor	me this year (itemize):	·		
		a Depreciation .	\$			
		b Dividends paid	deduction (line 25,			
5 Expenses recorded on books this year not		page 1)	\$			
deducted on this return (itemize):	ļ.			! 		
a Depreciation \$						
b Expenses allocable to tax-exempt interest			om Schedule D (Form	1		
income \$						
c Section 4982 tax \$			tributed capital gains			
d Travel and entertainment \$			line 11			
		11 Total of lines 7 th				
6 Total of lines 1 through 5		12 investment compa	iny taxable income line 6 less line 11 .			
Schedule M-2 Analysis of Unappropriate	d Retained Earnin			,		
(You are not required to complete				re less than \$25,000.)		
1 Balance at beginning of year			Cash			
2 Net income per books		1	Stock			
3 Other increases (itemize):		1	Property			
o other mereases (normale).		1	(itemize):	1		
		7 Total of lines 5 a				
4 Total of lines 1, 2, and 3	l	8 Balance at end of	year (line 4 less line 7)	<u> </u>		
			•0.	S. GPO:1989-245-266.		

1989



Instructions for Form 1120-RIC

U.S. Income Tax Return for **Regulated Investment Companies**

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

7 hrs 14 min

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpavers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time

Recordkeeping 51 hrs., 40 min. Learning about the . . . 19 hrs., 53 min. law or the form Preparing the form . . . 46 hrs., 43 min. Copying, assembling, and sending the form

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; or the Office of Management and Budget,
Paperwork Reduction Project (1545-1010).

General Instructions

Note: In addition to those publications isted throughout these instructions, taxpayers may wish to get: Publication 534, Depreciation; Publication 535, Business Expenses: and Publication 542. Tax Information on Corporations.

A. Purpose of Form

Washington, DC 20503.

Form 1120-RIC is used to report the income, gains, losses, deductions, and credits of regulated investment companies as defined in section 851

B. Filing Form 1120-RIC

1 Who Must File

A domestic corporation that elects to be treated as a regulated investment company for the tax year (or has made such election for a prior tax year) and that meets the requirements listed below must file Form 1120-RIC. The election is made by computing taxable income as a regulated investment company on Form 1120-RIC

An electing regulated investment company must be a domestic corporation

(a) that is: (1) registered with the Securities and Exchange Commission throughout the tax year as a management

company or unit investment trust under the Investment Company Act of 1940, or has in effect an election under such Act to be treated as a business development company. or (2) a common trust fund or similar fund excluded by section 3(c)(3) of such Act from the definition of "investment company" and s not included in the definition of "common trust fund" under section 584(a):

(b) that derives at least 90% of its gross income (including tax-exempt interest ncome) from dividends, interest, payments with respect to securities loans (as defined in section 512(a)(5)), and gains from the sale or other disposition of stock or securities (as defined in section 2(a)(36) of the Investment Company Act of 1940) or foreign currencies, or other income (including gains from options, futures, or forward contracts) derived with respect to its business of investing in such stock, securities, or currencies (Note: Income from a partnership qualifies under the 90% test to the extent the company's distributive share of partnership income is attributable to items described above as realized by the nartnership)

(c) that derives less than 30% of its gross income (including tax-exempt interest come) from the sale or other disposition of any of the following that was held for less than 3 months:

(1) stock or securities (as defined in section 2(a)(36) of the Investment Company Act of 1940);

(2) options, futures, or forward contracts other than options, futures, or forward contracts on foreign currencies); and

(3) foreign currencies (or options. futures, or forward contracts on foreign currencies) but only if such currencies (or options, futures, or forward contracts) are not directly related to the company's principal business of investing in stock or securities (or options and futures on stocks

(d) that meets the diversification of investment requirements of sections 851(b)(4) and (c);

(e) that was treated as a regulated investment company for all tax years ending after November 7, 1983, or as of the end of the tax year, the corporation had no accumulated earnings and profits from any non-RIC year; and

(f) for which the deduction for dividends paid (excluding capital gain dividends) equals or exceeds the sum of:

(1) 90% of its investment company taxable income (determined without regard to the deduction for dividends paid); and

(2) 90% of its net income from taxexempt obligations

See sections 851 and 852 for details and

If a regulated investment company has more than one fund (as defined below). each fund is treated as a separate corporation for purposes of the Internal Revenue Code (except with respect to the definitional requirement of paragraph (a)

However, any fund will not be disqualified for failure to meet the requirement of naragraph (c) above for any tax year by reason of sales resulting from abnormal redemptions on any day and occurring before the close of the 5th business day after such day if: (1) the sum of abnormal redemptions on that day and on prior days during the tax year exceeds 30% of net asset value, and (2) all funds in the series to which the fund belongs would meet the requirement if treated as a single regulated

2. Definition of Fund

A fund is a separate portfolio of assets, the beneficial interests in which are owned by the holders of a class or series of stock that ic preferred over all other classes or series with respect to that portfolio of assets.

Note: As used in these instructions and Form 1120-RIC, the term "fund" refers to the above definition and to any regulated investment company that does not have more than one such portfolio of assets.

3. When To File

Generally, the fund must file its income tax return by the 15th day of the 3rd month after the end of the tax year. A new fund filing a short-period return must generally file by the 15th day of the 3rd month after the short period ends. A fund that has dissolved must generally file by the 15th day of the 3rd month after the date it

Extension.—File Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to

Period covered. - File the 1989 return for calendar year 1989 and fiscal years that begin in 1989 and end in 1990. For a fiscal year, fill in the tax year space at the top of

Note: The 1989 Form 1120-RIC may also be used if: (1) the fund has a tax year of less than 12 months that begins and ends in 1990; and (2) the 1990 Form 1120-RIC is not available by the time the fund is

required to file its return. However, the fund must show its 1990 tax year on the 1989 Form 1120-RIC and incorporate any tax law changes that are effective for tax years beginning after December 31, 1989.

Final return .- If the fund ceases to exist. check the box for Final Return in item E at the top of the form.

4. Where To File

File your return at the applicable IRS address listed below

New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)

New York (all other counties).

If the fund's principal Use the following business, office, or agency internal Revenue Service

Holtsville, NY 00501

Orden UT 84201

Andover, MA 05501 Massachusetts, New Hampshire, Rhode Island, Florida, Georgia, South Atlanta GA 39901 Indiana, Kentucky, Michigan, Cincinnati. OH 45999 Kansas, New Mexico Oklahoma, Texas Austin TX 73301

Ataska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt,

Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plums, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonora, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada North Dakota, Urtah, Washington, Wormine

California (all other counties).

Fresno, CA 93888 Ittinois, Iowa, Minnesota, Missouri, Wisconsin Kansas City, MO 64999 Alabama, Arkansas, Memphis, TN 37501

Carolina Tennesses Delaware, District of Columbia, Maryland.

Philadelphia, PA 19255

5. Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of the fund.

Note: If this return is being filed for a series fund (as defined in section 851(h)(2)), the return may be signed by any officer authorized to sign for the regulated investment company in which the fund is a

If a corporate officer filled in the fund's tax return, the Paid Preparer's space under Signature of officer" should remain blank. If someone prepares the tax return and does not charge the fund, that person should not sign the return. Certain others who prepare the tax return should not sign. For example,

Page 2

a regular, full-time employee of the fund such as a clerk, secretary, etc., should not

Generally, anyone who is paid to prepare the tax return must sign it and fill in the blanks in the Paid Preparer's Use Only area of the return

The preparer required to sign the return must complete the required preparer information and:

. Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

. Give a copy of the tax return to the fund in addition to the copy filed with IRS.

Tay return preparers should be familiar th their responsibilities. See Publication 1045. Information for Tax Practitioners, for more details.

C. Figuring and Paying the Tax 1. Accounting

Accounting methods. - Taxable income must be computed using the method of accounting regularly used in keeping the fund's books and records. In all cases, the method adopted must clearly reflect taxable income. See section 446.

Generally, funds with average annual gross receipts of more than \$5,000,000 must use the accrual method of accounting. See section 448 for definitions and exceptions.

Unless the law specifically permits otherwise, the fund may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see Publication 538, Accounting Periods and Methods

Change in accounting period. —Generally, before changing its accounting period, the fund must obtain the Commissioner's approval by filing Form 1128, Application for Change in Accounting Period. (See Regulations section 1.442-1 and Publication 538

2. Rounding Off to Whole-Dollar Amounts

The fund may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

3. Depositary Method of Tax Payment The fund must pay the tax due in full when the return is filed but no later than the 15th day of the 3rd month after the end of the tax vear

Deposit fund income tax payments (and estimated tax payments) with Form 8109, Federal Tax Deposit Coupon. Be sure to darken the "1120" box on the coup Make these deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the fund is located. Do not submit deposits directly to an IRS office: otherwise the fund may be subject to a failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the fund's account. See the instructions contained in the coupon book (Form 8109) for more

To help ensure proper crediting to your account, write your employer identification number. "Form 1120-RIC." and the tax period to which the deposit applies on your check or money order.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the coupon book.

For more information concerning deposits, see Publication 583, Taxpayers Starting a Business.

4. Backup Withholding

If the fund has had income tax withheld from any payments it received because, for example, it failed to give the payer its correct employer identification number, it may claim a credit on Form 1120-RIC for the total amount withheld. This type of withholding is called "backup withholding."
Show the amount withheld in the blank Show the amount withheld in the blank space in the right-hand column between lines 27 and 28h, page 1, and label the amount as "backup withholding." Also include the amount in the total for line 28h.

5. Estimated Tax

Generally, a fund must make estimated tax payments if it can expect its estimated tax to be \$500 or more. For estimated tax purposes, the estimated tax of the fund is defined as its atternative minimum tax minus the credit for Federal tax on fuel Use the deposit coupons (Forms 8109) in making deposits of estimated tax.

If the fund overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 after the end of the tax year, but before the 16th day of the 3rd month thereafter, and before the fund files its tax

6. Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, all the events that establish liability for the amount generally are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h)

7. Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income or expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29, and 84-30 (which are in Cumulative Bulletin 1984-1) to change their method.

D Interest and Penalties

1. Interest.—Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantia bstantial understatements of tax from the due date

(including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

2. Late Filing of Return.—A fund that fails to file its return when due (including extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

3. Late Payment of Tax.—Generally, the penalty for not paying tax when due is ½ of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

4. Underpayment of Estimated Tax.—A fund that fails to pay estimated tax payments when due may be subject to an underpayment, enably for the period of underpayment, in general, to avoid the estimated tax payments of at least the estimated tax payments of at least the smaller of: 90% of its alternative minimum tax minus the credit for Federal tax on fuels as shown on the return; or 100% of its prior year's tax (computed in the same manner). See section 6655 for details and exceptions.

Form 2220, Underpayment of Estimated Tax by Corporations, is used to see if the fund owes a penalty and to figure the amount of the penalty. Generally, the fund does not have to file this form because IRS can figure the amount of any penalty and bill the fund for it. However, you must complete and attach Form 2220 even if the fund does not owe the penalty if: (a) the annualized income or adjusted seasonal installment method is used, or (b) the fund is a "large corporation" computing its first required installment based on the prior year's tax. If you attach Form 2220, be sure to check the box on line 29, page 1, Form 1120-RIC, and enter the amount of any penalty on this line.

5. Overstated Tax Deposits.—If deposits are overstated, the fund may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(b).

6. Other Penalties. —There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661

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

1. Forms

The fund may have to file any of the following:

Forms W-2 and W-3, Wage and Tax Statement; and Transmittal of Income and Tax Statements.

Form W-2P, Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments.

Form 966, Corporate Dissolution or Liquidation.

Forms 1042 and 1042S, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Persons; and Foreign Persons; and Foreign Persons; and Foreign Persons to Person's U.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on payments or distributions made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments or distributions constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, see sections 1441 and 1442, and Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Transmittal of U.S. Information Returns. Form 1098, Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the recipient's trade or business for any calendar year. Forms 1099-A, B, DIV, INT, MISC, OID, PATR, R, and S. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from broker and barter exchange transactions, certain dividends and distributions, interest payments, medical and dental health care navments, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, total distributions from profitsharing plans, retirement plans, individual retirement arrangements, insurance contracts, etc., and proceeds from real

estate transactions. Also use these returns to report amounts that were received as a nominee on behalf of another person.

For more information, see Publication 937, Business Reporting.

Note: Every fund must file information returns if, in the course of its trade or business, it makes payments of rents commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person during the calendar year.

Form 2438, Regulated Investment Company Undistributed Capital Gains Tax Return. If you designate undistributed capital gains under section 852(b/3)(D), you must file this return and pay tax on the gains so designated within 30 days after the end of your tax year. In addition, a copy of Form 2438 (with Copy A of all Forms 2439) must be attached to the Form 1120-RIC you file.

Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains. If you file Form 2438, you must complete Form 2439 for each shareholder for whom you paid tax on undistributed capital gains designated under section 852(V/3)(Ö) and furnish a copy to each such shareholder within 60 days after the end of your tax

Form 5452, Corporate Report of Nondividend Distributions.

Form 5498, Individual Retirement Arrangement Information. Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account. Form 5713, International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8613, Return of Excise Tax on Undistributed Income of Regulated Investment Companies. If you are liable for the 4% excise tax on undistributed income imposed under section 4982 or wish to make an election under section 4982(e)(4), you must file this return for the calendar year.

Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. A fund that was a shareholder in a passive foreign investment company (as defined in section 1296) at any time during the tax year must complete and attach this form to its return.

2. Statements

Stock ownership in foreign corporations.—Attach the required statement to Form 1120-RIC if the fund owned 5% or more in value of the outstanding stock of a foreign personal holding company and the fund was required to include in its gross income any undistributed foreign personal holding company income. See section 551(c).

A fund that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes of, or owns 5% or more of the outstanding stock of a foreign corporation may have to file Form 5471, Information Return with Respect to a foreign Corporation.

A fund that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472, Information Return of a Foreign Owned Corporation.

Transfers to a corporation controlled by the transferor.—If the fund receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the fund (transferor) must attach to Form 1120-RIC the information required by Regulations section 1.351.3.

Election under Temporary Regulations section 1.67-27()(?).—Generally, shareholders in a nonpublicy offered fund that are individuals or pass-through entitles are treated as having received a dividend in an amount equal to the shareholder's allocable share of affected RIC expenses for

Page

the calendar year and as having paid or incurred an expense described in section 212 (and subject to the 2% limitation on miscellaneous itemized deductions) in the same amount for the calendar year. A nonpublicly offered fund may elect to treat its affected RIC expenses for a calendar year as equal to 40% of the amount determined under Temporary Regulations section 1.67-2T(j)(1)(i) for that calendar year. To make this election, attach to Form 1120-RIC for the tax year that includes the last day of the calendar year for which the fund makes the election a statement that it is making an election under paragraph (j)(2 of Temporary Regulations section 1.67-2T. Once made, the election remains in effect for all subsequent calendar years and may not be revoked without IRS consent. See Temporary Regulations section 1.67-2T for definitions and other details

3. Amended Return

To correct any error in a previously filed Form 1120-RIC, file an amended Form 1120-RIC and check the box for Amended Return in item E at the top of the form.

4. Attachments

Attach Form 4136, Computation of Credit for Federal Tax on Fuels, after page 4, Form 1120-RIC. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

In order to process the return, we ask that you complete every applicable entry space on Form 1120-RIC. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120-RIC.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Also, show the same information called for on the form in the same order as on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the fund's employer identification number (EIN) on each sheet.

F. Additional Information

Be sure to answer questions G through Q on page 3, Form 1120-RIC. The instructions that follow are keyed to these questions.

1. Question G(2)(c)

- U.S. person.—The term "U.S. person" means:
- 1. A citizen or resident of the United States;
- 2. A domestic partnership;
- 3. A domestic corporation;
- 4: Any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

2. Question I

Foreign financial accounts:—Check the "Yes" box if either a or b, below, applies to the fund; otherwise, check the "No" box:

 At any time during the year the fund had an interest in or signature or other authority over a financial account in a

Page 4

foreign country (such as a bank account, securities account, or other financial account);

AND

- The combined value of the accounts was more than \$10,000 at any time during the year; AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.
- b. The fund owns more than 50% of the stock in any corporation that would answer "Yes" to item a above.

 Get form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the fund is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a halk account in sourising.

account, or other financial account).

If "Yes" is checked for this question, file form TD F 90-22.1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120-RIC.

Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

Specific Instructions

Date fund was established.—If this return is being filed for a series fund (as defined in section 851(h)(2)), enter the date the fund was created. Otherwise, enter the date the regulated investment company was incorporated or organized.

Employer identification number. —Enter the employer identification number (EIN) of the fund. A fund that does not have an EIN should apply for one on Form SS-4. Application for Employer identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120-RIC is mailed. If the EIN has not been received by the filing time for the fund's tax return, write "Applied for" in the space for the EIN.

For more information concerning an EIN, see Publication 583.

Total assets.—Enter the total assets of the fund as of the end of the tax year. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Part I

Income

Dividends

Enter the total amount of dividends received during the tax year.

Caution: At the time these instructions were printed, Congress was considering tax legislation that would generally require funds to include dividends in income on the ex-dividend date rather than on the date received, effective for dividends on stock that becomes ex-dividend after the date this provision is enacted. If this legislation is enacted, we will take the steps necessary to publicize the new law.

Line 2

interest

Enter taxable interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest expense against interest income

Line 3

Net foreign currency gain (or loss) from section 988 transactions

Enter the net foreign currency gain (or loss) from section 988 transactions that is treated as ordinary income or loss under section 988(a)(1)(A). Attach a schedule detailing each separate transaction.

Line 4

Payments with respect to accuritles loans Enter the amount received or accrued from a broker as compensation for securities loaned by the fund to the broker for use in completing market transactions. Such payments must meet the requirements of section 512(a)(5).

Line 5

Excess of net short-term capital gain over net long-term capital loss

Enter on this line only the gain shown on line 9, Schedule D (Form 1120), Capital Gains and Losses. To report the net capital gain on line 10, Schedule D (Form 1120), see the instructions for Part II.

Note: Every sale or exchange of a capital asset must be reported in detail on Schedule D (Form 1120), even though no gain or loss is indicated.

Line 6

Net gain (or loss)

Enter the net gain (or loss) from Form 4797, Sales of Business Property, Part II, line 18.

Line 7

Other Income

Enter any other taxable income not listed above, except net capital gain that must be reported in Part II, and explain its nature on an attached schedule. Examples of other income are any adjustment under section 481(a) required to be included in income during the current tax year due to a change in a method of accounting; gross rents; recoveries of fees or expenses in settlement or litigation; the amount of credit for siconiol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478. Credit for Alcohol Used as Fuel; and refunds of taxes deducted in prior years to the extent they reduced income subject to tax in the year deducted (see section 111). Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, describe it in parentheses on line 7.

Deductions

Limitations on deductions.—

Transactions between related taxpayers. Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

Direct and indirect costs (including taxes) allocable to real or tangible personal property constructed or improved by the

taxpayer. Such costs must be capitalized in accordance with section 263A.

- 3. Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual corporation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation charges. See section 280p.
- 4. Business startup expenses are required to be capitalized unless an election is made to amortize them over a period of 60 months. See section 195.
- 5. Section 265(a)(3) limitation. If the fund paid exempt-interest dividends during the tax year (including those dividends deemed paid under section 655), no deduction is allowed for that portion of otherwise deductible expenses which the amount of tax-exempt interest income bears to total gross income (including tax-exempt income) but excluding capital gain net income).
- 6. The net operating loss deduction is not allowed.
- 7. Passive activity limitations. Limitations on passive activity losses and credits under section 469 apply to funds that are closely held (as defined in section 469()(1)). Funds subject to the passive activity limitations must complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to compute their allowable passive activity loss and credit.

Line 9

Compensation of officers

Besides entering the total officers' compensation on line 9, Form 1120-RIC filers must complete Schedule E on page 2 if their total receipts (line 8, Part I, plus net capital gain from line 1, Part II, and line 9a, Form 2438) are \$500,000 or more. Do not include compensation deductible elsewhere on the return, such as elective contributions to a section 401(K) cash or deferred arrangement or amounts contributed under a salary reduction SEP agreement.

Complete Schedule E, columns (a) through (e), for all officers. The regulated investment company determines who is an officer under the laws of the state where it is incorporated.

Line 10

Salaries and wages

Enter on line 10a the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deductible elsewhere on the return, such as elective contributions to a section 401(k) cash or deferred arrangement or amounts contributed under a salary reduction SEP agreement.

Caution: If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 14 and 22.

Enter on line 10b the amount of jobs credit from Form 5884, Jobs Credit.

Line 12

Taxes

Enter taxes paid or incurred during the tax year, but do not include the following:

- 1. Federal income taxes:
- 2. Foreign or U.S. possession income taxes if a tax credit is claimed or the fund made an election under section 853;
- 3. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.
- 4. Excise taxes imposed under section 4982 on undistributed regulated investment company income; or
- 5. Taxes not imposed on the fund.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

Line 13

Interest

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from tax.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer who in 1989 prepaid interest allocable to any period after 1989 can deduct only the amount allocable to 1989. See Publication 545, interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(a).

Line 14

Depreciation

Besides depreciation, include on line 14 the part of the cost (up to \$10,000) that the fund elected to expense for certain recovery property placed in service during the tax year. See the instructions for Form 4562, Depre

Line 22

Other deductions

Attach a separate sheet listing all allowable deductions that are not deductible elsewhere on Form 1120-RIC. Enter the total on this line.

Include on this line contributions deductible under section 170; contributions to pension and profit-sharing plans, employee benefit programs, etc.; and amortization of organization expenses.

If a contribution deductible under section 170 is in property other than money and the total claimed deduction for all property contributed exceeds \$500, the fund (except if closely held) shall attach a schedule describing the kind of property contributed and the method used in determining its fair market value. Closely held funds must complete Form 8283, Moncash Charitable Contributions, and attach it to their returns. All other funds generally must complete and attach Form 8283 to their returns for contributions of property other than money if the total claimed deduction for all property contributed was more than \$5,000.

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to file these forms on time and for overstating the pension plan deduction. See sections 6652(e) and 6659A.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C/R.—Complete this form for

Form 5500-C/R.—Complete this form for each plan with fewer than 100 participants. Form 5500EZ.—Complete this form for a one-participant plan.

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income.

Generally, the fund can deduct only 80% of the amount otherwise allowable for meals and entertainment expenses. In addition, meals must not be lavish or extravagant; a bona fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal. See section 274(k)(2) for exceptions. If the fund claims a deduction for unallowable meal expenses, it may have to pay a penalty.

Additional limitations apply to deductions for skybox rentals, luxury water travel, convention expenses, and entertainment tickets. See section 274 and Publication 463, Travel, Entertainment, and Gift Expenses, for details.

All other ordinary and necessary travel expenses paid or incurred in the trade or business of the fund are generally fully deductible. However, expenses paid or incurred for a facility (such as a yacht or hunting lodge) that is used for a nactivity that is usually considered entertainment, amusement, or recreation are not deductible. (Note: The fund may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for, an independent contractor.

Note: Do not deduct penalties imposed on the fund such as those included in General Instruction D.

Line 24

Taxable Income before deduction for dividends paid

"At-risk" rulea.— Special "at-risk" rules under section 465 generally apply to closely held funds engaged in any activity as a trade or business or for the production of income. Such taxpayers may have to adjust the amount on line 24. But the at-risk rules dont apply to: (1) holding real property placed in service by the taxpayer before 1987; (2) equipment leasing under sections 465(c)(4), (5), and (6); and (3) any qualifying business of a qualified corporation under section 465(c)(7). However, the at-risk rules do apply to the holding of mineral property. For more information, see section 465 and Form 6198, at-Risk Limitations.

Page 5

Part II

Line 1

Net capital gain

Enter on this line only the gain shown on line 10, Schedule D (Form 1120). To report the excess of net short-term capital gain over net long-term capital loss, see the instructions for line 5. Part I.

Line 2

Capital gain dividends

Enter the deduction for dividends paid determined with reference to capital gain dividends only, as designated by the fund in accordance with section 852(0)3(C), but do not include any amount reported for the tax year on Form 2438, line 9b. The rules in section 561 (taking into account sections 852(0)(7) and 855(a)) determine the amount that is deductible for the tax year. To compute the deduction for capital gain dividends, it may be useful to prepare a worksheet similar to Schedule A, page 2, Form 1120-RIC.

Tax on Certain Built-In Gains

IRS intends to issue regulations under section 337(d) that will impose a tax on the net built-in gain of C corporation assets in connection with: (1) the qualification of a corporation to be taxed as a regulated investment company, or (2) the transfer of such assets to a regulated investment company in a carryover basis transaction.

Generally, the net built-in gain equals the excess of aggregate gains over aggregate losses that would have been realized if the corporation had sold all of its assets at their respective fair market values on the relevant date described below and immediately liquidated. Unless the corporation makes the election described below, the gain must be recognized by the corporation as of: (a) the last day of the tay are immediately preceding the year in which it qualified as a regulated investment company, in the case of (21) above; or (b) the day before the date of the transfer of assets, in the case of (2) above.

Election. —The regulations will allow the regulated investment company to elect to pay the tax on any built-in gains recognized within a 10-year period on the assets held by the corporation before it was taxed as a regulated investment company or before it transferred the assets in a carryover basis transaction to the regulated investment company. The built-in gains of an electing regulated investment company and the tax imposed on such gains will be subject to rules similar to the rules relating to net income from foreclosure property of real estate investment trusts under section 857.

In the case of a corporation qualifying to be taxed as a regulated investment company, the regulations generally will apply to tax years beginning after June 9, 1987. However, the regulations will not apply to any corporation that was taxed as a regulated investment company for its tax year that included June 9, 1987. In addition, a previously qualifying regulated investment company that fails to meet the qualifications to be taxed as a regulated investment company for a single tax year generally will not be required to recognize net built-in gain under the regulations upon requalification as a regulated investment company. For carryover basis transactions, the regulations will generally apply to transactions occurring after June 9, 1987.

For more information, see Notice 88-19, 1988-1 C.B. 486, and Notice 88-96, 1988-2 C.B. 420

Nota: Details on how to compute and report this tax on Form 1120-RIC (if the fund makes the election described above) were not available at the time these instructions were printed but will be announced by IRS after publication of the regulations under section 337(d). If the fund is required to file form 1120-RIC before these details are announced, the fund should not include the built-in gains tax on Form 1120-RIC at the time of original filing. Rather, the tax should be shown on an amended Form 1120-RIC filed after the announcement is issued by IRS.

Schedule A

Deduction for Dividends Paid

Lines 1 through 5

The rules in section 56.1 (taking into account sections 852(b)(7) and 855(a)) determine the deduction for dividends paid. In computing the amounts to be entered on ines 1 through 4, do not take into account capital gain dividends (as defined in section 852(b)(3)(o) or exempt-interest dividends (as defined in section 852(b)(3)(b)).

Line 3

Dividends declared in October, November, or December and payable to shareholders of record on a specified date ig such a month are treated as having been paid by the fund and received by each shareholder on December 31 of such year provided the dividends are actually paid in January of the following year. Enter on line 3 all such dividends that are not already included on line 1 or 2.

Schedule B

Income From Tax-Exempt Obligations

If, at the close of each quarter of the tax year, at least 50% of the value of the fund's assets consisted of tax-exempt obligations under section 103(a), the fund qualifies under section 852(b)(5) to pay exempt-interest dividends for the tax year and must check the "Yes" box and complete lines 1 through 4 in Schedule B. See section 852(b)(5) for the definition of exempt-interest dividends and other details.

Schedule J

Tax Computation

Lines 1 and 2

Members of a controlled group, as defined in section 1563, are entitled to one

\$50,000 and one \$25,000 taxable income bracket amount (in that order) on line 2a.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) for the requirements and for the time and manner of making the consent.

Equal apportionment plan. If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an apportionment plan.

Therefore, both corporation A and corporation B are entitled to \$25,000 (one-half of \$50,000 in the \$50,000 taxable income bracket on line 2a(i) and to \$12,500 (one-half of \$25,000) in the \$25,000 taxable income bracket on line 2a(ii) and to \$12,500 (one-half of \$25,000) taxable income bracket on line 2a(ii)

Unequal apportionment plan. Members of a controlled group may elect an unequal apportionment plan and divide the taxable income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income brackets. (But the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.)

Each member of a controlled group must compute the tax on its Investment company texable income as follows (except funds that are personal holding companies or that are not in compliance with Regulations section 1.852-6):

Enter investment company taxable income (line 26, page 1, Form 1120-RIC)	
Enter line 1 or the fund's share of the \$50,000 taxable income bracket, whichever is less.	
I. Subtract line 2 from line 1 .	
Lenter line 3 or the fund's share of the \$25,000 taxable income bracket, whichever is less	
. Subtract line 4 from line 3 .	
Enter 15% of line 2	
. Enter 25% of line 4	
L Enter 34% of line 5 📬 👢 .	
), If the taxable income of the	
controlled group exceeds	
\$100,000, enter this	
member's share of the	
tesser of: (a) 5% of the	
excess over \$100,000, or	
(b) \$11,750. (See	
instructions for additional	
5% tax, below.)	
). Total of lines 6 through 9.	
Enter this amount on line	

3a, Schedule J, Form 1120-RIC Additional 5% tax. Members of a controlled group are treated as one corporation for purposes of figuring the applicability of the additional 5% tax that must be paid by corporations with taxable income in excess of \$100,000. If the additional tax applies, each member of the controlled group will pay that tax based on the part of the amount that is used in each taxable income bracket to reduce that member's tax. (See section 1561(a).) Each member of the group must enter its share of the additional 5% tax on line 2b and attach to its tax return a schedule that shows the taxable income of the additional tax was figured.

Line 3a

The fund must compute its tax on its investment company taxable income as follows:

(1) Funds that are not personal holding companies and that are in compliance with Regulations section 1.852-6 regarding disclosure of the fund's actual stock ownership (Members of a controlled group should see the instructions above for lines 1 and 2):

If its investment company taxable income (line 26, Form 1120-RIC) on page 1 is:

Over	But not over	its tax is:	Of the amount over
0	\$50,000	15%	0
\$50,000	75,000	\$7,500 + 25%	\$50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000		34%	0

(2) Funds that are personal holding companies or that are not in compliance with Regulations section 1.852-6:

A fund that is a personal holding company or that is not in compliance with Regulations section 1.852-6 is taxed at a flat rate of 34% on its investment company taxable income.

Line 3c

Interest on tax deferred under the Installment method for certain non-dealer Installment obligations. If an obligation arising from the disposition of property to which section 453A applies is outstanding at the close of the year, the fund must include the interest due under section 453A(c) in the amount to be entered on line 3c, Schedule J. Write on the dotted line to the left of line 3c, Schedule J. YSec.
453A(c) interest — \$(amount).* Attach a schedule showing the computation.

Deferred tax amount under section 1291. If the fund was a shareholder in a passive foreign investment company (PFIC) that received an excess distribution or disposed of its investment in the PFIC during the year, it must include the aggregate increases in taxes due under section 1291(c/2) in the amount to be entered on

line 3c, Schedule J. Write on the dotted line to the left of line 3c, Schedule J. 'Sec. 1291— S(amount).' Do not include on line 3c the interest charge due under section 1291(c/X). Instead write 'Sec. 1291 interest' and the amount owed in the bottom margin of page 1, Form 1120-RIC. See Form 8621 for details.

ine 4a

Foreign tax credit. See Form 1118, Computation of Foreign Tax Credit.—
Corporations, for an explanation of when the fund can take credit for payment of income tax to a foreign country or U.S. possession.
The fund may not claim this credit if an election under section 853 was made for the tax year.

Line 4b

General business credit. This credit is made up of the sum of the following credits: Investment credit. The investment credit was generally repealed for property placed in service after 1985. See Form 3468, Computation of Investment Credit, for exceptions.

Jobs credit. The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See Form 5884, Jobs Credit, for definitions, special rules, and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred which is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section 38(c))).

Alcohol fuel credit. The fund may be able to take a credit for alcohol used as fuel. Use Form 6478, Credit for Alcohol Used as Fuel, to figure the credit.

Credit for increasing research activities. See Form 6765, Credit for Increasing Research Activities, and section 41.

Low-income housing credit. See Form 8586, Low-Income Housing Credit, and section 42.

Form 3800, General Business Credit. Enter the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the fund is claiming only one of the above credits, you generally do not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the fund has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800.

Line 4c

Credit for prior year minimum tax. If the fund had an alternative minimum tax liability in a prior tax year beginning after 1986 but has no current year alternative minimum tax, it may be able to take the credit for prior year minimum tax. See Form 8801, Credit for Prior Year Minimum Tax, and section 53.

Line 4d

Credit for fuel produced from a nonconventional source. A credit is allowed for the sale of qualified fuels

produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. If the fund qualifies for this credit, attach a separate schedule to the return showing the computation of the credit. Include the amount of the credit to the entry for line 4d, Schedule J. Write next to the entry for line 4d the amount of the credit and identify it as "section 29 credit."

Line 6

Personal holding company tax. The fund is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year, is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

Line 7

Recapture taxes

Recapture of investment credit. If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit. Here may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Recapture of low-income housing credit. If you must recapture part of the low-income housing credit because there has been a decrease in the qualified basis of a building from the prior year or if you disposed of the building or an ownership interest in it, see Form 861 1, Recapture of Low-Income Housing Credit, and section 42(i).

Line 8

Alternative minimum tax. Attach Form 4626, Alternative Minimum Tax. Corporations, if the total of investment company taxable income (or loss) and retained capital gains not designated under section 852(b/(3/CD) plus adjustments and tax preference items of the fund exceeds the lesser of: (a) \$40,000, or (b) your allowable exemption amount. See Form 4626 for details.

Line 9

Deferred tax and Interest on undistributed earnings of a qualified electing fund under section 1294. Follow the instructions for Form 8621 with electing fund under section 1294 follow the instructions for Form 8621 with electronic form the total tax on line 9, Schedule J. Write on the dotted line to the left of line 9, Schedule J. Write on the dotted line to the left of line 9, Schedule J. Write on the dotted line to the left of line 9, Schedule J. Write on the dotted line 9, Schedule J. Write J. Schedule

Schedule L

Balance Sheets

Line 4

Tax-exempt securities. Include on this line:
(1) State and local government obligations, the interest on which is excludible from gross income under section 103(a), and (2) Stock in another mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the fund.

⇔ U.S. GOVERNMENT PRINTING OFFICE: 1989-245-267

Schedule M-1

Reconciliation of Income per Books
With Income per Return

Line 5d

Travel and entertainment. Include on this line: 20% of meals and entertainment not allowed under section 274(n); expenses for the use of an entertainment facility; the part of business gifts in excess of \$25; expenses of an individual allocable to conventions on cruise ships in excess of \$2,000; employee achievement awards in excess of \$400; the cost of entertainment tickets in excess of face value (also subject to 20% disallowance); the cost of skybaxes in excess of the face value of non-luxury box seat tickets; the part of the cost of luxury water travel not allowed under section 274(m); expenses for travel as a form of education; and other travel and entertainment expenses not allowed as a deduction.

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Rueir	ness code no. (see	label. Other- wise,	Number and street (P.O. box number	r if mail is not delivered to street addre	ss)	D Date inc	orporated	
Spec	ofic Instructions)	please print	City or town, state, and ZIP code			E Total ass	sets (see Specific Ir	nstructions)
Char	rk annicable hoves. (or type.	return (2) Final return (3)	Change in address (4) [] Amended	return	\$		1
			n subject to the consolidated audit proci			fore checki	ing this box)	_ _
			orporation at end of the tax year		·			<u> </u>
			de or business income and expe					
-1	1a Gross receipts o			ns and allowances	c Bal ▶			\neg
- 1			I/or operations (Schedule A. line		C Daily	2		$\overline{}$
ċ١			line 2 from line 1c)			3		\top
2			Form 4797, line 18 (see instru			4		\top
	· ······ Banı (or		tructions—attach schedule).			5		\top
			Combine lines 3, 4, and 5 and 6			6		\top
			ers			7		-
Ξĺ	8a Salaries and			s jobs credit	I c Bai ▶			
≝	9 Repairs .	wages	D Les	is jous credit		9		-
≝I,	IO Bad debts (s	 	tions)			10		
≛ :	l Rents	ee mstruc	atons)			11	-	+
٦ ,						12		
٠, اع	3 Interest (see	instruction	ne)			13		
৳ :	•		•	[140]		vinim		+-
힏	•		orm 4562) (see instructions)	14a		- W//////		
3	•		on Schedule A and elsewhere of	n return 14b		7////////		1
2			1 line 14a			14c		
g 1	, ,	o not ded	luct oil and gas depletion. See	instructions.)		15		+-
ر آ						16		
2 1		fit-sharinį	g, etc. plans			17		
Deductions (See instructions for limitations.)	8 Employee be	nefit prog	grams			18		-
9 1	9 Other deduc	tions (att	ach schedule)			19		+
당 2			ld lines 7 through 19 and enter		ુ ▶	20		—
- 2	21 Ordinary inc	ome (loss) from trade or business activiti	es—Subtract line 20 from line	<u> </u>	21		-
2	22 Tax:			1		WWW.		- 1
2	a Excess net p	assive inc	ome tax (attach schedule) .	22a		- <i>VIIIIII</i>		- 1
5	b Tax from Sch	edule D (Form 1120S)	22b				1
and Payments	c Add lines 22	and 22t	(see instructions for additional	taxes)		22c		—
e 2	23 Payments:					WIIIIIA		
힏	a Tax deposite	d with Fo	rm 7004	23a		- <i>VIIIIII</i>		
ă	b Credit for Fed	eral tax on	fuels (attach Form 4136)	<u>23b</u>				
ă	c Add lines 23	a and 23t) <i></i>			23c	~	
	4 Tax due—if	line 22c i	s larger than line 23c, enter am	ount owed. See instructions for	or Paying the			
-					•	24		
2			e 23c is larger than line 22c, en	<u> </u>	<u></u> ►	25		
leas	holiof it	nalties of pe is true, corre	erjury, I declare that I have examined this ect, and complete. Declaration of prepare	return, including accompanying schei er (other than taxpayer) is based on all	dules and statemen information of whic	ts, and to th th preparer l	ie best of my know has any knowledge	ledge and
ign	36							
iigii lere	. [.			1				
1616		ure of office	r	Date	Title			
				Date	7	Pres	parer's social secur	rity number
	Preparer				Check if			

	m 1120S (1989)					age
St	chedule A Cost of Goods Sold and/or Operations (See instructions for Schedule A.)					
1	Inventory at beginning of year	1				
2	Purchases	2	<u> </u>			_
3	Cost of labor	3	<u> </u>			L
	Additional section 263A costs (attach schedule) (see instructions)	4a	<u> </u>			L
	Other costs (attach schedule)	4b	├—			L
5	Total—Add lines 1 through 4b	5	-			Ļ
5	Inventory at end of year	6	├			H
	Cost of goods sold and/or operations—Subtract line 6 from line 5. Enter here and on line 2, page 1.	7_	L			L
oa	Check all methods used for valuing closing inventory: (i) ☐ Cost					
	(ii) Lower of cost or market as described in Regulations section 1.471-4					
	(iii) Writedown of "subnormal" goods as described in Regulations section 1.471-2(c)					
	(iv) ☐ Other (specify method used and attach explanation) ▶					
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Fo				▶ □	•
	If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing		-, .		_	
	inventory computed under LIFO	8c	L			
	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.			Yes		
۵d	Iditional Information Required (continued from page 1)					
_					Yes	
ı	Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domes For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address				Yes	
	Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domest For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned.				Yes	
,	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your	s, and	ipal:	loyer	Yes	
,	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned.	s, and	ipal:	loyer	Yes	
ı I	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity —	r princ	ipal:	oloyer	Yes	
	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity >	princ	ipal:	nloyer	Yes	
ı I	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity >	r princ	ipal: ccour	nt in a	Yes	
J K	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity >	r princ	ipal: ccour	nt in a		
	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity \(\) (2) Product or service \(\). Were you a member of a controlled group subject to the provisions of section 1561? At any time during the tax year, did you have an interest in or a signature or other authority over a finant foreign country (such as a bank account, securities account, or other financial account)? (See instruction and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country \(\)	r princ	ipal: ccour exce	nt in a	Yes	
	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity >	r princ	ipal: ccour exce	nt in a		
	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owner. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your. (1) Business activity \(\) (2) Product or service \(\) Were you a member of a controlled group subject to the provisions of section 1561? At any time during the tax year, did you have an interest in or a signature or other authority over a finanting foreign country (such as a bank account, securities account, or other financial account)? (See instruction and filling requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country \(\) Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, when we any beneficial interest in it? If "Yes," you may have to file Form 3520, 3520-A, or 926	r princ	ipal: ccour excep	nt in a ptions		
ı KL	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity \(\) Were you a member of a controlled group subject to the provisions of section 1561? At any time during the tax year, did you have an interest in or a signature or other authority over a finant foreign country (such as a bank account, securities account, or other financial account)? (See instruction and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country \(\) Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, when have any beneficial interest in it? If "Yes," you may have to file Form 3520, 3520-A, or 926 During this tax year did you maintain any part of your accounting/tax records on a computerized system?	r prince	ipal: ccour exce	nt in a ptions		
, , , , , , , , , , , , , , , , , , ,	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity ▶	princial ans for	ipal: ccour exce	nt in a ptions		
, , , , , , , , , , , , , , , , , , ,	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity \(\) Were you a member of a controlled group subject to the provisions of section 1561? At any time during the tax year, did you have an interest in or a signature or other authority over a finant foreign country (such as a bank account, securities account, or other financial account)? (See instruction and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country \(\) Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, when have any beneficial interest in it? If "Yes," you may have to file Form 3520, 3520-A, or 926 During this tax year did you maintain any part of your accounting/tax records on a computerized system?	principle and for the second s	ipal: ccour exce	nt in a ptions		
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J K L M ND P	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity ▶	r prince	ccour exception	nt in a ptions		
J KL M NDP	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity >	r princ	ccourrexce	nt in a ptions		
J KL MINDP	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity \(\) (2) Product or service \(\) Were you a member of a controlled group subject to the provisions of section 1561? At any time during the tax year, did you have an interest in or a signature or other authority over a finan foreign country (such as a bank account, securities account, or other financial account)? (See instruction and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country \(\) Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whhave any beneficial interest in it? If "Yes," you may have to file Form 3520, 3520-A, or 926 During this tax year did you maintain any part of your accounting/tax records on a computerized system? Check method of accounting: (1) \(\) Cash (2) \(\) Accrual (3) \(\) Other (specify) \(\) Check this box if the S corporation has filed or is required to file Form 8264, Application for Registration Shelter Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Instruments. If the corporation: (1) filed its election to be an S corporation after December 31, 1986, (2) was a C comaking the election, and (3) at the beginning of the tax year had net unrealized built-in gain as de	r princ	ccourrexce	nt in a ptions		
I J K L M NO P Q R	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity ▶	r princ	ccour exception or not	nt in a ptions		
I J KL M NOP Q R De	For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address identification number; and (2) percentage owned. Refer to the listing of business activity codes at the end of the Instructions for Form 1120S and state your (1) Business activity ▶	r principal reprin	ccour exception or not	nt in a ptions		

JU III	dule K Shareholders' Shares of Income, Credits, Deductions, Etc. (See Instructions.)	(b) Total amount		
	(a) Pro rata share items	(b) Total amount		
	e (Loss) and Deductions	1		
	Ordinary income (loss) from trade or business activities (page 1, line 21)			
2a	Gross income from rental real estate activities			
b	Less expenses (attach schedule)			
c l	Net income (loss) from rental real estate activities	2c	711111	
3a	Gross income from other rental activities			
b	Less expenses (attach schedule)	\$0000000000000000000000000000000000000		
¢	Net income (loss) from other rental activities	3c	77777	
4	Portfolio income (loss):			
a	Interest income	4a	-	
b	Dividend income	4b	⊢	
c	Royalty income	4c	⊢	
	Net short-term capital gain (loss) (Schedule D (Form 1120S))	4d	-	
	Net long-term capital gain (loss) (Schedule D (Form 1120S))	4e	┞-	
	Other portfolio income (loss) (attach schedule)	4f	<u> </u>	
	Net gain (loss) under section 1231 (other than due to casualty or theft) (see instructions)	5	1	
	Other income (loss) (attach schedule)	6	L	
7	Charitable contributions (attach list)	7	ļ_	
	Section 179 expense deduction (attach Form 4562)	8	L	
9	Expenses related to portfolio income (loss) (attach schedule) (see instructions)	9	L	
ō	Other deductions (attach schedule)	10	L	
red				
	Credit for alcohol used as a fuel (attach Form 6478)	11a	1_	
	Low-income housing credit: (1) From partnerships to which section 42(j)(5) applies.	11b(1)	Ι	
D	(2) Other than on line 11b(1)	11b(2)	П	
_		11c	П	
	Qualified rehabilitation expenditures related to rental real estate activities (attach schedule)		Т	
d	Credits (other than credits shown on lines 11b and 11c) related to rental real estate activities	11d		
_	(attach schedule)	11e	Т	
12	Other credits and expenditures (attach schedule)	12	T	
	stment Interest			
		13a		
	Interest expense on investment debts	13b(1)	Т	
U	(2) Investment expenses included on line 9 above	13b(2)	1	
Adin	stments and Tax Preference Items			
_ <u>-</u> _		14a		
	Accelerated depreciation of real property placed in service before 1987.	14b	Т	
	Accelerated depreciation of leased personal property placed in service before 1987	14c	1	
	Depreciation adjustment on property placed in service after 1986	14d	T	
	Depletion (other than oil and gas)	14e(1)	+	
e	(1) Gross income from oil, gas, or geothermal properties	14e(2)	$^{+}$	
	(2) Deductions allocable to oil, gas, or geothermal properties	14f	+	
- '-		1 2 7 7		
	Ign Taxes			
	Type of income			
	Name of foreign country or U.S. possession			
C	Total gross income from sources outside the U.S. (attach schedule)	15d	+	
d	Total applicable deductions and losses (attach schedule)	15e	+	
е	Total foreign taxes (check one): ▶ ☐ Paid ☐ Accrued	151	+	
f			+	
	Other foreign tax information (attach schedule)	15g		
Othe	r Items	1 7	_	
16	Total property distributions (including cash) other than dividends reported on line 18 below	16	IIIIII	
17	Other items and amounts not included on lines 1 through 16 above, that are required to be			
	reported separately to shareholders (attach schedule).		unun	
18	Total dividend distributions paid from accumulated earnings and profits contained in other			
	retained earnings (line 27, Schedule L)	18		

Schedule L Balance Sheets	Beginnin	g o! tax year	End of tax year		
Assets	(a)	(b)	(c)	(d)	
1 Cash					
2 Trade notes and accounts receivable					
a Less allowance for bad debts					
3 Inventories					
4 U.S. government obligations					
5 Tax-exempt securities					
6 Other current assets (attach schedule)					
7 Loans to shareholders					
8 Mortgage and real estate loans					
9 Other investments (attach schedule)					
O Buildings and other depreciable assets					
a Less accumulated depreciation					
11 Depletable assets					
a Less accumulated depletion					
12 Land (net of any amortization)					
13 Intangible assets (amortizable only)					
a Less accumulated amortization					
14 Other assets (attach schedule)			<i>\(\text{\text{off}} \text{\text{off}} \)</i>		
,	V/////////////////////////////////////		V/////////////////////////////////////	4	
15 Total assets			<i>Y </i>		
Liabilities and Shareholders' Equity					
16 Accounts payable		<u> </u>			
17 Mortgages, notes, bonds payable in less than 1 year		A		4	
18 Other current liabilities (attach schedule)		8		4	
19 Loans from shareholders		/		<u> </u>	
20 Mortgages, notes, bonds payable in 1 year or more		/			
21 Other liabilities (attach schedule)	· vanaanaanaanaanaanaanaan				
22 Capital stock		Ø		4	
23 Paid-in or capital surplus					
24 Accumulated adjustments account			å		
25 Other adjustments account			<u> </u>		
26 Shareholders' undistributed taxable income					
previously taxed			<u> </u>		
27 Other retained earnings (see instructions).				VIIIIIIIIIIIIIIIIIIIIIIIIIIIII	
Check this box if the corporation has sub-			X		
chapter C earnings and profits at the close of					
the tax year \(\bigs \) (see instructions)					
28 Total retained earnings per books—Combine amounts on				.	
lines 24 through 27, columns (a) and (c) (see instructions).		M		Ø	
29 Less cost of treasury stock		((
29 Lead Coat Of Globally Stock,					
30 Total liabilities and shareholders' equity		(A)	V/////////////////////////////////////	Ø	

VIEM Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (If Schedule L, column (c), amounts for lines 24, 25, or 26 are not the same as corresponding amounts on line 9 of Schedule M, attach a schedule explaining any differences. See instructions.)

		Accumulated adjustments account	Other adjustments account	Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of year			
2	Ordinary income from page 1, line 21 .			*
3	Other additions			
4	Total of lines 1, 2, and 3			
5	Distributions other than dividend distributions			
6	Loss from page 1, line 21			
7	.Other reductions			
8	Add lines 5, 6, and 7			
9	Balance at end of tax year—subtract line 8 from line 4			
		*U.S.GPO:1989-0-245-268		



Instructions for Form 1120S

U.S. Income Tax Return for an S Corporation

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times are:

aring form	and	sending, sending form to IRS	1
22 min.		., 1 min.	i

Learning about the Form Recordkeeping law or the form 11205 60 hrs., 2 min. 36 hrs., 3 20 hrs., 31 min. Sch. D (1120S) 8 hrs., 51 min. 3 hrs., 50 min. 8 hrs., 4 Sch. K-1 (1120S) 17 hrs., 56 min. 10 hrs., 7 min. 14 hrs., 35 min, 1 hr., 4 min,

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to the Internal Revenue Service, Washington, DC 2024, Attention: IRS Reports Clearance Officer. IFP, or the Office of Management and Budget, Paperwork Reduction Project (1545-5130), Washington, DC 20503.

Voluntary Contributions To Reduce the Public Debt

Ouite often, inquiries are received about how to make voluntary contributions to reduce the public debt. A corporation may contribute by enclosing with the tax return a check made payable to 'Bureau of the Public Debt."

Reminuers

- · Preaddressed label.—Use the preaddressed label and envelope that comes with the tax package to help speed up the processing of your return
- · Corporations subject to the consolidated audit procedures of sections 6241 through 6245 may designate a Tax Matters Person (TMP) on page 2 of Form 1120S.
- · Registration of tax shelter .-- If an S corporation is a tax shelter, is involved in a tax shelter, is considered to be the organizer of a tax shelter, or the corporation is a passthrough entity of tax shelter benefits, there are reporting requirements under section 6111 for both the corporation and its shareholders.

See Form 8264, Application for Investor Reporting of Tax Shelter Registration Number, and their related instructions for information the corporation must provide to IRS and to the shareholders to enable them to comply with tax shelter reporting

The corporation must enter its tax shelter registration number in item C of Schedule K-1, if applicable. Also, complete item P on page 2 of Form 1120S.

General Instructions

Purpose of Form

Form 1120S is used if a domestic corporation has filed Form 2553, Election by a Small Business Corporation, to be an S corporation

and its election is in effect. Do not file your first Form 1120S until you have been notified by the IRS that your election is accepted and the tax year it will take effect.

Filing Form 1120S

Who Must File

You must file Form 1120S if: (a) you elected by filing Form 2553 to be taxed as an S corporation, (b) IRS accepted your election, and (c) the election remains in effect.

Termination of Election

Once the election is made, it stays in effect for all years until it is terminated. During the 5 years after the tax year the election has been terminated, the corporation may make another election on Form 2553 only if the Commissioner consents. See section 1362(g), and related regulations.

The election terminates automatically in any of the following cases:

- a. The corporation is no longer a small business corporation as defined in section 1361(b). The termination of an election in this manner is effective as of the day on which the corporation ceases to be a small business corporation. See sections 1362(d)(2) and 1362(e) for more information.
- b. If, for each of three consecutive tax years, the corporation has both subchapter C earnings and profits, and gross receipts more than 25% of which are derived from passive investment income as defined in section 1362(Q(3)(0), the election terminates on the first day of the first tax year beginning after the third consecutive tax year. The corporation must pay a tax for each year it has excess net come. See specific instructions for line 22a for details on how to figure the tax.
- c. The election may be revoked if areholders who collectively own a majority of the stock in the corporation on the day on which the revocation is made consent to a revocation. If the revocation specifies a date

for revocation which is on or after the date on which the revocation is made, the revocation is effective as of the specified date. If no date is specified, the revocation is effective as of the beginning of a tax year if it is made during the tax year and on or before the 15th day of the third month of such tax year. If no date is specified and the revocation is made during the tax year but after the 15th day of the 3rd menth, it is not effective until the beginning of the following tax year. See section 1362(d)(1) for more information.

When To File

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

Use Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120S.

Period To Be Covered by 1989

File the 1989 return for calendar year 1989 and fiscal years beginning in 1989 and ending in 1990. If the return is for a fiscal year, fill in the tax year spaces on the form

Note: The 1989 Form 1120S may also be used if: (1) the corporation has a tax year of less than 12 months that begins and ends in 1990; and (2) the 1990 Form 1120S is not available by the time the corporation is required to file its return. However, the corporation must show its 1990 tax year on the 1989 Form 1120S and incorporate any tax law changes that are effective for tax years beginning after December 31, 1989.

If this is the S corporation's initial return or final return, check the applicable box in item F at the top of page 1 of the form.

Change in Address

If there has been a change in address from the previous year, check the box for Change in Address in item F at the top of page 1 of the

Amended Return

To correct an error in a Form 1120S already filed, file an amended Form 1120S and check the box for Amended Return in item F at the top of the form. If the amended return results in a change to income, or a change in the distribution of any income or other information distribution or any income or other miormation provided to shareholders, an amended Schedule K-1 (Form 1120S) must also be filed with the amended Form 1120S and given to each shareholder. Write "AMENDED" across the top of the corrected Schedule K-1 you give each shareholder

Note: If an S corporation does not meet the small S corporation exception under Temporary Regulations section 301.6241-17 or if it is a small S corporation that has made the election described in Temporary Regulations section 301.6241-1T(c)(2)(v), and such corporation files an amended return, the amended return will be a request for administrative adjustment and Form 8082, Notice of Inconsistent Treatment or Amende Return (Administrative Adjustment Request (AAR)), must be filed by the Tax Matters Person. See the Temporary Regulations under section 6241 for more information

Designation of Tax Matters Person TMP

If the S corporation is subject to sections 6241 through 6245 (consolidated audit procedures), it may designate an individual

shareholder as the TMP for the tax year for which the return is filed by completing the Designation of Tax Matters Person section at the bottom of page 2 of Form 1120S. Temporary Regulations section 301.6241-1T provides an exception to the consolidated provisions for small S corporations with 5 or fewer shareholders each of whom is a natural person or an estate. See the instructions for Item G, Consolidated Audit Procedures on page 7, sections 6241 through 6245 and Temporary Regulations section 301.6241-1T for other details.

Where To File

If the corporation's principal business, office. or agency is located in

New Jersey, New York (New

York City and counties of

Use the following Internal Revenue Service Center address ▼

and Westchester)	00501
Connecticut, Maine, Massachusetts, New Hampshire, New York (all other counties), Rhode Island, Vermont	Andover, MA 05501

Florida, Georgia,	Atlanta, GA
South Carolina	39901
Indiana, Kentucky, Michigan,	Cincinnati, OH
Ohio, West Virginia	45999
Kansas, New Mexico,	Austin, TX
Oklahoma, Texas	73301
Alaska, Arizona, California	

(counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Costa, Del Norte, El Dorado, Glenn, Humboltt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nabratek Messiri, Marchana, Ogden, UT 84201 Nebraska, Nevada, North Dakota

California (all other counties), Hawaii	Fresno, CA 93888
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN + 37501
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255

Accounting Methods

Figure ordinary income using the method of accounting regularly used in keeping the corporation's books and records. Such method may include the cash receipts and other method permitted by the Internal Revenue Code. In all cases, the method adopted must clearly reflect income. (See

Unless the law specifically states otherwise, a corporation may change the method of accounting used to report income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method.

Page 2

Rounding Off to Whole-Dollar Amounts

You may show the money items on the return and accompanying schedules as whole-dollar amounts. Drop any amount less than 50 cents, and increase any amount from 50 cents. through 99 cents to the next higher dollar.

Change in Accounting Period

To change an accounting period, see Regulations section 1.442-1 and Form 1128. Application for Change in Accounting Period.
Also see Publication 538, Accounting Periods

Election of a Tax Year Other Than a Required Year.—Under the provisions of section 444, an S corporation may elect to have a tax year other than a permitted tax year required under section 1378, but only if the ferral period of the tax year is not longer than 3 months. This election is made by filing Form 8716, Election To Have a Tax Year Other Than a Required Tax Year. A permitted tax year is a tax year ending December 31, or any other tax year for which the S corporation establishes a business purpose.

An S corporation may not make or continue an election under section 444 if it is a member of a tiered structure, other than a tiered structure that consists entirely of partnerships or S corporations (or both) all of which have the same tax year. For the S corporation to have a section 444 election in effect, it must make the payments required by section 7519. See the 1989 Computation Schedule for Regulred Payments Under Section 7519 and related instructions on page 19 of these instructions for information on required

Paying the Tax

Caution: At the time these instructions were printed, Congress was considering legislation that would require S Corporations to make estimated tax payments for tax years beginning after December 31, 1989. If the legislation becomes law, IRS will take the steps necessary to publicize the new requirements.

The corporation must pay the tax due (line 24, page 1) in full within 2½ months after the end of the tax year, using a Federal Tax Deposit Coupon (Form 8109).

Be sure to darken the "1120" box on the coupon. Make these tax deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a penalty Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information

To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon

For additional information concerning deposits, see Publication 583, Taxpayers

Interest and Penalties

Interest.-Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax from the due date

(including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

Late Filing of Return.—Form 1120S is required to be filed by sections 6037(a) and 6012. A corporation that does not file its tax return by the due date, including any ns, may have to pay a penalty of 5% a month, or fraction of a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due. See section 6651(a)(1).) The minimum penalty for not filing a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

Late Payment of Tax.—A corporation that does not pay the tax when due generally may have to pay a penalty of ½ of 1% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due. See section 6651(a)(2).)

Fallure To Furnish Information Timely.— Section 6037(b) requires the S corporation to furnish to each shareholder a copy of such information shown on Schedule K-1 (Form 1120S) that is attached to Form 1120S. The Schedule K-1 must be furnished to each shareholder on or before the day on which the Form 1120S was filed. Generally, Form 1120S must be filed by the 15th day of the 3rd month after the end of the S corporation's tax year.

There is a \$50 penalty for each failure to furnish Schedule K-1 by the prescribed date.
In addition, if a Schedule K-1 does not include all of the information required to be shown or includes incorrect information, a penalty may be imposed. See sections 6722, 6723, and 6724 for more information.

These penalties will not be imposed if the corporation can show that not filing, not paying, or not furnishing information timely was due to reasonable cause and not to willful

Stock Ownership in Foreign Corporations

If the corporation owned at least 5% in value of the outstanding stock of a foreign personal holding company, attach the stat required by section 551(c)

A corporation that controls a foreign corporation; or that is 10%-or-more shareholder of a controlled foreign corporation; or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation, may have to file Form 5471, Information Return With Respect to a Foreign Corporation

General Information

In addition to the publications listed throughout these instructions, you may wish to get: Publication 589, Tax Information on S Corporations; Publication 334, Tax Guide for Small Business; Publication 535, Business Expenses; Publication 550, Investment Income and Expenses; and Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

The above publications and other publications referenced throughout these instructions may be obtained at most IRS offices. To order publications and forms, call our toll-free number 1-800-424-FORM (3676).

Net Operating Loss and Other Deductions

An S corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in sections 241 through 250 (except section 248).

Subject to limitations, the corporation's net operating loss is allowed as a deduction from the shareholders' gross income. (See section 1366.)

Attachments

Attach Form 4136, Computation of Credit for Federal Tax on Fuels, after page 4, Form 1120S. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

To assist us in processing the return, please complete every applicable entry space on Form 1120S and Schedule K-1. Do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120S and Schedule K-1.

If you need more space on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Be sure to put the tappayer's name and employer identification number (EIN) on each sheet.

Unresolved Tax Problems

IRS has a Problem Resolution Program for taxpuyers who have been unable to resolve their problems with IRS. If the corporation has a tax problem it has been unable to resolve through normal channels, write to the corporation's local IRS district director or call the corporation's local IRS district director or call the corporation's local IRS office and ask for Problem Resolution Assistance. This office will take responsibility for your problem and ensure that it receives proper attention. Although the Problem Resolution office cannot charge the tax law or make technical decisions, it can frequently clear up misunderstandings that may have resulted from previous contacts.

Signature

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

If a corporate officer fills in Form 1120S, the Paid Preparer's space under "Signature of Officer" should remain blank. If someone prepares Form 1120S and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120S should not sign. For example, a regular, full-time employee of the corporation such as a clerk, secretary, etc., should not sign.

In general, anyone paid to prepare Form 1120S must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return

- Complete the required preparer information.
- Sign, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

 Give a copy of Form 1120S to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information for Tax Practitioners, for more details.

Transfers to Corporation Controlled by Transferor

If a person acquires stock or securities of a corporation in exchange for property, and no ogain or loss is recognized under section 351, the transferor and transferee must attach to their respective tax returns the information required by Regulations section 1.351-3.

Other Forms and Schedules That May Be Required

Form 966. Corporate Dissolution or Liquidation.

Forms 1042 and 1042S, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Persons's U.S. Source Income Subject to Withholding. Use these forms to report and transmit withheld tax on payments made to nonresident alien individuals, foreign partnerships, or foreign corporations to the extent such payments constitute gross income from sources within the U.S. (see sections 861 through 865). For more information, see sections 1441 and 1442, and Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations

Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Use this form to summarize and send information returns to the Internal Revenue Service Center. Form 1098, Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or histories.

Forms 1099-A, B, DIV, INT, MISC, OID, PATR, S, and R. You may have to file these information returns to report abandonments and acquisitions through foreclosure, proceeds from broker and barter exchange transactions, certain dividends, interest, payments, miscellaneous income, original issue discount, patronage dividends, total distributions from profit-sharing plans, retirement plans, individual retirement arrangements, insurance contracts, etc., and proceeds from real-estate transactions. Also use certain of these returns to report amounts that were received as a nominee on behalf of another person.

For more information, see Publication 916, Information Returns.

Use Forn 1099-DIV to report actual dividends paid by the corporation. Only distributions from accumulated earnings and profits are classified as dividends. Do not issue Forn 1099-DIV for dividends received by the corporation that are allocated to shareholders on line 4 bo f Schedule K-1.

Note: Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year. Form 5713, International Boycott Report. Every corporation that had operations in, or related to, a boycotting country, company, or national of a country must file Form 5713. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B

and Schedule C of Form 5713 to compute their loss of the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. This form is used by issuers of publicly offered debt instruments having OID to provide the information required by section 1275(c).

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. This form is used to report the receipt of more than \$10,000 in cash or foreign currency in one transaction (or a series of related transactions).

Form 8697, Interest Computation Under the Look-Back Method of Completed Long-Term Contracts. Certain S corporations that are not closely held may have to file Form 8697. Form 8697 is used to figure the interest due or to be refunded under the look-back method of section 460(b)(3) on certain long-term contracts entered into after February 28, 1986, that are accounted for under either the percentage of completion-capitalized cost method or the percentage of completion method. Closely-held corporations should set the instructions for line 20, item n, of Schedule K-1 for details on the Form 8697 information they must pass through to their shareholders.

Schedule D (Form 1120S), Capital Gains and Losses and Buitt-In Gains. Schedule D is used by the corporation to figure its liability for the capital gains tax and the built-in gains tax. The schedule is also used to report and summarize capital gain transactions attributable to: (1) sale or exchange of capital assets, and (2) gains on distributions to shareholders of appreciated assets that are capital assets. Capital assets. Capital assets. Capital assets assets that are capital assets.

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

Passive Activity Limitations

In general, section 469 limits the amount of losses, deductions, and credits that shareholders may claim from "passive activities." The passive activity limitations do not apply to the S corporation. Instead, they apply to each shareholder's share of any income or loss and credit attributable to a passive activity. Because the treatment of each shareholder's share of S corporation income or loss and credit depends upon the nature of the activity that generated it, the S corporation must report income or loss and credit separately for each activity.

Page 3

The instructions below (pages 4-6) and the instructions for Schedules K and K-1 (pages 11-16) explain the applicable passive activity limitation rules and specify the type of information the S corporation must provide to its shareholders for each activity. If the S corporation had more than one activity, it must report information for each activity on an attachment to Schedules K and K-1.

Generally, passive activities include: (a) activities that involve the conduct of a trade o business in which the shareholder does not materially participate; and (b) any rental activity (see definition below) even if the shareholder materially participates. The level of each shareholder's participation in an activity must be determined by the shareholder.

The passive activity rules provide that losses and credits from passive activities can generally be applied only against income and tax from passive activities. Thus, passive losses and credits cannot be applied against income from salaries, wages, professional fees, or a business in which the shareholder materially participates; against "portfolio income" (see definition below); or against the tax related to any of these types of income.

Special provisions apply to certain activities. First, special transitional rules apply to losses with respect to corporate interests acquired and activities commenced before October 23, 1986. Second, special rules apply with respect to losses incurred by investors in qualified low-income housing projects. Third, special rules require that net income from certain activities that would otherwise be treated as anonpassive income for purposes of the passive activity limitations.

To allow each shareholder to apply the passive activity limitations at the individual level, the corporation must report income or loss and credits separately for each of the following: trade or business activities, rental real estate activities, rental activities other than rental real estate, and portfolio income. For definitions of each type of activity or income, see "Types of Activities and Income, below. For details on the special reporting requirements for passive activities, see, "Passive Activity Reporting Requirements" on page 6.

Identifying Activities

Generally, each undertaking the corporation owns is a separate activity.

An undertaking includes all the business and rental operations owned at the same location. Operations not actually conducted at the same location are treated as conducted at the same location are treated as conducted at the location with which they are most closely associated under all the facts and circumstances. For example, if a business sends employees from a central office to perform services at the customer's home, the operations are treated as conducted at the central office. If the corporation conducts all its business and rental operations at the same location directly or through one entity, the corporation has only one undertaking and one

Rental undertakings.—If the corporation owns an undertaking that conducts both rental and nonrental operations, it must treat the two types of operations as two separate undertakings unless: (1) the rental operations, if treated as a separate activity, would not be a rental activity (see Rental Activities below), or (2) one type of operation produces more than 80% of the combined undertaking's gross income.

Combine corporate undertakings into activities.—Once corporate undertakings are identified, treat each undertaking as a separate activity unless one of the following rules requires or permits the corporation to combine undertakings into a larger activity:

1. Trade or business undertakings.—
Generally, the corporation must combine trade or business undertakings into a larger activity if the undertakings are similar and commonly controlled. For details, see Temporary Regulations section 1.469-41(f) and (j). Trade or business undertakings include all nonrental undertakings except professional service undertakings (described in the next paragraph) and oil or gas wells treated as separate undertakings under Temporary Regulations section 1.469-41(e). Trade or business activities that constitute or trade or business activities that constitute remporary. Regulations section 1.469-41(g). Trade or pusiness may have to be combined into an even larger activity under Temporary. Regulations section 1.469-41(g).

2. Professional service undertakings.— Professional service undertakings principally provide services in the fields of health, law, engineering, architecture, accounting, actuarial science, the performing arts, or consufting. Generally, the corporation must combine its interests in professional service undertakings into a single activity if the undertakings provide services in the same field or earn more than 20% of their gross income from serving the same customers, or the undertakings are controlled by the same interests. For details see Temporary Regulations section 1.469-47(h).

The corporation can elect to treat combined nonrental undertakings as separate activities for purposes other than determining participation in activities. To make this election, the corporation must attach to Form 11205 a statement that: (1) gives the corporation name, address, and employer identification number; (2) declares that the election is being made under Temporary Regulations section 1.469-4T(o); (3) identifies the undertaking this is treated as a separate activity; and (4) identifies the rest of the activity from which the undertaking was separated.

Note: If the corporation wants to treat asseparate activities any undertakings it owned in 1989 that these rules would otherwise combine into a larger activity, it must attach this statement to its 1989 return or it will not be able to treat the undertakings as separate activities for 1989 or any later year. For details, see Temporary Regulations section 1.469-41(0).

3. Rental real estate undertakings. - The

corporation may treat a single rental real estate undertaking as a single activity, or it may treat any combination of rental real estate undertakings as a single activity. Under cortain circumstances, the corporation may also elect to divide a single rental real estate undertaking into separate undertakings. Generally, the corporation must attach a statement to Form 11.20S if it combines separate irental real estate undertakings or portions of undertakings into the same activity or divides a single rental real estate undertaking into separate undertakings. Note: If the corporation wants to divide a single rental real estate undertaking into separate undertakings, it must attach this statement to its 1939 Form 1120S or it will not be able to treat the undertaking as separate undertaking for 1989 or any later year. For details, see Temporary Regulations section 1.469-4f(k).

Types of Activities and Income

 Trade or business activities.—A trade or business activity involves the conduct of a trade or business within the meaning of section 162.

If the shareholder does not materially participate in the activity, a trade or business activity of the corporation is a passive activity for the shareholder.

Note: The section 469(c)(3) exception for a working interest in oil and gas properties is not applicable to an S corporation because state law generally limits the liability of corporate shareholders, including shareholders of an S corporation.

Accordingly, an activity of holding a working interest in oil or gas properties is a trade or business activity and the material perticipation rules apply to determine if the activity is a passive activity. See Temporary Regulations section 1.469-11(e/4).

The determination as to whether or not a shareholder materially participated in an activity must be made by each shareholder. As a result, while the corporation's overall trade or business income (loss) is reported on page 1 of Form 1120S, the specific income and deductions from each separate trade or business activity must be reported on attachments to Form 1120S. Similarly, while each shareholder's allocable share of the corporation's overall trade or business income (loss) is reported on line 1 of Schedule K-1, each shareholder's allocable share of the income and deductions from each trade or business activity must be reported on attachments to each Schedule K-1. See Passive Activity Reporting Requirements, on page 6 for more information.

2. Rental Activities.—In reporting the corporation's income or losses and credits from rental activities, the corporation must separately report: (a) rental real estate activities, and (b) rental activities other than rental real estate activities.

Definition of rental activities. - Generally, except as noted below, if the gross income from an activity consists of amounts paid principally for the use of real or personal tangible property held by the corporation, the activity is a rental activity. There are several exceptions to this general rule. Under these exceptions, an activity involving the use of real or personal tangible property is not a rental activity if: (a) the average period of custome use (see definition below) for such property is 7 days or less; (b) the average period of customer use for such property is 30 days or less and significant personal services (see definition below) are provided by or on behalf of the corporation; (c) extraordinary personal services (see definition below) are provided by or on behalf of the corporation; (d) the rental of such property is treated as incidental to a nonrental activity of the corporation under Temporary Regulations section 1.469-1T(e)(3)(vi); or (e) the corporation customarily makes the property available during defined business hours for nonexclusive use by various customers. In addition, if a corporation owns an interest in a partnership that conducts a nonrental activity, and the corporation provides property for use in that activity in the corporation's capacity as an owner of an interest in the partnership, the provision of the property is not a rental activity. Consequently, the corporation's distributive share of income from the activity is not income from a rental activity. A guaranteed payment described in section 707(c) is not income from a rental activity under any circumstances.

Whether the corporation provides property used in an activity of a partnership in the

corporation's capacity as an owner of an interest in the partnership is based on all the facts and circumstances.

Average period of customer use. —The average period of customer use of property is computed by dividing the total number of days in all rental periods by the number of rents during the tax year. If the activity involves renting more than one class of property, multiply the average period of customer use of each class by the ratio of the gross rental income from that class to the activity's total gross rental income. The activity's average period of customer use equals the sum of these class by-class average periods weighted by gross income. See Temporary Regulations section 1.469-1 Te(4) Xili.

Significant personal services.—Personal services include only services performed by individuals. In determining whether persona services are significant personal services, all of the relevant facts and circumstances are taken into consideration. Relevant facts and circumstances include the frequency that the services are provided, the type and amount of labor required to perform the services, and the value of the services in relation to the amount charged for the use of the property. The following services are excluded from consideration in determining whether personal services are significant: (a) services necessary to permit the lawful use of the rental property; (b) services performed in connection with improvements or repairs to the rental property that extend the useful life of the property substantially beyond the average rental period; and (c) services provided in connection with the use of any improved real property that are similar to those commonly provided in connection with long-term rentals of highgrade commercial or residential property (e.g. cleaning and maintenance of common ar routine repairs, trash collection, elevator service, and security at entrances).

Extraordinary personal services.— Services provided in connection with making rental property available for customer use are extraordinary personal services only if the services neperformed by individuals and the customers' use of the rental property is incidental to their receipt of the services. For example, a patient's use of a hospital room generally is incidental to the care that the patient receives from the hospital's medical staff. Similarly, a student's use of a domittory com in a boarding school is incidental to the personal services provided by the school's teaching staff.

Rental property incidental to a nonrental activity.—An activity is not a rental activity in the rental of the property is incidental to a nonrental activity, such as the activity of holding property for investment, a trade or business activity, or the activity of dealing in property.

Rental property is incidental to an activity of holding property for investment if the main purpose for holding the property is to realize a gain from the appreciation of the property and the gross rental income from such property for the tax year is less than the smaller of 2% of the unadjusted basis of the property or 2% of the tair market value of the property.

Rental property is incidental to a trade or business activity if: (a) the corporation owns an interest in the trade or business at all times during the year. (b) the rental property was mainly used in the trade or business activity during the tax year or during at least two of the five preceding tax years; and (c) the gross rental income from the property is less than the smaller of 2% of the unadjusted basis of the property or 2% of the fair market value of the property.

The sale of exchange of property that is also rented during the tax year (where the gain or loss is recognized) is treated as incidental to the activity of dealing in property if, at the time of the sale or erchange, the property was held primarily for sale to customers in the ordinary course of the comporation's trade or business.

See Temporary Regulations section 1.469-17(e)(3) for more information on the definition of rental activities for purposes of the passive activity limitations.

2(a). Rental real estate activities.— Generally, a rental real estate activity involves the renting or leasing of real property.

Shareholders who actively participate in a rental real estate activity may be able to deduct part or all of their rental real estate losses (and the deduction equivalent of rental real estate credits) against income (or tax) from nonnassive activities. Generally, the combined amount of rental real estate losses and the deduction equivalent of rental real estate credits from all sources (including rental real estate activities not held through the corporation) that may be claimed is limited to \$25,000.

Special transitional rules apply to investors in qualified low-income housing projects. See section 502 of the 1986 Act and Publication 925, Passive Activity and At-Risk Rules, for more information

Rental real estate activity income (loss) is reported on line 2 of Schedules K and K-1 rather than on page 1 of Form 1120S.

Credits related to rental real estate activities are reported on lines 11c and 11d of Schedules K and K-1. Low-income housing credits are reported on line 11b of Schedules K and K-1.

2(b). Rental activities other than rental real estate activities.—Generally, this consists of activities involving the renting or leasing of tangible property other than real estate.

Income (loss) from rental activities other than rental real estate are reported on line 3 of Schedules K and K-1, and credits related to rental activities other than rental real estate are reported on line 11e of Schedules K and K-1.

3. Portfolio Income.—Generally, portfolio income includes all gross income, other than income derived in the ordinary course of a trade or business, that is attributable to: interest; dividends; royalties; income from a real estate investment trust, a regulated investment company, a real estate mortgage investment conduit, a common trust fund, a controlled foreign corporation, a qualified electing fund, or a cooperative; income from the disposition of property that produces income of a type defined as portfolio income; and income from the disposition of property held for investment.

For purposes of the above definitions, gross increase derived in the ordinary course of a trade of business includes (and portfolio Income, therefore, does not include) only the following types of income: (a) interest income on loans and investments made in the ordinary course of a trade or business of lending money; (b) interest on accounts receivable arising from the performance of services or the sale of property in the ordinary course of a trade or business of performing such services or selling such property, but only if credit is customarily offered to customers of the business; (c) income from investments made in the ordinary course of a trade or business of furnishing insurance or annuity contracts or reinsuring risks underwritten by Insurance companies; (d) income or gain derived in the ordinary course of an activity of trading or dealing in any property if such activity constitutes a trade or business (unless the

dealer held the property for investment at any time before such income or gain is recognized; (e) royalities derived by the taxpayer in the ordinary course of a trade or business of licensing intangible property; (f) amounts included in the gross income of a patron of a cooperative by reason of any payment or allocation to the patron based on patronape accounting with respect to a trade or business of the patron; and (g) other income identified by the IRS as income derived by the taxpayer in the ordinary course of a trade or business.

See Temporary Regulations section 1.469-2T(cX3) for more information on portfolio

Portfolio income is reported on line 4 of Schedules K and K-1, rather than on page 1 of Form 1120S

Expenses related to portfolio income are reported on line 9 of Schedules K and K-1.

Recharacterization of Passive

Under the provisions of Temporary Regulations section 1.469-271(f), net passive income from certain passive activities must be treated as nonpassive income. Income from the following activities is subject to recharacterization (1) significant participation activities, (2) activities of renting substantially nondepreciable property, (3) passive equity-financed lending activities, (4) rental activities incidental to a development activity, (5) activities of renting property to a nonpassive activity, and (6) acquisition of an interest in a passithrough

entity that licenses intangible property.

Any net passive income from an activity of renting substantially nondepreciable property from an equity-financed lending activity, or from an activity related to an interest in a passthrough entity that licenses intangible property that is recharacterized as nonpassive income, is treated as investment income for purposes of computing investment interest expense limitations. "Net passive income" means the excess of passive activity gross income from the activity over passive activity deductions (current year deductions and prior year unallowed losses) from the activity own the activity own the activity own the activity own the activity own the activity own the activity own the activity own the activity own the activity own the activity own the activity.

Significant participation activities.—A significant participation activity is any trade or business activity in which the shareholder both participates for more than 100 hours during the tax year and does not materially participate. Because each shareholder must determine his or her level of participation, the corporation will not be able to identify significant participation activities.

significant participation activities.

2. Certain nondepreciable rental property activities. —Net passive income from a rental activity is nonpassive income if less than 30% of the unadjusted basis of the property used or held for use by customers in the activity is subject to depreciation under section 167.

3. Equity financed lending activities.—If the corporation has net income from an equity-inanced lending activity, the lesser of the net passive income or equity-financed interest income from the activity is nonpassive income. Note: The amount of income from the activities in lens 1 through 3, above, that any shareholder will be required to recharacterize as nonpassive income may be limited under Temporary Regulations section 1.469. 2T(V,8). Since the corporation will not have information regarding all of a shareholder's activities in thus identify all corporate activities meeting the definitions in items 1 through 3 as activities that may be subject to

Page 5

4. Rental activities incidental to a development activity.—Net rental activity income is nonpassive income for a shareholder if all of the following apply: (a) the corporation recognizes gain from the sale, exchange, or other disposition of the rental property during the tax year; (b) the use of the item of property in the rental activity started less than 24 months before the date of disposition (the use of an item of rental property begins when substantially all of the property is first held out for rent and is in a state of readiness for rental); and (c) the shareholder materially participated or significantly participated for any tax year in an activity that involved the formance of services for the purpose of enhancing the value of the property (or any other item of property, if the basis of the property disposed of is determined in whole or in part by reference to the basis of that item of property). "Net rental activity income" mea from renting or disposing of property over passive activity deductions (current year deductions and prior year unallowed losses) that are reasonably allocable to the rented property.

Because the corporation cannot determine a shareholder's level of participation, the corporation must identify net income from property described in items (a) and (b) above as income that may be subject to recharacterization

5. Activities involving property rented to a nonpassive activity.—If a tapayer rents property to a trade or business activity in which the tapayer materially participates, the taxpayer's net rental activity income from the property is nonpassive income. Net rental activity income" means the excess of passive activity gross income from renting or disposing of property over passive activity deductions (current year deductions and prior year unallowed losses) that are reasonably allocable to the rented property.

6. Acquisition of an interest in a pasathrough entity that Genraes intangible property.—Generally, net royalty income from intangible property is nonpassive income if the taxoayer acquired an interest in the passithrough entity created the intangible property or performed substantial services or incurred substantial costs in developing or marketing the intangible property. Net royalty income means the excess of passive activity gross income from licensing or transferring any right in intangible property. Net of the property in intangible property over passive activity deductions (current) year deductions (current) year deductions (current) year deductions and prior year unallowed losses) that are reasonably allocable to the intangible property.

See Temporary Regulations section 1.469-2T(f)(7)(iii) for exceptions to this rule.

Passive Activity Reporting Requirements

To allow shareholders to correctly apply the passive activity loss and credit limitation rules any corporation that carries on more than one activity must:

Provide an attachment for each activity conducted through the corporation that identifies the type of activity conducted (trade or business, rental real estate, rental activity other than rental real estate, or investment).

2. On the attachment for each activity, provide a schedule, using the same line numbers as shown on Schedule K-1, detailing the net income (loss), credits, and all items required to be separately stated under section 1366(a)X1) from each trade or business

activity, from each rental real estate activity, from each rental activity other than a rental real estate activity, and from investments.

3. With respect to each separately identified activity, identify any activity that is a pre-enactment activity conducted through the corporation. See the instructions for items D and E of Schedule K-1, and the instructions for Form 9582 for rules applicable to pre-enactment interest in corporate activities.

4. Identify the net income (loss) and the shareholder's share of corporation interest expense from each activity of renting a dwelling unit that the shareholder also uses for personal purposes during the year for more than the greater of 14 days or 10% of the number of days that the residence is rented at fair rental valler.

Identify the net income (loss) and the shareholder's share of interest expense from each activity of trading personal property conducted through the corporation.

6. With respect to any gain (loss) from the disposition of an interest in an activity or of an interest in property used in an activity (including dispositions before 1937 from which gain is being recognized after 1986):

(a) identify the activity in which the property was used at the time of disposition;

(b) if the property was used in more than one activity during the 12 months preceding the disposition, identify the activities in which the property was used and the adjusted basis allocated to each activity; and

(c) with respect to gain only, if the property was substantially appreciated at the time of the disposition and the applicable holding period specified in Temporary Regulations section 1.469-2TC(x/Z)(ii/A) was not satisfied, identify the amount of the nonstaive gain and indicate whether or not the gain is investment income under the provisions of Temporary Regulations section 1.469-2TC(xZiii/C).

7. Specify the amount of gross portfolio income, the interest expense properly allocable to portfolio income, and expenses other than interest expense that are clearly and directly allocable to portfolio income.

8. Identify the ratable portion of any section 481 adjustment (whether a net positive or a net negative adjustment) allocable to each corporate activity.

9. Identify any gross income from sources that are specifically excluded from passive activity gross income, including; income from intangible property if the shareholder is an individual and the shareholder's personal efforts significantly contributed to the creation of the property; income from a quasified low-income housing project (as defined in section 5002 of the 1986 Act) conducted through the corporation; income from state, local, or foreign income tax refunds; and income from a sovenant not to compete (in the case of a shareholder who is an individual and who contributed the coverant to the corporation).

Identify any deductions that are not passive activity deductions.

11. If the corporation makes a full or partial disposition of its interest in another entity, identify the gain (loss) allocable to each activity conducted through the entity, and the gain allocable to a passive activity that would have been recharacterized as nonpassive gain had the corporation disposed of its interest in property used in the activity (because the property was substantially appreciated at the time of the disposition, and the gain represented more than 10% of the shareholder's total gain from the disposition).

12. Identify the following items with respect to activities which may be subject to the recharacterization rules under Temporary Regulations section 1.469-27(f).

(a) net income from an activity of renting substantially nondepreciable property;

(b) the lesser of equity-financed interest income or net passive income from an equity-financed lending activity;

(c) net rental activity income from property that was developed (by the shareholder or the corporation), rented, and sold within 24 months after the rental of the property

(d) net rental activity income from the rental of property by the corporation to a trade or business activity in which the shareholder had an interest (either directly or indirectly); and (e) net royally income from intrangible property if the shareholder acquired the shareholder's interest in the corporation after the corporation created the intrangible property or performed substantial services or incurred substantial costs in developing or marketing the intrangible property.

13. With respect to credits, identify separately the credits from the corporation that are associated with each activity conducted by or through the corporation.

14. With respect to credits being taken on a qualified progress expenditure basis, identify the activity in which the property will be placed in service upon completion of the

Specific Instructions

Item B. Business Code No.—See "Codes for Principal Business Activity" on page 18 of these instructions.

Item C. Employer Identification Number.—
If the employer identification number (EIN) on
the label is wrong or if you did not receive a
label, write the correct number at the top of
the return.

A corporation that does not have an EIN should apply for one on Ferms 35-4. Application for Employer Identification Number. Obtain this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same internal Revenue Service Center to which Form 112OS is nailed. If the EIN has not been received by the filing time for Form 112OS, write "Applied for" in the space for the EIN. See Publication 583

Item E. Total Assets.—Enter the total assets, as determined by the accounting method regularly used in maintaining the corporation's books and records, at the end of the corporation's tax year, if there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Item G. Compandated Audit Procedures.—

item a. Consequence Audit Procedures.—
With certain exceptions, the tax treatment of S corporation items is determined at the S corporation level in a consolidated audit proceeding, rather than in separate proceedings with individual stareholders. Check the box for item G if any of the following apply:

The S corporation had more than 5 shareholders at any time during the tax year (for this purpose a husbend and wife, and their estates, are treated as one shareholder); or

Any shareholder was other than a natural person or estate; or

The small S corporation (5 or less shareholders) has elected as provided in Temporary Regulations section 301.6241-17(c)(2)(v) to be subject to the rules for consolidated proceedings.

Note: The S corporation does not make the section 301.6241-1T(c)(2)(v) election when it checks the box for item G. This election must be made separately.

For more information on the consolidated audit procedures for S corporations, see sections 6241 through 6245, Temporary Regulations section 301.6241-1T, and Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

Gross Income

Caution: Report only trade or business activity income or loss on lines 1a through 6. Do not report nental activity income or portfolio income or loss on these lines. Rental activity income and expenses and portfolio income and expenses are reported separately on Schedule K. See instructions for lines 2, 3, and 40 Schedule K for details.

Note: Do not include any income that is tax exempt on lines 1 through 5, or any nondeductible expenses on lines 7 through 19. However, these income and expense flems are used in figuring the amount for line 24 or 25 of Schedule L. Also, see instructions for line 17 of Schedule K-1.

A corporation that receives any exempt income other than interest, or holds any property or engages in an activity that produces exempt income, must attach to its return an itemized statement showing the amount of each type of exempt income and the expenses allocated to each type.

Line 1

Gross receipts or sales

Enter gross receipts or sales from all trade or business operations except those you report on lines 4 and 5. For reporting advance payments, see Regulations section 1.451-5. To report income from long-term contracts, see section 460.

Generally, the installment method cannot be used for dealer dispositions of property. See section 453(f) for details and exceptions. For dealer dispositions of property before March 1, 1986, dispositions of property used or produced in the trade or business of farming, and certain dispositions of timeshares and residential lots reported under the installment method, enter on line 1 at the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing the following for the current year and the 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profits, (d) percentage of gross profits to gross sales, (e) amount collected, and (f) gross profit on amount collected, and (f) gross profit on amount

Line 2

Cost of goods sold and/or operations See the instructions for Schedule A.

Line 4

Net Gain (Loss)

Caution: Include only ordinary gains or losses from the sale, exchange, or involuntary conversion of assets used in a trade or business activity. Ordinary gains or losses from the sale, exchange, or involuntary conversions of assets of rental activities must be reported separately on Schedule K as part of the net income (loss) from the rental activity in which the properly was used.

In addition to the ordinary gains or losses from the corporation's attached Form 4797, Sales of Business Property, that are reported

on line 4, a corporation that is a partner in a partnership must include its partnership share of ordinary gains (losses) from sales, exchanges, or involuntary or compulsory conversions (other than casualties or thefts) of the partnership's trade or business assets.

Do not include any recapture of expense deduction for recovery property (section 179). See the instructions for Schedule K-1, line 20, and for Form 4797 for more information.

Line 5

Other income

Enter on line 5 trade or business income (los) that is not included on lines 1a through 4. Examples of such income include: (1) interest income derived in the ordinary course of the corporation's trade or business, such as interest charged on receivable balances; (2) recoveries of bad debts deducted in earlier years under the specific charge-off method; (3) taxable income from insurance proceeds; and (4) the amount of credit figured on Form 6478, Credit for Alcohol Used as Fuel.

Also include on line 5 all section 481 income adjustments resulting from changes in accounting methods. Specific examples of section 481 adjustments that may be required include those that result from; (1) a required change from the reserve method to the specific changes off method of accounting for bad debts; (2) a required change from the reserve method of accounting for vacation pay; and (3) a required change from the reserve method of accounting for vacation pay; and (3) a required change from the reserve method of accounting for vacation pay; and (3) a required change from the reserve method of accounting for vacation pay; and (3) as founded to the section of 53 hor the long-term contract rules of section 460. Show the computation of the section 481 adjustment on an attached schedule. Do not include fitters requiring separate computations by shareholders that must be reported on Schedule K. (See the instructions for Schedules K and K-1) Do not frest current wear's taxes with tax refunds.

The corporation must include as other income the recapture amount for section 280F (luxury cars) if the business use of listed property drops to 50% or less. See section 280F(b)(3). To figure the recapture amount, the corporation must complete Part V of Form 4797.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 5. A separate schedule need not be attached to the return in this case

Do not net any expense item (such as interest) with a similar income item. Report all trade or business expenses on lines 7 through

Deductions

Caution: Report only trade or business activity related expenses on lines 7 through 19. Do not report rental activity expenses or expenses related to portfolio income on these lines. Expenses related to ental activities and portfolio income are reported directly on Schedule K. See instructions for lines 2, 3, and 4n Schedule K for details.

Limitations on deductions

a. Section 263A Uniform Capitalization Rulea. — The uniform capitalization rules of section 263A require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a corporation includes a film, sound recording, video, tape, book, or similar

property. The rules also apply to personal property (tangible and intangible) acquired for resale. Corporations subject to the rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that benefit the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is governed by special rules. For more information, see Notice 88.99, 1988.2

C.B. 422. The uniform capitalization rules also apply to the production of property constructed or improved by a taxpayer for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are \$10 million or less. It does not apply to timber or to most property produced under a long-term contract. See the exception below for certain corporations engaged in farming. The rules do not apply to property which is produced for use by the taxpayer if substantial construction occurred before March 1, 1986.

In the case of inventory, some of the indirect costs that must be capitalized, are administration expenses, taxes, insurance costs, compensation paid to officers attributable to services, rework labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

The costs required to be capitalized under section 263A are not deductible until the property to which the costs relate is sold, used, or otherwise disposed of by the corporation.

Current deductions may still be claimed for research and experimental costs under section 174. Intangible drilling costs for oil and gas and geothermal property, and mining and exploration and development costs are still separately reported to shareholders for purposes of determinations under sections 59(e) and 613A(c)(13). Temporary Regulations section 1. 263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see Temporary Regulations section 1.263A-1T.

Exception—Section 263A(0) provides an exception to the section 263A rules for certain Scorporations engaged in farming. Shareholders of Scorporations with are not required to use the accrual method of accounting may elect to currently deduct the preproduction costs of certain plants and animals that were deductible under prior law. Because the election to deduct these expenses is made by the shareholder, the farming corporation should not capitalize such preproductive expenses but should separately report these expenses on line 17 of Schedule K., and each shareholder's share on line 20 of Schedule K.1. See Temporary Regulations section 1.263A-17(c) for definitions and other details. Also see Notice 88-24, 1988-1.

b. Meals and Entertainment Expense.—The amount deductible for business meals and entertainment expense is generally limited to 80% of the amount otherwise allowable. For information on the 80% limitation and other limitations and special rules, see the instructions for line 19 of page 1, Form 1120S

c. Saction 291 Limitations.—If the S corporation was a C corporation for any of the 3 immediately preceding years, the corporation may be required to adjust

Page 7

deductions allowed to the corporation for depletion of iron ore and coal, intangible drilling and exploration costs, and the amortizable basis of pollution control facilities. See section 291 for figuring the amount of the adjustment. If an item of expense is passed through separately and figured at the shareholder level, the section 291 limitations do not apply.

do not appy.

d. Research Expenses. — For tax years beginning after December 31, 1984 deductions under section 174 or any other provision for research expenses or basic research payments must be reduced by 50% of the corporation's research credit determined for the year, unless an election is made to have the research credit not apply. A similar rule applies where the corporation capitalizes, rather than expenses, qualified research expenses.

e. Business Startup Expenses.—Section 195 provides that an election may be made to amortize business start-up expenses over a period of at least 60 months.

f. Transactions Between Related Taxpayers.—See section 267 for rules on treatment of losses, expenses, and interest on transactions between related taxpayers.

Line 7

Compensation of officers

Enter on line 7 the total compensation of all officers

Line 8

Salaries and wages

Enter on line 8a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year.

Enter on line 8b the applicable jobs credit from Form 5884, Jobs Credit. See the instructions for Form 5884 for more information.

If a shareholder or a member of the family of one or more shareholders of the corporation renders services or furnishes capital to the corporation for which reasonable compensation is not paid, the IRS may make adjustments in the items taken into account by such individuals and the value of such services or capital. See section 1366(e).

Line 9

Repairs

Enter the cost of incidental repairs such as labor and supplies, that do not add to the value of the property or appreciably prolong its life, but only to the extent that such repairs relate to a trade or business activity and are not claimed elsewhere on the return. New buildings, machinery, or permanent improvements that increase the value of the property are not deductible. They are chargeable to capital accounts and may be depreciated or amortized.

Do not include section 179 expense items. See instructions for line 8 of Schedules K and K-1 for details on reporting these items to shareholders.

Line 10

Bad debts

Enter the total debts that became worthless in whole or in part during the year, but only to the extent such debts relate to a trade or business activity and are not claimed elsewhere on the

Line 12

Taxes

Enter taxes paid or incurred on business properly for carrying on a trade or business, if not reflected in cost of goods sold. Federal import duties and Federal excise and stamp taxes are deductible only if paid or incurred in carrying on the trade or business of the corporation. Taxes incurred in the production or collection of income, or for the management, conservation, or maintenance of properly held for the production of income, may be deducted only under section 212. These are not deductible on tine 12 but are reported separately on Schedules K and K-1, line 10.

Do not deduct taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.); Federal income taxes; estate, inheritance, legacy, succession, and gift taxes; or taxes reported elsewhere, such as in Schedule A.

Do not deduct section 901 foreign taxes.

These taxes are reported separately on line 15, Schedule K.

See section 263A(a) for information on capitalization of allocable costs (including taxes) for any property.

Note: Taxes, including state and local sales taxes, paid or accrued in connection with the acquisition or disposition of business property must be added to the cost of the property, or in the case of a disposition, subtracted from the amount realized. See section 164.

Line 13

Interest

Include on line 13 only interest incurred in the trade or business activities of the corporation that is not claimed elsewhere on the return.

Exclusions

- a. Do not include interest expense on debt used to purchase rental property or debt used in rental activities for which income or loss is reported on lines 2 and 3 of Schedule K.
- b. Do not include interest expense which is clearly and directly allocable to gross income that is portfolio or investment income. This interest expense is reported separately on line 13a of Schedule K.
- c. Do not include interest on debt proceeds allocated to distributions made to shareholder during the tax year. Instead, report such interest on line 10 of Schedules K and K-1. To determine the amount to allocate to distributions to shareholders, see Notice 89-35, 1989-13, I.R.B. 4.
- required to be allocated to the production of qualified property. Interest that it allocable to certain property produced by an S corporation for its own use of for sale must be capitalized. The corporation must also capitalize any interest on debt that is allocable to an asset used to produce the above property. A shareholder may have to capitalize interest that the shareholder incurs during the tax year with respect to the production expenditures of the S corporation. Similarly, interest incurred by an S corporation may have to be capitalized by a shareholder is one production expenditures. The information required by the shareholder to properly capitalize interest for this purpose

must be provided by the corporation in an attachment for line 20 of Schedule K-1 (see the instructions for Schedule K-1, line 20, item m). See section 263A(f) and Notice 88-99 for additional information.

Temporary Regulations section 1.163-87 gives rules for allocating interest expense among activities so that the passave activity limitation, investment interest limitation, and the personal interest limitation can be properly figured. Generally, interest expense is allocated in the same manner as debt is allocated. Debt is allocated by tracing disbursements of the debt proceeds to specific expenditures. These regulations give rules for tracing debt proceeds to expenditures.

See Temporary Regulations section 1.163-8T for special rules on allocation of interest expense, transitional rules, and other details.

Generally, prepaid interest can only be deducted over the period to which the prepayment applies. See section 461(g) for details.

Line 14

Depreciation

Enter on line 14a only the depreciation claimed on assets used in a trade or business activity. Complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and Publication 534. Depreciation, for more information. Include amortization expense from Form 4562 on line 19.

Do not include any section 179 expense deduction on this line. This amount is not deductible by the corporation. Instead, it is passed through to the shareholders on line 8 of Schedule K-1 (or on a statement attached to Schedule K-1).

Line 15

Depletion

Do not report depletion deductions for oil and gas properties on this line. Each shareholder figures depletion on these properties under section 613A(c)(13). See the instructions for line 20 of Schedule K-1 for information on oil and gas depletion that must be supplied to the shareholders by the corporation.

Line 17

Pension, profit-sharing, etc., plans

Enter the deductible contributions not claimed elsewhere on the return made by the corporation for its employees under a qualified pension, profit-sharing, annuity, or Simplified Employee Pension (SEP) plan, and under any other deferred compensation plan.

If the corporation contributes to an Individual Retirement Arrangement (IRA) for employees, include the contribution in salaries and wages on page 1, line 8a or Schedule A, line 3, and not on line 17.

Employers who maintain a pension, profit sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether not a deduction is claimed for the current tax year, generally are required to file one of the forms isted below:

Form 5500, Annual Return/Report of Employee Benefit Plan (with 100 or more participants).

Form 5500-C/R, Return/Report of Employee Benefit Plan, for each plan with fewer than 100 participants.

Form 5500EZ, Annual Return of One-Participant (Owners and Their Spouses) Pension Benefit Plan. Complete this form for a one-participant plan.

There are penalties for failure to file these forms on time and for overstating the pension plan deduction

Line 18

Employee benefit programs

Do not deduct on this line any payments for: (1) Fringe benefits for any 2% shareholder. A 2% shareholder" means any person who owns on any day during the tax year more than 2% of the outstanding stock of the S corporation or stock possessing more than 2% of the total combined voting power of any stock of the corporation.

(2) Any payments deducted on line 17 for fringe benefit programs or retirement programs.

Enter amounts paid for fringe benefits on behalf of employees and shareholders owning 2% or less of the corporation's stock. These amounts are deductible by the corporation but amounts paid on behalf of more than 2% shareholders are not deductible by the corporation and are reported separately on line 10 of Schedules K and K-1. See section 1372 for additional information.

Line 19

Other deductions

Enter any other authorized deductions related to any trade or business activity for which there is no line on page 1 of the return. Do not include those items requiring separate computations which must be reported separately on Schedules K and K-1

Do not include qualified expenditures to which an election under section 59(e) applies. See instructions for line 20 of Schedule K-1 for details on treatment of these items.

Include on line 19 the deduction taken for amortization. See instructions for Form 4562 for more information.

In most cases, you may not take a deduction for any part of any item allocable to a class of exempt income. (See section 265 for exceptions.) Items directly attributable to wholly exempt income must be allocated to that income. Items directly attributable to any class of taxable income must be allocated to that taxable income

If an item is indirectly attributable both to taxable income and to exempt income, allocate a reasonable proportion of the item to each, based on all the facts in each case.

Worksheet for Line 22a

cap tal assets)*.

1. Enter gross receipts for the tax

2. Enter passive investment income

3. Enter 25% of line 1 (If line 2 is

year (see section 1362(d)(3)(C) for gross receipts from the sale of

as defined in section 1362(d)(3)(D)*

Attach a statement showing: (1) the amount of each class of exempt income, and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

Section 464(f) limits the deduction # certain expenditures of S corporations engaged in farming that use the cash method of accounting, and whose prepaid expenses for feed, seed, fertilizer, and other farm supplies, and the cost of poultry are more than 50% of other deductible farming expenses. Generally, any excess (amount over 50%) may be deducted only in the tax year the items are actually used or consumed. See section 464(f) for more information.

Travel, meal, and entertainment expenses. Generally, the amount the corporation is allowed as a deduction for meal and entertainment expenses is limited to 80% of the amount that would otherwise be allowable.
The 80% limitation of section 274(n) is applied after determining the otherwise allowable deduction under section 162, which permits a deduction for ordinary and necessary expenses, and after other provisions of section 274, which disallows a deduction for certain entertainment expenses Expenditures for meals or beverages are disallowed to the extent they are lavish or extravagant. See sections 274(k), (m), and (n) for exceptions

Skybox or other private luxury box seat rental expenses are subject to limitations under section 274(1)(2). If the corporation leases a skybox or other private luxury box for more than one event, the rental expense is limited to the face value of nonluxury seat tickets generally held for sale to the public and multiplied by the number of seats in such box. The 80% limitation of section 274(n) then applies to this reduced amount.

Generally, no deduction is allowed under section 212 for fees, travel, and meals and odging expenses incurred in connection with investment seminars or similar meetings.

Note: The corporation cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (The corporation may be able to deduct the expenses if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

Do not deduct penalties imposed on the corporation such as those included in the neral instruction on Interest and Penalties.

4. Excess passive investment in-come—Subtract line 3 from line 2

5. Enter expenses directly con-

6. Net passive income—Subtract line 5 from line 2

nected with the production of in-come on line 2 (see section 1375(b)(2))* nected with the production of in

Ordinary income (loss)

This is nonseparately computed income or loss as defined in section 1366(a)(2) attributable to trade or business activities of the corporation. This income or loss is entered on line 1 of Schedule K.

Line 21 income is not used in figuring line 22a or 22b tax. See instructions for line 22a for figuring taxable income for purposes of line

Line 22a. —If the corporation has always been an S corporation, the excess net passive income tax does not apply to the corporation. If the corporation has subchapter C earning and profits (defined in section 1362(d)(3)(B)) at the close of its tax year, has passive investment income for the tax year that is in excess of 25% of gross receipts, and has taxable income at year end, the corporation must pay a tax on the excess net passive income. Complete lines 1 through 3 and line 9 of the worksheet below to make this determination. If line 2 is greater than line 3 and the corporation has taxable income (see taxable income instruction below), it must pay the tax. Complete a separate schedule using the format of lines 1 through 11 of the worksheet below to figure the tax. Enter the tax on line 22a, page 1, Form 1120S, and attach the computation schedule to Form 1120S.

Reduce each item of passive income passed through to shareholders by its portion of tax on line 22a. See section 1366(f)(3).

Taxable income (line 9 of the worksheet)

Line 9 income is defined in Regulations section 1.1374-1A(d). Figure this income by completing lines 1 through 28 of Form 1120, U.S. Corporation Income Tax Return. Include the Form 1120 computation with the worksheet computation you attach to Form 1120S. You do not have to attach th schedules etc. called for on Form 1120 However, you may want to complete certain Form 1120 schedules, such as Schedule D (Form 1120), if you have capital gains or Insses

Line 22b.—If the corporation made its election to be an S corporation before January
1, 1987, see instructions for Part IV of Schedule D (Form 1120S) to determine if the corporation is liable for the Part IV Tax Imposed on Certain Capital Gains.

If the corporation made its election to be an S corporation after December 31, 1986, see the instructions for Part V of Schedule D to determine if the corporation is liable for the Part V Tax Imposed on Certain Built-In Gains.

Excess net passive income—
 Multiply line 6 by line 7

9. Enter taxable income (see in-

10. Enter smaller of line 8 or line 9 . __

11. Excess net passive Income

tax-Enter 34% of line 10

structions for taxable income

Note: For purposes of line 11 of Part IV and line 19 of Part V of Schedule D, taxable income is defined in section 1375(b)(1)(B) and is generally figured in the same manner as taxable income for line 9 of the worksheet for line 22a of Form 1120S.

Line 22c .- Include in the total for line 22c the following:

Section 47 recapture tax.—Section 1371(d) provides that an S corporation is liable for investment credit recapture attributable to credits allowed for tax years for which the corporation was not an S corporation

Include the corporation's section 47 recapture tax in the total amount to be entered on line 22c. Write to the left of the line 22c total the amount of recapture tax and the words "section 47 tax," and attach Form 4255, Recapture of Investment Credit, to Form 1120S

LIFO recapture tax.—The corporation may be liable for section 1363(d) recapture of LIFO benefits. If the corporation made its election to be an S corporation after December 17. 1987, and used the LIFO inventory pricing method for its last tax year before its S election became effective, the corporation may be fiable for LIFO recapture.

Note: Section 10227(b)(2) of the Revenue Act of 1987 (1987 Act) provides transitional relief from the UFO recapture tax for certain corporations. See section 10227 of the 1987

The LIFO recapture tax is figured for the tast tax year the corporation was a C corporation. See the instructions for Form 1120/1120A for details. The LIFO tax is paid in 4 equal installments. The first installment is due with the corporation's Form 1120 (1120A) for the corporation's last tax year as a C corporation, and the 3 remaining deferral installments are paid with the corporation's Form 1120S for the 3 succeeding tax years. Include each year's installment in the total amount to be entered in line 22c, page 1, Form 1120S.

Write to the left of the total on line 22c the installment amount and the words "LIFO tax"

Line 23a.—Enter total tax deposited with Form 7004.

Line 23c.—If the S corporation is a beneficiary of a trust and the trust makes a section 643(g) election to credit its estimated tax overpayments to its beneficiaries, include the corporation's share of the overpayment (reported to the corporation on Schedule K-1 (Form 1041)) in the total amount entered on ine 23c. Also, to the left of the line 23c, write "T" and the amount of the overpays

Schedule A Cost of Goods Sold and/or

Operations

Cost of operations

If the entry on line 2, page 1, Form 1120S, is for the cost of operations, complete Schedule A, even if inventories are not used.

Inventory valuation methods

Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner if that method conforms to the provisions of the applicable regulations cited

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. To make this change, file Form 3115. For more information, see Regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.R. ; Notice 88-78, 1988-2 C.B. 394; and Notice 89-67, 1989-241 R R 57

In line 8a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulations section 1.471-4 and Notice 88-86, 1988-2 C.B. 401 (section

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is because of age, imperfections, shop wear, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) when the taxpayer can establish such a price. See Regulations section 1.471-2(c) for additional requirements.

If this is the first year the "last-in-first-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, as provided in section 472, attach Form 970, Application To Section 4/2, attach Form 9/V, Application is Use LIFO Inventory Method, or a statement showing the information required by Form 970, with Form 1120S and check the LIFO box in line 8b. In line 8c, enter the amount or percent (estimates may be used) of total closing inventories covered under section 472.

If you have changed or extended your nventory method to LIFO and have had to "write up" your opening inventory to cost in the year of election, report the effect of this writeup as income (line 5, page 1)
proportionately over a 3-year period that begins in the tax year you made this election. (See section 472(d).)

Section 263A uniform capitalization rules.—The uniform capitalization rules of section 263A are discussed in general in the instructions for Limitations on deductions at the beginning of the specific instructions for lines 7–19. See those instructions before completing Schedule A.

Also see Notice 88-86, 1988-2 C.B. 401; Notice 88-92, 1988-2 C.B. 416; Notice 88-99, 1988-2 C.B. 422; and Notice 89-67, 1989-24 I.R.B. 57, for more information on section 263A uniform capitalization rules. Line 4a. - An entry is required on this line

only for corporations electing a simplified method of accounting. For corporations electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in inventory costs

under the corporation's method of accounting immediately prior to the effective date in Temporary Regulations section 1.263A-1T that are now required to be capitalized under section 263A. For corporations electing the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: offsite storage or warehousing; purchasing: handling, processing, assembly and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a
the balance of section 263A costs paid or incurred during the tax year not included on lines 2 and 3. See Temporary Regulations section 1.263A-1T for more information.

Line 4b. -- Enter any other inventoriable costs paid or incurred during the tax year not entered on lines 2 through 4a.

Line 6.—See Temporary Regulations section 1.263A-1T for details on figuring the amount of additional section 263A costs to be capitalized and added to ending inventory

Additional Information Required

Be sure to answer the questions and provide other information in items I through R.

Question L

Foreign financial accounts

Check the "Yes" box if either item 1 or 2 below applies to the corporation. Otherwise, check the "No" box.

- At any time during the year, the corporation had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account. securities account, or other financial account).

 Exception: Check "No" if either of the following applies to the corporation:
- The combined value of the accounts was \$10,000 or less during the whole year.
- . The accounts were with a U.S. military banking facility operated by a U.S. financial
- 2. The corporation owns more than 50% of the stock in any corporation that would answer the question "Yes" based on Item 1 above.

Get form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as bank account, securities account, or other financial account).

If question L is checked "Yes," file form TD F 90-22.1 by June 30, 1990, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120S.

Form TD F 90-22.1 can be obtained from IRS Forms Distribution Centers.

Also, if question L is checked "Yes." write the name or the foreign country or countries.

Attach a separate sheet if you need more

Item R.—Complete item R if the corporation: (1) filed its election to be an S corpor after December 31, 1986; (2) was a C corporation before it elected to be an S corporation; and (3) has net unrealized built-in gain (defined in section 1374(d)(1)) at the eginning of its tax year.

The corporation is fiable for section 1374 tax if (1), (2), and (3) above apply and it has net recognized built-in gains (section 1374(d)(2)) for its tax year.

Enter here and on line 22a, page 1, Form 1120S less than line 3, stop here. You are not liable for this tax.) 7. Divide amount on line 4 by amount on line 2 *Income and expenses on lines 1, 2, and 5 are from total operations for the tax year. This includes applicable income and expenses from page 1, Form 112OS, as well as those reported separately on Schedule K. See sections 1362(d)(3)(D) and 1375(b)(4) for exceptions regarding lines 2 and 5. Section 633(d)(8) of the Tax Reform Act of 1985 provides transitional relief from the built-in gains tax for certain assets. However, the relief rule does not apply to assets whose disposition results in ordinary income, to capital assets held 6 months or less, and to disposition of certain installment obligations. See the instructions for Part V of Schedule D (Form 1120S) and Revenue Ruling 86-141, 1986-2 C. B. 151, for more information.

The corporation's net unrealized built in gain is figured as of the 1st day of the 1st year it is an Scorporation. See the instructions for Part V of Schedule D (Form 1120S) for details on figuring the gain. Enter in them R the corporation's net unrealized built in gain at the beginning of the tax year. This is the net unrealized built in gain reduced by prior year's net recognized built in gain. See sections 1374(C(X2) and (d(X1)).

Schedule K and Schedule K-1 Shareholder's Share of Income, Credits. Deductions. Etc.

Caution: At the time these instructions were printed, Congress was considering tax legislation that would change the treatment of certain dispositions of property that qualities in long-term capital gains, including section 12.31 gains. Based on the legislation, the S corporation may need to report additional information for times 4d, 4e, 5, and 6 of Schedules K and K-1. If the legislation becomes law, IRS will take the steps necessary to publicize the new law and how it may affect these lines.

Purpose

Schedule K is a summary schedule of all the shareholders' share of the corporation's income, deductions, credits, etc. Schedule K-1 shows each shareholder's separate share. A copy of each shareholder's Schedule K-1 must be attached to the Form 112CS fled with the IRS. A copy is kept as a part of the corporation's records, and the corporation must give each shareholder a separate copy.

Be sure to give each shareholder a copy of the Shareholder's Instructions for Schedule K-1 (Form 1120S). These instructions are available, separately from Schedule K-1, at most IRS offices.

Note: Instructions pertinent only to line items reported on Schedule K-1 may be prepared and given to each shareholder in lieu of the instructions printed by IRS.

General Instructions

The corporation is liable for taxes on lines 22a, b, and c, page I, Form II 205. Shareholders are liable for income tax on their stare of the corporation's income (reduced by any taxes paid by the corporation on income) and must include their share of the income on their star return whether or not it is distributed to them. Unlike partnership income, S corporation income is not self-employment income and is not subject to self-employment tax.

The total oro rata share items (column (b)) of all Schedules K-1 should equal the amount reported on the same line of Schedule K. Lines 1 through 16 of Schedule K. Correspond to lines 1 through 16 of Schedule K-1. Other lines do not correspond, but instructions will explain the differences.

Substitute Forms

You do not need IRS approval to use a substitute Schedule X-I if it is an exact facsimile of the IRS schedule, or if it contains only those lines the taxpayer is required to use, and the lines have the same numbers and titles and are in the same order as on the comparable IRS Schedule K-I. In either case, your substitute schedule must include the OMB number, and either (1) the Shareholder's Instructions for Schedule K-I (Form 11025), or (2) instructions pertinent to the items reported on Schedule K-I (Form 11205).

Other substitute Schedules K-1 require approval. You may apply for approval of a substitute form by writing to: Internal Revenue Service, Attention: Substitute Forms Program Coordinator, R:RR, 1111 Constitution Avenue, NW. Washington, DC 20224.

You may be subject to a penalty if you file a substitute Schedule K-1 that does not conform to the specifications of Rev. Proc. 88-58, 1988-2 C. R. 728.

Shareholder's Pro Rata Share Items

Items of income, loss, deductions, etc., are allocated to a shareholder on a daily basis, according to the number of shares of stock held by the shareholder on each day during the tax year of the corporation. See Item A in the Line-by-Line Instructions.

A transferee shareholder (rather than the transferor) is considered to be the owner of stock on the day it is transferred.

Special rule—If a shareholder terminates his or her interest in a corporation during the tax year, the corporation, with the consent of all shareholders (including the one whose interest is terminated), may elect to allocate income and expenses, etc. as if the corporation's tax year consisted of 2 tax years, the first of which ends on the date of the shareholder's termination. To make the election, the corporation must file a statement of election and attach a statement of consent signed by all shareholders. If the election is made, write "Section 1377(a)(2) Election Made" at the top of each Schedule K-1. See section 1377(a)(2) and Temporary Regulations section 18.137-11 for details.

Specific Instructions

(Schedule K onty)

Enter the total pro rata share amount for each applicable line item on Schedule K.

(Schedule K-1 only)

On each Schedule K.1 complete the date spaces at the top; enter the names, addresses, and identifying numbers of the shareholder and corporation; complete items A through E. and enter the shareholder by provide items. Schedule K.1 must be prepared and given to each shareholder on or before the day on which Form 1120S is filed.

Note: Space has been provided on ine 20

(Supplemental Schedules) of Schedule K-1 for the corporation to provide additional information to shareholders. This space, of sufficient, should be used in place of any applicable schedules required for any lines on Schedule K-1, or other amounts not shown on lines 1 through 19 of Schedule K-1. Please be sure to identify the applicable line number next to the information entered below line 20.

Line-by-Line Instructions

Item A (Schadule K.1 only).—If there was no change in shareholders or in the relative interest in stock the shareholders owned during the tax year, enter the percentage of total stock owned by each shareholder during the tax year. For example, if shareholder during the tax year. For example, if shareholders and Y each owned 50% for the entire tax year, enter 50% in item A for each shareholder. Each shareholder's per nate share items (lines 1-20 of Schedule K.1) are figured by multiplying the Schedule K amount on the corresponding time of Schedule K by the percentage in item A.

If there was a change in shareholders or in the relative interest in stock the shareholders owned during the tax year, each shareholder's percentage of ownership is weighted for the number of days in the tax year that stock was owned. For example, A and B each held 50% for half the tax year and A, B, and C held 40%, 40%, and 20%, respectively, for the remaining half of the tax year. The precentage of owner-ship for the year for A, B, and C is figured as follows and is then entered in item A.

7	a. b.			× 6)		
7	% of total stock owned	% of tax year held	% of owners for the year		of tax % of own sar held for the	nership e year
۸	50% 40	50% 50	25% + 20	45%		
8	50 40	50 50	25 +20	45%		
c	20	50	10	10%		

If there was a change in shareholders or in the relative interest in stock the shareholders owned during the tax year, each shareholder's pro rata share items (lines 1–20 of Schedule K-1) can also be figured on a daily basis, based on the percentage of stock held by the shareholder on each day. See sections 1377(a)(1) and (2) for details.

Item B (Schedule K-1 only).—Enter the Internal Revenue Service Center address where the Form 1120S, to which a copy of this K-1 was attached, was or will be filed.

Item C (Schedule K-1 only).—If the corporation is a registration-required tax shelter, it must enter its tax shelter registration number in item C(1) and identify the type of shelter in C(2). If the corporation invested in a registration-required shelter, the corporation must also attach a copy of its Form 8271 to Schedule K-1. See Form 8271 for a bit of the types of tax shelters and for

Special reporting requirements for corporations with another activities.—If items of income, loss, deduction, or credit from more than one activity (determined for purposes of the passive activity loss and credit limitations) are reported on lines 1, 2, or 3 of Schedule K-1, the corporation must provide information for each activity to its shareholders. See Passive Activity Reporting Requirements under Passive Activity Institutions of the end of the General Instructions for details on the reporting requirements.

Special reporting requirements for at-risk activities.—If the corporation is involved in one or more at-risk activities for which a loss reported on Schedule K-1, the corporation must report information separately for each at-risk activity. See section 465(c) for a

definition of at-risk activities. The information is reported in the Supplemental Schedules space for line 20 of Schedule K-1, or on an attachment to Schedule K-1 if more space is needed.

- The following information must be shown: 1. A statement that the information is a
- breakdown of at-risk activity loss amounts.

 2. The identity of the at-risk activity; the loss amount for the activity; other income, deductions; and other information that relates to the activity.

3. Information relating to qualified nonrecourse financing for an activity of holding real property. For losses after 1986, the at-risk rules were extended to cover losses incurred in the holding of real property. Section 455(b)(5) provides that qualified nonrecourse financing is treated as amounts at-risk in the case of activities of holding real property. See Publication 925 and section 465 for more information on qualified nonrecourse financing.

Items D and E (Schedule K-1 only).—
Section 469(m) provides for a pisses in of the disallowance of losses and credits for passive activities. However, the phase-in provisions only apply to losses and credits attributable to pre-enactment interest is a qualified interest in a pre-enactment activity. A "qualified interest in a pre-enactment activity. A "qualified interest means stock in the corporation held on October 22, 1986, and at all times thereafter. However, stock acquired after October 22, 1986, pursuant to a binding written contract in effect on October 22, 1986, is considered acquired on that date.

Except as stated above, ownership interest attributable to stock acquired after October 22, 1986, is not pre-enactment interest. Accordingly, passive activity losses and credits attributable to ownership interest acquired after October 22, 1986, do not qualify for the phase-in provisions.

A *pre-enactment activity* is generally an activity that was conducted by the corporation on October 22, 1986. However, a pre-enactment activity also includes an activity that was acquired or constructed pursuant to a written binding contract in effect on August 16, 1986.

Item D. — Enter in item D the shareholder's weighted percentage increase in stock ownership for the 1989 tax year. Generally, a shareholder has a percentage increase in sownership if his or her stock ownership at any time during the corporation's 1999 tax year was greater than the percentage of ownership held by the shareholder on October 22, 1986, and all times thereafter. If a shareholder disposes of stock after October 22, 1986, and all times thereafter. If a shareholder of the shareholder on October 22, 1986, and shareholder 2, 1986, the steep percentage is considered to be the percentage owned on October 22, 1986, for shareholder 2 had 40% ownership on October 22, 1986, and all disposed of stock on December 1, 1986, which resulted in a 20% ownership in the case of a calendar year corporation, if shareholder 2 had 40% ownership on October 22, 1986, and alter disposed of stock on December 1, 1988, which resulted in a 20% ownership in 1989 that is above 20% would ownership in 1989 that is above 20% would result in a percentage increase for 7 for 1989.

Any percentage increase is weighted for the number of days in 1989 the increased percentage is held. In the case of Z above, if the 20% owned after December 1, 1988, was increased to 50% for the last 6 months of the

corporation's 1989 tax year, the 30% increase (50% less 20% = 30%) is weighted by 50% (6 months of tax year = 50%). The weighted percentage increase for item D would be 15% (30% x 50% = 15%).

Note: A shareholder does not have to acquire stock in the corporation's 1989 tax year to have a percentage increase for 1989. For example, if stock acquired by shareholder Z in 1988, causes Z's percentage of ownership after the acquisition to be greater than on October 22, 1986, and Z's 1988 (increased ownership is held during any part of 1989, then Z will have a percentage increase for 1989, and item D of Schedule K-1 should be completed. The percentage increase is weighted for the number of days in 1989 the stock is held.

Item E.—Check the box in Item E if any line 1, 2, or 3 activity was not a pre-enactment activity (as defined above). Also, if Item E is checked, enter the date or startup or acquisition in the date space on line 1, 2, or 3 (or on an attached schedule if income or loss from more than one activity is reported on line 1, 2, or 3). Unless an activity is a pre-enactment activity, the benefits of the phase-in provisions are not allowed regardless of when the shareholder acquires his or her stock. See Regulations section 1.469-11T for other details.

Lines 1 through 16 (Schedules K and K-1, unless otherwise noted)

Reminder: Before entering income items on Schedule K or K-1, be sure to reduce the items of income for the following:

(1) Built-in gains tax (Schedule D, Part V, line 25).—Each recognized built-in gain item (within the meaning of section 1374(d)(3)) is reduced by its proportionate share of the built-in gains tax.

(2) Capital gains tax (Schedule D, Part IV, line 17).—The net long-term capital gain on line 7 of Schedule D is reduced by this tax.

(3) Excess net passive income tax (line 22a, page 1, Form 11205).—Each item of passive investment income (within the meaning of section 1362(d/3)(D)) is reduced by its proportionate share of the net passive income tax

Line 1. Ordinary income (loss) from trade or business activities.—Enter amount from line 21, page 1. Enter the income or loss without reference to: (1) shareholders' basis in the stock of the corporation and in any indebtedness of the corporation to the shareholders' section 1456(dy), (2) shareholders' section 455 at-risk limitations, and (3) shareholders' section 465 passive activity limitations. These limitations, if applicable, are determined at the shareholder level.

If the corporation is involved in more than one trade or business activity, see Passive Activity Reporting Requirements in the General Instructions for details on the information to be reported for each activity. The information for each activity may be reported in the line 20 Supplemental Schedules space, or on an attachment. If an at-risk activity loss is reported on line 1, see the Special reporting requirements for at-risk activities in the Special reporting requirements for at-risk activities in the Special instructions for Schedules K and K-1.

Date space (line 1, Schedule K-1).—If item E is checked, and a trade or business activity was started after October 22, 1986, enter the date (month, day, year) specified in item E.

Line 2. Income and expenses of rental real estate activities. —Enter on lines 2a and 2b of Schedule K (line 2 of Schedule K-1) the income and expenses of rental real estate activities of the corporation.

If the corporation has income or loss from more than one rental real estate activity reported on line 2, see Passive Activity Reporting Requirements in the General instructions for details on the information to be reported for each activity. The information or each activity may be reported in the line 20 Supplemental Schedules space, or on an attachment. If an at-risk activity loss is reported on line 2, see the Special reporting requirements for at-risk activities in the Specific Instructions for Schedules K and K-1.

Do not report on lines 2a and 2b (for shareholders that are qualified investors) the income and expenses of certain qualified low-income housing projects for which losses are incurred. These losses are exempt from the passive activity limitations under section 502 of the Tax Reform Act of 1985. Report such losses on line 6 of Schedule K-1 and attach a statement identifying the loss. See Act section 502 for definitions and other information on qualified low-income housing projects.

Note: If a qualified project has a gain, report the income and expenses for the gain on line 2. Also, report income and expenses for shareholders that are nonqualified investors on line 2.

Date space (lines 2 and 3 of Schedulo K-1).— If item E is checked and a rental activity was started or acquired after October 22, 1986, enter the date (month, day, year) specified in item E.

Line 3. Income and expenses of other rental activities. —Enter on lines 3a and 3b of Schedule K (line 3 of Schedule K-1) the income and expenses of rental activities other than the income and expenses reported on lines 2a and 2b (or line 6 as explained in the line 2 instructions above). If the corporation has more than one rental activity reported on line 3, see Passive Activity Reporting Requirements in the General Instructions for each activity. The Information to be reported for each activity. The Information for each activity may be reported in the line 20 Supplemental details on the information to be reported for Schedules space, or on an attachment. If an at-risk activity loss is reported on line 3, see the Special reporting requirements for atrisk activities. Also see Rental activities other than rental real estate activities under Passive Activity Limitations in the Gen Instructions for a definition and other details on other rental activities.

Lines 4a through 4f. Portfollo Income (loss). —Enter portfolio income (loss) on lines 4a through 4f. See Portfolio Income under Passive Activity Limitations in the General Instructions and Publication 925 for a definition of portfolio income. Do not reduce portfolio income by expenses allocated to it. Such expenses (other than interest expense) are reported on line 9 of Schedules K and K-1. Interest expense allocated to portfolio income is generally investment interest expense and is reported on line 13 of Schedules K and K-1.

Lines 4a and 4b.—Enter only taxable interest and dividends that are portfolio income. Interest income derived in the ordinary course of the corporation's trade or business, such as interest charged on receivable balances, is reported on line 5, page 1, Form 1120S. See Regulations section 1.469-271(x)3).

Lines 4d and 4e.—Enter on line 4d the net short-term capital gain or loss (reduced by any applicable taxes) from fine 3 of Schedule D (Form 1120S) that is portfolio income. Enter on line 4e the net long-term capital gain or loss (reduced by any applicable taxes) from line 7 of Schedule D (Form 1120S) that is portfolio income. If any income or loss from lines 3 nor loss from lines 3 nor loss from lines 3 nor loss from lines 3 nor loss from lines 3 nor loss from lines 3 nor loss that is attributable to the corporation's normal trade of business), do not report this income or loss that is attributable to the corporation's normal trade of business), do not report this income or loss on fines 4d and 4e. Instead, report it on line 6 of Schedules K and K-I. If the income or loss is attributable to more than one activity, report the income or loss amount separately for each activity in the line 20 Supplemental Schedules space of Schedule K-I and identify the activity to which the income or loss relates.

Line 4f.—Enter any other portfolio income not reported on lines 4a through 4e.

If the corporation holds a residual interest in a REMIC, report on an attachment for line 41 (or in the Supplemental Schedules space for line 20 of Schedule K-1) each shareholder's share of taxable income (net loss) from the REMIC (line 10 of Schedule Q (Form 1066)); excess inclusion (line 2c of Schedule Q (Form 1066)); and section 212 expenses (line 3b of Schedule Q (Form 1066)). Because Schedule Q (Form 1066) is a quarterly statement, the corporation must follow the Schedule Q (Form 1066) is a quarterly statement, the corporation must follow the Schedule Q (Form 1066) instructions for Residual Holder for figure the amounts to report to shareholders for the corporation is tax residual Holder for the corporation is tax residual Holder for the corporation is tax ves

Line 5.—Enter gain (loss) under section 1231. Do not include net gains or losses from involuntary conversions due to casualties or thefts on this line. Instead, report them on line 6

Line 6.—Enter any other item of income or loss not included on lines 1-5, such as:

a. Wagering gains and losses (section 165(d)).

b. Recovery of tax benefit items (section 111).
 c. Any gain or loss where the corporation

c. Any gain or loss where the corporation was a trader or dealer in section 1256 contracts or property related to such contracts. See section 1256(f).

d. Net gain (loss) from involuntary conversions due to casualty or theft.

e. Losses from qualified tow-income housing projects for shareholders that are qualified investors.

Line 7.—Enter the amount of charitable contributions paid by the corporation during its tax year. Attach an itemized ist that separately shows the corporation's charitable contributions subject to the 50%, 30%, and 20% limitations.

If the corporation contributes property other than cash and the aggregate amount of the claimed value exceeds \$500, Form 8283, Noncash Charitable Contributions, must b completed and attached to Form 1120S. The corporation must give a copy of its Form 8283 to every shareholder if the value of an item or f similar items of contributed property exceeds \$5,000, even though the amount allocated to each shareholder is \$5,000 or less. For property that does not meet the \$5,000 filing requirement, the corporation does not have to furnish the shareholders with a copy of its Form 8283. However, the cornoration must provide shareholders with their share of fair market value for property valued between \$500 and \$5,000 in order for individual shareholders to complete their own Form 8283. See the Instructions for Form 8283 for more information.

If the corporation made a qualified nservation contribution under section 170(h), also include the fair market value of the underlying property before and after the donation, as well as the type of legal interest contributed, and describe the conservation ourpose furthered by the donation. Give a copy of this information to each shareholder Line 8.—An S corporation may elect under section 179 to expense part of the cost of tangels properly that is section 38 properly (defined in section 48(a)) that the corporation ourchased during the tax year for use in its. trade or business or rental activities. Complete Section A of Part I of Form 4562 to figure the corporation's section 179 expense. The corporation does not deduct the expense itself but passes the expense through to its shareholders. Show the total section 179 expense on line 8 of Schedule K and attach Form 4562 to Form 1120S. The limitations of Section A. Part I. of Form 4562 anniv separately to the S corporation and to its shareholders.

Report each individual shareholder's prorata share of the total expense on line 8 of Schedule K-1. Do not complete line 8 of Schedule K-1 for shareholders that are estates or trusts, in addition, show in the Supplemental Schedules space for line 20 of Schedule K-1 (or on an attached statement if more space is needed) the following information:

Leach shareholder's share of each appropriate item of information in Section A, Part I, of the Form 4562 the corporation completed. Shareholders use this information with information from other sources, to complete Section A, Part I, of their Form 4562.

2. If the shareholder's section 179 expense is attributable to more than one activity, identify the activities and any section 179 property associated with the activities.

The section 179 expense is limited to \$10,000. Certain other immitations also apply. See the instructions for Form 4562 for more information. If recaptive of the section 179 expense is required, report the necessary information on item 17 of Schedule K and line 20 of Schedule K-1. Each shareholder makes the section 179 recapture on this or her individual tax return if the section 179 expense was columed in a moin year.

Depreciation, amortization, or investment credit may not be taken on any amount for which a deduction is allowed under section 179.

Line 9.—Enter on line 9 the experses allocable to portfolio income other than interest expense. Interest expense related to portfolio income is investment interest expense and is reported on line 13 a of Schedules K and K-1. Generally, the line 9 expenses are section 212 expenses and are subject to section 212 limitations at the shareholder level.

Note: Section 274(h)(7) provides that no deduction is allowed under section 212 for expenses allocable to a convention, seminar, or similar meeting. Because these expenses are not deductible by shareholders, the corporation does not report these expenses or inne 9 or line 10. The expenses are not deductible and are reported as such an a schedule for line 17 of Schedule K and on line 20 of Schedule K-1 for each shareholder.

Line 10. —Enter any other deductions not included on lines 7.8, and 9 such as:

a. Amounts (other than investment interest required to be reported on line 13a of Schedules K and K-1) paid by the corporation

that would be itemined deductions on a shareholder's income tax return if they were paid directly by a shereholder for the seme purpose. These amounts include, but are not include to, expenses under section 21.2 for the production of income other they from the corporation's trade or business.

 Any penalty on early withdrawal of savings (other than reported on line 9) because the corporation withdraw funds from its time savings deposit before its maturity.

 soil and water conservation expenditures (section 175).

d. Expenditures paid or incurred for the removal of architectural and transportation barriers to the elderly and handicapped which the corporation has elected to treat as a current expense. See section 190.

e. If there was a gain (loss) from a casualty or theft to properly not used in a trade or business or for income producing purposes, provide each shareholder with the needed information to complete Form 4524, Casualties and Thefts.

 Fringe benefit expenditures for more than 2% shareholders. See the instructions for line 18, page 1, of Form 1120S for details on section 1372 fringe benefit expenditures to be separately reported.

g. Interest expense allocated to debtfinanced distributions. See Notice 89-35 for more information

Credits

Note: If the corporation has credits from more than one trade or business activity on line 11 as or 12, and more than one rental activity on line 11 to 12, and more than one rental activity on line 11 to 11 e. It must report separately in the line 20 Supplemental Schedules space of Schedules (1, or on an attachment if more space is needed, the amount of each credit and provide any other applicable activity information listed in Passive Activity Reporting Requirements under the General instructions for Passive Activity Listations.

Line 11s.—Enter on fine 11s of Schedule K the credit for alcohol used as fuel computed by the corporation that is attributable to a trade or business activity. Enter on fine 11d or 11e, the credit for alcohol used as fuel attributable to rental activities. The credit for alcohol used as fuel as figured on Form 6478, Credit for Alcohol Used as Fuel, and the form is attached to Form 120S. The credit must be included as income on page 1, line 5, of Form 1120S. See section 4001 for an election the corporation can make to have the credit not apply.

Enter each shareholder's share of the credit for alcuhol used as fuel on line 11a, 11d, or 11e of Schedule K-1.

Lins 11b.—Section 42 provides for a towincome housing credit that may be claimed by owners of tow-income residential rental buildings. The credit is generally for buildings placed in service after 1986. If shareholders are eligible to claim the low-income housing credit, complete the applicable parts of Form 8586. Low-income Housing Credit, and after it to Form 1120S. Enter the credit figured by the corporation on Form 8586, and any lowincome housing credit received from other entities in which the corporation is allowed to invest, an fare 11b(2) or 11b(2) as explaimed below. The corporation must also complete and attach Form 8609, Low-income Housing Credit Allocation Certification, and Schedule A (Form 8609), Annual Statement, to Form 120S. See the Instructions for Form 8696

Page 13

and Form 8609 for information on completing these forms. Notes: No credit can be claimed with respect to any building in a qualified low-income housing project for which any person was allowed to claim a loss from the project by reason of not being subject to the passive activity limitations of section 469 (see section 502 of the Tax Reform Act of 1986 for details).

Line 1.1b(1).—If the corporation invested in a partnership to which the provisions of section 42(JK5) apply, report on line 1.1b(1) the low-income housing credit the section 42(JK5) partnership reported to the corporation on line 12b(1) of the partnership's Schedule K-1 (Form 1065).

Line 11b(2).—Report on line 11b(2) any low-income housing reddit not reported on line 11b(1). This would include credits related to any building in a project the corporation itself owned, or credits received from a partnership that was reported to the corporation on line 12b(2) of the partnership's Schedule K-1 (Form 1065).

Line 11c.—Enter total qualified rehabilitation expenditures related to rental real estate activities of the corporation, and for line 11c of Schedule K, complete the applicable lines of Form 3468, Computation of Investment Credit, that apply to qualified rehabilitation expenditures for property related to rental real estate activities of the corporation for which income or loss is reported on line 2 c of Schedule K. See Form 3468 for details on qualified rehabilitation expenditures. Attach Form 3468 to Form 120s.

For line 11c of Schedule K-1, enter each shareholder's pro rata share of the expenditures. In the Supplemental Schedules space for line 20 of Schedule K-1, or on an attached statement if more space is needed, identify the rehabilitation property for which the expenditures were made, the lines of Form 3468 on which the shareholder should report the expenditures, and the line 2 activity to which the scheduler should report the which the schedulers reliable to the shareholder should report the expenditures, and the line 2 activity to which the schedulers reliable.

Note: Qualified rehabilitation expenditures for property that is not related to rental real estate activities must be listed separately for line 11e or for line 12 of Schedule K-1.

Line 11d.—Show on fine 11d of Schedule K, or list separately on an attached statement if more than one credit is involved, all other credits (other than credits on lines 11b and 11c) related to rental real estate activities.

Show on line 11 d of Schedule K-1, or list separately in the Supplemental Schedules space for line 20 of Schedule K-1 if more than one credit is involved, the shareholder's prorata share of all other credits (other than credits on lines 11 b and 11c) related to rental real estate activities. These credits may include any type of credit listed in the line 12 instruction.

Line 11e.—Enter any credit related to other rental activities for which income or loss is reported on line 3 of Schedules K and K-1.

reported on line 3 of Schedules K and K-1. Line 12.—Show on line 12 of Schedule K, or list separately if more than one credit is involved, all other credits cother than credits or expenditures shown or listed for lines 11a through 11e of Schedule K attached to Form 11205. Show on line 12 of Schedule K-1, or in the Supplemental Schedules space for line 20 if more than one credit is reported, each shareholder's pro rata share of all other credits (other than credits or expenditures shown or listed for lines 11a through 11e of Schedule K-1). See the listing below for types of credits or other information that should be reported. a. The following credits are also figured at the corporate level and then apportioned to persons who are shareholders of the corporation in accordance with stock ownership:

 Jobs credit. Complete and attach Form 5884, Jobs Credit, to Form 1120S.

Credit for increasing research activities.
 Complete and attach Form 6765, Credit for increasing Research Activities (or for claiming the orphan drug credit), to Form 1120S.

Nonconventional source fuel credit.
 Unused regular investment credit from cooperatives.

Unused energy investment credit from

cooperatives.

 Credit for backup withholding on dividends, interest, or patronage dividends.

The nonconventional source fuel credit is figured by the corporation on a separate schedule prepared by the corporation. This computation schedule must also be attached to Form 1120S. See section 29 for computation provisions and other special rules for figuring this credit.

If the corporation is a member of a cooperative that passes an unused regular investment credit or unused energy investment credit through to its members, these credits are in turn passed through to the corporation's shareholders.

If the corporation has only one of the above 6 credits, enter the amount of the credit in the amount column of line 12 and identify the type of credit and the activity to which it relates in the space to the left of the amount. If the corporation has more than one credit, enter the total credits on line 12 and list the amounts of the credits on an attachment for line 12 of behedule K. List each shareholder's share of each credit in the line 20 Supplemental Schedules space of Schedule K.1, or on an attachment if more space is needed.

b. Credits which are figured by the shareholder rather than the S corporation include:

Regular and energy investment tax credit.—Complete the applicable parts of Form 3468 for property that continues to qualify for the regular investment credit and the energy investment credit. Attach Form 3468 to Form 11205. See Form 3468 and related instructions for information on eligible.

Also, the corporation must reduce the basis of regular and energy credit property by any credit allowable for the property. See section 48(q) and Publication 572, General Business Credit, regarding adjustments to be made to the basis of investment credit property as well as to the shareholders' adjusted basis in stock of the corporation.

Show in the line 20 Supplemental Schedules space of Schedule K1, or on an attached schedule if more space is needed, each shareholder's share of the corporation's investment in regular investment credit or energy investment credit or energy investment credit property. Indicate the lines of Form 3468 on which the shareholder should report each property. Also, identify the activity and the income or loss reported on Schedule K1 for the activity.

Investment Interest

Lines 13a and 13b

Lines 13a and 13b must be completed for all shareholders.

Line 13a. Investment Interest Expense—Include on this line the interest properly allocable to debt on property held for investment purposes. Property held for investment incudes properly that produces investment income (interest, dividends, annuties, royalties, etc.).

Investment interest expense does not include interest expense allocable to a passive activity.

Report investment interest expense only on line 13a of Schedules K and K-1.

The amount on line 13a will be deducted by individual shareholders on Form 1040 after applying the investment interest expense limitations of section 163(d). The section 163(d) because 163(d) interest expense limitations are figured on Form 4952, Investment Interest Expense Deduction. Lines 13b(1) and 13b(2). Investment Income and Expenses.—Enter on line 13b(1) only the investment income included on line 4 of Schedule K-1. Enter on line 13b(2) only the investment expense included on line 9 of Schedule K-1.

If there are items of livestment income or expense included in the amounts that are required to be passed through separately to the shareholders on Schedule K-1 (items other than the amounts included on lines 4 and 9 of Schedule K-1), give each shareholder a schedule identifying these amounts.

Investment income includes gross income from property held for investment, gain attributable to the disposition of property held for investment, and other amounts that are gross portfolio income. Generally, investment income and investment expenses do not include any income or expenses from a possive activity. See Temporary Regulations section 1.469-217(b) for exceptions.

Property subject to a net lease is not treated as investment property because it is subject to the passive loss rules. Do not reduce investment income by losses from passive activities.

Investment expenses are deductible expenses (other than interest) directly connected with the production of investment income. See the instructions for Form 4952 for more information on investment income and expenses.

Adjustments and Tax Preference Items

Lines 14s through 14f.—Enter items of income and deductions that are adjustments or tax preference items. See Form 6251, and Alternative Minimum Tax.—Individuals, and Publication 509, Alternative Minimum Tax for Individuals, to determine the amounts to enter and for other information.

Do not include as a tax preference item any qualified expenditures to which an election under section 59(e) may apply. Because these expenditures are subject to an election by each shareholder, the corporation cannot compute the amount of any tax preference related to them. Instead, the corporation must pass through to each shareholder the information needed to compute the deduction. Each shareholder computes both the deduction he or she will claim and the resulting tax preference item, if any.

Line 14c.—Figure the adjustment item for line 14c based only on property placed in service after 1986 (and property placed in service after 7.31.86 and before 1.1.87 for which the corporation elected to use depreciation methods applicable to property placed in service after 1986).

Refigure depreciation as follows: For property other than real property and property on which the straight line method was used, use the 150% declaring balance method, switching to straight are method for the 1st tax year when that method gives a better result. Use the class tide (instead of the recovery period) and the same conventions as the corporation used on form 4562. For personal property having no class life, use 12 years. For residential rental and nonresidential real property, use the straight line method over 40 years, bettermine the depreciation adjustment by subtracting the recomputed depreciation from the depreciation claimed on Form 4562. If the recomputed depreciation from the depreciation claimed on Form 4562, enter the difference as a negative amount. See the instructions for Form 6251 and Form 4562 for more information.

Line 14d.—Do not include any depletion on oil and gas wells. The shareholders must compute their depletion deduction separately under section 613A.

In the case of mines, wells, and other natural deposits, other than oil and gas wells, enter the amount by which the deduction for depletion under section 611 (including percentage depletion for geothermal deposits) is more than the adjusted basis of such properly at the end of the tax year. Figure the adjusted basis without regard to the depletion deduction and figure the excess separately for each properly.

Lines 14e(1) and 14e(2).—Generally, the amounts to be entered on these lines are not the total corporation income or deductions for 1, gas, and expertments properties. Generally, they are only the income and deductions included on page 1, Form 1120S, that are used to figure the amount on line 21, page 1, Form 1120S.

If there are any items of income or deductions for oil, gas, and geothermal properties included in the amounts that are required to be passed through separately to the shareholders on Schedule K-1, give each shareholder as exhedule to the line on which the income or deduction is included and which shows the amount of income or deductions included in the total amount for that fine. Do not include any of these direct passthrough amounts on lines 14e(1) or 14e(2). The shareholder's instructions for Schedule K-1 (Form 1120S) to adjust the amounts on fines 14e(1) and 12e(2) for any other income or deductions from oil, gas, or geothermal properties included on times 2 through 10 and 20 of Schedule K-1 in order to determine the total income or deductions from oil, gas, and geothermal properties included on times 2 through 10 and 20 of Schedule K-1 in order to determine the total income or deductions from oil, gas, and geothermal properties for the corporation.

Figure the amount for lines 14e(1) and 14e(2) separately for oil and gas properties which are not geothermal deposits and for all properties whach are geothermal deposits.

Give the shareholders a schedule that shows the separate amounts that are included in the computation of the amounts on tines 14e(1) and 14e(2).

Line 14e(1). —Enter the aggregrate amount of gross income (within the meaning of section 613(a)) from all oil, gas, and geothermal properties received or accrued during the tax year that was included on page 1, Form 1120S.

Line 14e(2). — Enter the amount of any decuctions aflocable to oil, gas, and geothermal properties reduced by the excess intangible drilling costs that were included on

page 1, Form 1120S, on properties for which the corporation made an election to expense intangible drilling costs in tax years beginning before January 1, 1983. Do not include nonproductive well costs included an page 1.

Figure excess intangible drilling costs as follows: from the allowable intangible drilling and development costs (except for costs in drilling a nonproductive well), subtract the amount that would have been allowable if the corporation had capitalized these costs and either amortized them over the 120 months that started when production began, or treated them according to any election the corporation made under section 57 (0x1).

See section 57(a)(2) for more information. Line 14f.—Show in the line 20 Supplemental Schedules space of Schedule K-1, or on an attached statement if more space is needed, each shareholder's share of:

- Amortization of certified pollution control facilities.—Enter the amount by which the amortization deduction the corporation took for 1989 is more than the depreciation deduction otherwise allowable.
- Long-term contracts entered into after 2/28/85. —Except for certain home construction contracts, the tasable income from these contracts must be figured using the percentage of completion method of accounting for alternative minimum tax purposes.
- Installment sales of inventory or stock in trade after 3/1/86.—Generally, the installment method may not be used for these sales in computing alternative minimum taxable income.
- Charitable contributions of appreciated property. — Provide shareholders with their distributive share of the amount of the difference between the fair market value of capital gain property donated by the corporation to a charitable organization, and the corporation's adjusted basis in the donated property. See section 57(a)(6).
- e Losses from tax shetter farm activities.— No loss from any tax shelter farm activity is allowed for minimum tax purposes. See section 58(a) and the instructions for form 6251 for information on this adjustment item.
- Passive activity loss.—Provide shareholders with any needed information (in addition to the information given in fiters D and E and on lines 1 through 3 of Schedule K-1) to figure this adjustment item. See section 58(b) for more information.
- Any other information needed to complete Form 6251 not listed above or on lines 14a through 14e. See the Instructions for Form 6251 for more information.

Foreign Taxes

Lines 15a through 15g.—In addition to the instructions below, see Form 1116, Computation of Foreign Tax Credit (Individual), and the related instructions.

Line 15a.—Enter the type of income from outside the U.S. as follows:

- Passive income
- · High withholding tax interest income
- Financial services income
- Shipping income
- Dividends from an IC-DISC or former DISC
- Distributions from a Foreign Sales Corporation (FSC) or former FSC

- General limitation income (all other income from sources outside U.S., including income from sources within U.S. possessions)
- If, for the country or U.S. possession shown on line 15b, the corporation had more than one type of income, enter "See attached" and attach a schedule for each type of income for lines 15b through 15g.
- Line 15a.—Enter the name of the foreign country or U.S. possession. If, for the type of income shown on kine 15a, the corporation had income from, or paid taxes to, more than one foreign country or U.S. possession, enter "See attached" and attach a schedule for each country for lines 15a and 15c through 15g.
- Line 15c.—Enter in U.S. dollars the total gross income from sources outside the U.S. Attach a schedule that shows each type of income listed in the instructions for line 15a.
- Line 15d.—Enter in U.S. dollars the total applicable deductions and losses attributable to income on line 15c. Attach a schedule that shows each type of deduction or loss as follows:
- Expenses directly allocable to each type of income listed above
- Pro rata share of all other deductions not directly allocable to specific items of income
- Pro rate share of losses from other separate limitation categories
 Line 15e.—Enter in U.S. dollars the total

Lims 15e.—Enter in U.S. dollars the total foreign taxes (described in section 901) that were accrused by the corporation or peld to foreign countries or U.S. possessions. Attach a schedule that shows the dates the toxes were paid or accrused, and the amount in both foreign courrency and in U.S. dollars, as follows:

- Taxes withheld at source on dividends
- Taxes withheld at source on rents and royalties
- Other foreign taxes paid or accrued
 Line 15f.—Enter in U.S. dollars the total
 reduction in taxes available for credit. Attach a
 schedule that shows experately the:
- Reduction for foreign mineral income
- Reduction for failure to furnish returns required under section 6038
- Reduction for taxes attributable to boycott operations (section 908)
- Reduction for foreign oil and gas extraction income (section 907(a))
- Reduction for any other items (specify)
 Line 15g.—Enter in U.S. dollars any items not covered in lines 15c, 15d, 15e, and 15f.

Recapture of Tax Credits (Schedule K-1 only)

lines 18a and 18b.—If recopture of part or all of the low-income housing credit is required because. (1) prior year quadried besis of a building decreased, or (2) the comporation disposed of a building of part of its interest in a building, see Form \$611, Recopture of Louise income Housing Credit. The instructions for Form \$611 indicates when Form \$611 is completed by the corporation and shate information is growded to stareholders when recapture is required. Nets: If a shareholder sownership interest in a building decreased because of a transaction at the shareholder is exclusive, the corporation must provide the necessary internation is to the whether the compute the recognition.

If the corporation posted a bond as provided in section 42(j)(5) to avoid recapture of the low-income housing credit, no entry should be made on line 18 of Schedule K-1.

See Form 8586, Form 8611, and section 42 for more information.

Line 19.—Complete line 19 when regular or energy investment credit properly is disposed of or ceases to be qualified properly, or if there is a decrease in the business percentage before the end of the "life-years categon" or "recovery period" assigned. For more information, see Form 4255, Publication 572, and section 48(Q).

The corporation itself is liable for investment credit recapture in certain cases. See instructions for line 22c, page 1, Form 1120S for details.

Other Items

Line 16 (Schedule K-1).—Enter total distributions made to each shareholder other than dividends reported on line 18 of Schedule K. Noncash distributions of appreciated property are valued at fair market value. See Schedules L and M instructions for ordering rules on distributions.

Line 17 (Schedule K).—Attach a statement to Schedule K to report the corporation's total income, expenditures, or other information for items a through o of the line 20 (Schedule K-1) instruction below.

Line 18 (Schedule K).—Enter total dividends paid to shareholders from accumulated earnings and profits contained in retained earnings (line 27 of Schedule 1). Report these dividends to shareholders on Form 1099-DIV. Do not report them on Schedule K-1. Line 20 (Schedule K-1).—Enter in the line

Line 20 (Schédule K-1). — Enter in the line 20 Supplemental Schedule space of Schedule K-1 and schedule space of Schedule K-1 and schedule space of Schedule K-1 and schedule if schedule space of space

a. Tax-exempt interest income. Include exempt-interest dividends the corporation realized as a shareholder in a mutual fund or other regulated investment company.

b. Nondeductible expenses incurred by the corporation.

C Taxes paid on undistributed capital gains by a regulated investment company. As a shareholder of a regulated investment company, the corporation will receive notice on Form 2439, Notice Schareholder of Undistributed Long-Term Capital.Gains, that the company paid tax on undistributed capital

d. Gross income and other information relating to oil and gas well properties that are reported to shareholders to allow them to figure the depletion deduction for oil and gas well properties. See section 613A(c)(13) for details.

The corporation cannot deduct depletion on oil and gas wells. Each shareholder must determine the allowable amount to report on his or her return. See Publication 535 for more information.

e. Recapture of section 179 expense deduction. For property placed in service after 1986, the section 179 deduction is recaptured at any time the business use of property drops to 50% or less. Enter the amount that was originally passed through and the

Page 16

corporation's tax year in which it was passed through. Inform the shareholder if the recapture amount was caused by the disposition of the recovery property. See section 179(d)(10) for more information. Do not include this amount on line 4 or 5, page 1,

 Total qualified expenditures (and the period paid or incurred during the tax year) to which an election under section 59(e) applies Do not report these expenditures as tax preference items on line 14 of Schedules K and K-1.

g. Intangible drilling costs under section 263(c). See Publication 535 to determine the amount to pass through to each shareholder.

 Deduction and recapture of certain mining exploration expenditures paid or incurred (section 617).

I. Any information or statements the corporation is required to furnish to shareholders to allow them to comply with requirements under section 6111 (registration of tax shelters) or section 6651 (substantial understatement of tax).

If the corporation is involved in farming or fishing activities, report the gross income from these activities to shareholders.

k. Any information needed by a shareholder to complete the interest due under section 453A(c). If an obligation arising from the disposition of real property to which section 453A applies is outstanding at the close of the year, each shareholder's tax liability must be increased by the tax due under section 453A(c) on the shareholder's pro rata share of the tax deferred under the installment method.

I. Any information needed by a shareholder to compute the interest due under section 453(X3). He corporation elected to report the dispositions of certain timeshares and residential lots on the installment method, each shareholder's tax liability must be increased by the shareholder's allocable share of the interest on tax attributable to the installment payments received during the tax year.

m. Any information needed by a shareholder to properly capitalize interest as required by section 263A(f). See item a under Limitations on deductions on page 7 for additional information. See Notice 88-99 for more information.

n. If the corporation is a closely-held S corporation (defined in section 460(b)) and it entered into any long-term contracts after 2/28/86 that are accounted for under either the percentage of completion-capitalized cost method or the percentage of completion method, it must attach a schedule to Form 11/20S showing the information required in items (a), (b), and (c) of the line 2 instructions for Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. It must also report the line 2 amounts to its shareholders as specified in the line 2 instructions for Form 8697. See the instructions for Form 8697 for more

 Any other information the shareholders need to prepare their tax returns.

Schedule L

The balance sheets should agree with the corporation's books and records, include certificates of deposit as cash on line 1 of Schedule L.

Line 5. Tax-exempt securities.—Include on this line:

(1) State and local government obligations, the interest on which is excludible from gross income under section 103(a), and

(2) Stock in a mutual fund or other regulated investment company that distributed exempt-interest dividends during the tax year of the corporation.

Lines 24 through 28.—The following rules apply in determining the balances of lines 24 through 28 of Schedule L and amounts used in figuring lines 1 through 9 of Schedule M.

If Schedule L, column (c), amounts for lines 24, 25, or 26 are not the same as corresponding amounts on tine 9 of Schedule M, attach a schedule explaining any differences. For example, the balance of the accumulated adjustments account (line 24) may differ if Schedule L reflects straight-line depreciation and some other method is used for purposes of line 2 of Schedule M. You may show your explanation below Schedule M if there is sufficient space.

Note: Schedule M does not provide for a reconciliation of book income to tax return income. However, you may want to make your own separate reconciliation of book income or (loss) to tax return income or (loss). Make sure that all items of income, loss, and deductions reported on page 1, Form 1,120S, and on Schedule K of Form 1,120S are used in figuring lines 2, 3, 5, 6, and 7 of Schedule M.

Line 24.—The "accumulated adjustments account" (AAA) is to be maintained by all S corporations.

At the end of the tax year, if the corporation does not have accumulated earnings and profits (E&P), the AAA is determined by taking into account all items of income, loss, and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). See section 1368 for other details. After the year-end income and expense adjustments are made, the account is reduced by distributions made during the tax year. See the Distributions instruction below for distribution rules.

At the end of the tax year, if the corporation has accumulated EAP, the AAA is determined by taking into account the taxable income, deductible losses and expenses, and nondeductible losses and expenses for the tax year. Adjustments for nontaxable income are made to the other adjustments account as explained in the line 25 instruction below. See section 1356. After the year-end income and expense adjustments are made, the AAA is reduced by distributions made during the tax year. See the Distributions instruction below for distribution rules.

Note: The AAA may have a negative balance at year end. See section 1368(e).

In e 25.—The "other adjustments" account is maintained only by corporations that have accumulated E&P at year end. The account is adjusted for tax-exempt income (and related expenses) of the corporation. See section 1368. After adjusting for tax-exempt income, the account is reduced for any distributions made during the year. See the Distributions instruction below.

Line 26. —The "shareholders' undistributed axable income previously taxed account, also called "previously taxed income" (PTI), is maintained only if the corporation had a belance in this account at the start of its 1989 tax year, if there is a beginning balance for the 1989 tax year, no adjustments are made to the account except to reduce the account distributions made under section 1375(d) (as in effect before the enactment of the subchapter S Revision Act of 1982). See Distributions instruction below for the order of distributions from the account.

Each shareholder's right to nontaxable distributions from PTI is personal and cannot be transferred to another person. The corporation is required to keep records of each shareholder's net share of PTI.

Line 27.—Enter retained earnings other than those reported on lines 24, 25, and 26. Other retained earnings include the appropriated and unappropriated retained earnings accumulated in prior years when the S corporation was a C corporation (section 1361(a)(2)) or a small business corporation prior to 1983 (section 1371 of prior law).
Generally, the S corporation has a balance on tine 27 only if it had ending balances in appropriated or unappropriated retained earnings prior to 1989 and has not distributed this retained earnings.

If the corporation maintained separate accounts for appropriated and unappropriated retained earnings, it may want to continue such accounting for purposes of preparing its financial balance sheet. Also, if the corporation converts to C corporation status in a subsequent year, it will be required to report its retained earnings on separate lines of Schedule L of Form 1120.

If line 27 has a beginning balance for 1989, and the account contains accumulated earnings and profits (E&P), the only adjustments made to accumulated E&P are:

1. reductions for dividend distributions, 2. adjustments for redemptions,

figuidations, reorganizations, etc., and 3. reductions for section 47 recepture tax for which the corporation is liable.

See the Distributions instruction below regarding distributions from retained earnings and section 1371(c) for other details.

Check the box below line 27 if the corporation was a C corporation in a prior year and has subchapter C earnings and profits (E&P) at the close of its 1989 tax year. For this purpose, "subchapter C E&P" means E&P of any corporation for any tax year when it was not an S corporation. See sections 1362(d)(3)(B) and 312 for other details. If the corporation has subchapter C E&P, it may be liable for tax imposed on excess net passive income. See instructions for line 22a, page 1, of Form 1120S for details on this tax.

Line 28.—Combine lines 24 through 27, column (a) and column (c), and enter the totals on line 28, column (b) and column (d). In most cases, the totals should equal the beginning and ending balances of the corporation's retained earnings shown in its general ledger. If line 28, column (d), does not agree with the corporation's books, attach a schedule explaining the differences. Note:
The schedule asked for at the top of Schedule M, Form 1120S, will usually explain any net differences. If so, an additional schedule is not

Distributions

Generally, property distributions (including cash) are applied to reduce balance sheet equity accounts in the following order:

a. Reduce AAA. If distributions during the tax year exceed the AAA at the close of the tax year, the AAA is allocated pro rata to each distribution made during the tax year. See section 1368(c).

b. Reduce shareholders' PTI account for any section 1375(d) (as in effect before January 1, 1983) distributions. A distribution from the PTI account is tax free to the extent of a shareholder's basis in his or her stock in

- c. Reduce retained earnings accounts to the extent of accumulated E&P.
- d. Reduce the other adjustments account. e. Reduce any remaining shareholders' equity accounts.

If the corporation has accumulated E&P and wants to distribute this E&P before making distributions from the AAA, it may if it elects to do so with the consent of all its affected shareholders (section 1368(e)(3)). If the corporation has PTI and wants to make distributions from retained earnings before making distributions from PTI, it may if it elects to do so with the consent of all its shareholders. The statement of election must be attached to a timely filed Form 1120S for which the distributions are made. The election must be made separately for each tax year.

In the case of either election, after all accumulated earnings and profits in the retained earnings are distributed, the above general order of distributions applies except that item c is eliminated.

Schedule M

Schedule M provides an analysis of adjustments to the AAA, other adju account, and PTI account for the 1989 tax year. The beginning balances of the accounts are adjusted each tax year for all income (loss), deductions, and distributions reported on Form 1120S (other than distributions on line 18 of Schedule K).

The following example shows how the Schedule M accounts are adjusted for items of income (loss), deductions, and distributions reported on Form 1120S.

Items per return are:

(1) page 1, line 21 income-\$219,000 (2) Schedule K, line 2c loss—(\$3,000)

(3) Schedule K, line 4a income-\$4,000

(4) Schedule K, line 4b income-\$16,000 (5) Schedule K, line 7 deduction-\$24,000

(6) Schedule K, line 12 jobs credit-\$6,000 (7) Schedule K, line 13a deduction-\$3,000

(8) Schedule K, line 16 distributions-\$65,000, and

(9) Schedule K, line 17 scheduled items: tax exempt income—\$5,000 and nondeductible expense—\$6,000 (reduction in salaries and wages for jobs credit).

Based on return items (1) through (9) and starting balances of zero, the columns for the AAA and the other adjustments account are completed as shown in the Schedule M Worksheet below.

Note: For the AAA account, the worksheet line 3 -- \$20,000 amount is the total of the Schedule K, lines 4a and 4b income of 44,000 and \$16,000. The worksheet line 7 -- \$36,000 amount is the total of the Schedule K, line 2c loss of \$3,000. line 7 deduction of \$24,000. line 13a deduction of \$3,000, and the line 17 nondeductible expense item of \$6,000. For the other adjustments account, the worksheet line 3 amount is the Schedule K, line 17, tax exempt income of \$5,000. Other worksheet amounts

Schedule M Worksheet			
· ·	Accumulated adjustments account	Other adjustments account	Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of year	•	-0-	
2 Ordinary income from page 1, line 21	219,000		
3 Other additions	20,000	5,000	
4 Total of lines 1, 2, and 3	239,000	5,000	
5 Distributions other than dividend distributions	65,000	•	
6 Loss from page 1, line 21	Φ.		
7 Other reductions	36,000	-0-	
8 Add lines 5, 6, and 7	101,000	Φ	
9 Balance at end of tax year—subtract line 8 from line 4	138,000	5,000	

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC). they should not be used as SIC codes.

Using the list below, enter on page 1, under B,

receipts" is derived. "Total receipts" means the total of: gross receipts on line 1a, page 1; all other income on lines 4 and 5, page 1; and income (receipts only) on lines 2a, 3a, and 4a through 4f of Schedule K

On page 2, under J, state the principal business activity and principal product or service that account for the largest percentage business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered

Arrie	ulture, Forestry, and	Code	•	1			
Fishi		,			sportation and	Fina	nce, Insurance, and
Code	•	2815	icels and allied products: Industrial chemicals, plastics	1	k Utilities		Estate
400	Agricultural production.	1	materials and synthetics.	Code		Code	
600	Agricultural production, Agricultural services (except veterinemens), forestry, fishing,	2830 2840	Drugs.		ortations	Conti	
	veternemens), forestry, fishing, hunting, and trapping.	2850 2898	Scap, cleaners, and tollet goods Paints and allied products.	4000	Railroad transportation.	6030 6060	Mutuel savings banks. Bank holding companies.
		2898	Agricultural and other	4100	Local and interurben passenger transit.	6090	Berlis, except mutual savings benis and bank holding companies.
linin	•	1	chemical products.	4200	Trucking and warehousing.	١	and bank holding companies. agencies other than banks:
etal a		-	num collector and extend	4400 4500	Water transportation. Transportation by air.	6120	
310	fron ores	1	num refining and related industries (including these	1 4600	Pipe lines, except natural ms.		Savings and toen essociations.
70	Copper, lead and zinc, gold and silver	1	integrated with extraction):	4700	Miscellaneous transportation ser- vices.	6140	Personal credit institutions.
98	ores. Other metal mining	2910	Petroleum refining (including integrated).	١.		6150 6199	Businese credit institutions. Other credit agencies.
50	Coal mining.	2998	Other petroleum and coal products.	4825	mications		-
	;es extraction:	1		4023	Telephone, telegraph, and other communication services.	6210	by, commodity brokers and services: Security brokers, dealers,
30	Crude petroleum, netural gas,	Rubbo	r and misc. plastics products:	4830	Radio and television broadcasting	6210	and flotation companies.
	and natural gas liquids. Oil and gas field services.	3050	Rubber products: plastics	i		6299	Commodey contracts brokers
80	Oil and gas field services.	3070	factweer, hose, and beiting Misc. plastics products.	1		1	and dealers; security and commodity exchanges; and allied
nmet	allic minerals, except fuels:				, gas, and sanitary services:	1	SAPACES.
30	Dimension, crushed and	Leathe	r and leather products:	4910	Electric services.	beauta	
98	broken stone; send and gravel. Other nonmetatic minerals.	1 3140	Footwear, except rubber. Other leather and leather products	4920 4930	Gas production and distribution.	6355 6356	Life insurance.
,,,	except fuels.	3196	Uther leather and leather products	4990	Combination utility services. Water supply and other sendary ser	6736	Mutual insurance, except life or marine and certain lire or
			clay, and glass products:	("	vices.	1	flood insurance companies
onsi	ruction		Glass products.			6359	Other insurance companies.
	helidian contractors and	3225 3240	Cement, hydrautic.			יייי ך	insurance agents, brokers, and service.
	operative builders:	3270 3298	Concrete, gypsum, and plaster products. Other nonmetallic mineral products.	Whol	esale Trade	Real or	etate:
10 31	General building contractors	3290	Color nonmersia; mineral products.	Durabi	•	6511	Real estate operators and
31 00	Operative builders. Heavy construction	Primar	y metal industries:	5008	Machinery, equipment, and	6516	lessors of buildings.
•	contractors	3370	Ferrous metal industries;		SUDDING.	6219	Lessors of mining, oil, and
	rade contractors:	•	misc. primary metal products. Nonferrous metal industries.	5010	Motor vehicles and automotive equipment.	6518	similar property. Lessors of railroad property
11	Plumbing, heating, and as	3380	Nonterrous metal industries.	5020	Furniture and home furnishings	6530	and other real property.
	conditioning.			5030	Lumber and construction		Condominium menagement and concerning housing essociations
31 98	Electrical work.	3410	Had metal products:	5040	meterials. Sporting, recreational,	6550	and cooperative housing associations Subdividers and developers.
90	Other special trade contractors.	3428	Metal cans and shipping containers. Cuttery, hand tests, and hardware; screw mechine products, botts, and		chotographic, and hobby conde	6599	Other real estate.
		1	screw mechine products, botts, and	9050	toys and supplies. Metals and minerals, except	Holding	g and other investment companies, except bank holding companies:
ann	facturing	3430	Similar products. Plumbing and heating, except electric		ontroleum and scrap.	6744	
	kindred preducts:		and warm air.	5060	petroleum and scrap. Electrical goods.	6749	Smell business investment companie Other holding and investment
10	Meet graducts.	3440 3460	Fabricated structural metal products.	5070	Hardware, plumbing and heating equipment and supplies.	1	companies except bank
20	Dairy products.	3470	Metal forgings and stampings. Costing, engraving, and allied services.	5098	Other durable goods	1	holding companies.
30	Preserved fruits and vegetables	3480	Urgnance and accessones, except		=		
40 50	Grain mill products.	3490	vehicles and guided missiles. Misc. fabricated metal products.	Hendu		T	*****
50 50	Bakery products. Sugar and confectionery products.	1	man. man nestati magai producto	5110 5129	Paper and paper products Drugs, drug proprietaries,	Servic	789
61	Matt liquors and matt.	Machi	tory, except electrical:		and druggests' sundnes.	7000	Notals and other ledging
68	Alcoholic beverages, except mail	3520	Farm machinery	5130 5140	Apperel, piece goods, and notions	7200	places. Personal services.
	liquors and malt.	3530	Construction and related machinery.	5150	Groceries and related products. Ferm-product raw materials.		se sendras
99 96	Bottled soft drinks, and flavorings.	3540 3560 3560	Metalworking machinery, Special industry mechinery.	5160	Chemicals and allied products	7310	Advertising.
96 00	Other food and kindred products. Yebacco menufacturers.	3560	General industrial machinery.	5170	Petroleum and petroleum products.	7389	Susiness services, except advertising
		3570	Office, computing, and accounting machines.	5180	Alcoholic beverages.	I	
	S products:	3598	Machines. Other mechinery except electrical.	5190	Misc. nondurable goods.	Autore	pair; miscallaneous repair
28 50	Weaving milts and textile finishing. Knitting mills.	i				7500	Auto receir and services
ñ	Other textile mill products.			Reta	II Trade	7600	Misc. repair services.
			al and electronic equipment:	- Nota		4	ment and recreation
istrer e 15	ind other textile products: Men's and boys' cicthing.	3630 3665	Household appliances. Radio, television, and	Bulldin	z znateriale, zerolen gunntler	~	services:
15	Woman's and children's clothing.		communication equipment		g materiale, gerden euppties, and mobile kome deglers:	7812	Motion picuture production,
iii XO	Other apparel and accessories.	3670	Electronic components and accessories.	5220	Building metarists dealers. Hardware stores.	7830	distribution, and services.
ж)	Miscellaneous fabricated textile pro- ducts.	3698	Other electrical equipment,	5251	Hardware stores. Gerden supplies and mobile	7800	Motion picture theaters.
-		3710	Motor vehicles and equipment	5265	home dealers.		Attendament and recreation services, except motion pictures.
3	nd wood products: Logging, sawmills, and plening milts.	l		5300	Conoral merchandles stores.	Others	arvices:
ő	Millwork, plywood, and related	Transm	ortation anulument, ascent	Food sta		8015	Offices of physicians, including
	products.		ortation equipment, except motor vehicles:	5410	Grocery stores. Other food stores.	8021	osteopathic physicians. Offices of demosts.
8	Other wood products, including wood	3725	Aircraft middel missiles and nexts	5490	Other food stores.	8021	Offices of dentists. Offices of other health practitioners.
10	buildings and mobile homes.	3730 3798	Ship and boat building and repaining Other transportation equipment, ex-	Automo	tive dealers and service stations:	8040 8050	Nursing and parsonal care facilities.
~	Furniture and fixtures.	3796	Other transportation equipment, ex- cept moter vehicles.			8060 8071	Hospitals. Medical taboratories.
-	d allied products:	l		5515 8541	Motor valuete dealers. Gasoline service stations.	8099	Other medical sensions
5	Pulp, paper, and board milts			5541 5598 5600	Other automotive dealers	9111	Legal services.
9	Other paper products		nents and related products:	5600 5700	Append and accessory stores.	8200 8300	Educational services. Social services.
ating a	md publishing:		Scientific instruments and measuring devices; watches and clocks.		Furniture and home furnishings stores.	8600	Membership preanizations.
10 -	Newspapers.	3845 3860	Optical, medical, and ophthalmic mods	5800	furnishings stores. Esting and drinking places.	8911	Architectural and engineering services.
			Photographic equipment and supplies.				BETYCES.
10 20 35	Periodicals. Books, greeting cards, and	3994	Other manufacturing products.	Mine	tall stores:	8930	Accounting, auditing, and

1989 Computation Schedule for Required Payment Under Section 7519 (Attach this Schedule to Form 720.) 3 Base year deferral ratio (number of months in deferral period over number of months in tax year) 4 Line 1 deferred amount—Line 1 times percentage on line 3 7 Net line 2 deferred amount—Line 5 less line 6 (but not less than zero) Section 7519(b)(1)(A) percentage (see instructions) 10 Current year required payment—Line 8 times the percentage on line 9. (If this amount is more than \$500, enter it here and on Form 720, IRS No. 11. If the amount is \$500 or less, enter it here and enter zero on Form 720, IRS No. 11. Attach this computation schedule to Form 720. See instructions for line 10 below for obtaining a refund of prior year payments.)

General Instructions

Required Payment.—If the corporation filed Form 8716 to elect under section 444 to have a fiscal tax year, and its election is still in effect, the corporation must make a required payment of tax under section 7519 if the amount of such payment is more than \$500. Any tax year the election is in effect is hereinafter referred to as the applicable election year.

If the election is in effect for its applicable election year beginning in 1989, use the above computation schedule to figure the required payment. See the instructions for line 10 of the schedule for details on when and how to report and pay the required payment.

If the corporation made a required payment for a prior tax year, see the instruction below Obtaining refund or credit of net prior year payments.

Penalties.—If the corporation fails to pay the required payment by the required due date (May 15, 1990, for applicable election years beginning in 1989), there shall be imposed on the corporation a penalty of 10% of the underpayment. Willful failure of the corporation to make the payment will terminate the section 444 election. See section 7519(fV4) for additional details.

Line-by-line Instructions

Note: If the S corporation has a base year of less than 12 months (short base year), the corporation must figure its net base year income (lines 1 through 8 of the schedule) under the special rule of Temporary Regulations section 1.7519-11(b/SXV). See this regulation for additional details.

Line 3. Met Income for base year.—The base year is the tax year preceding the applicable election year. For example, if you are completing the schedule for your tax year beginning 4.1-89 and ending 3-31-90, your base year is your tax year beginning 4.1-88 and ending 3-31-90.

If an applicable election year is the S corporation's first year of existence (i.e., it is a newly formed corporation and therefore does not have a base year), the required payment for such applicable election year is zero.

Line 1 net income is the aggregate of the corporation's items of income and expenses (but not less than zero) described in section 1366(a) (other than credits and tax-exempt income). For purposes of figuring line 1, disregard any limitation on the amount of any be taken into account for purposes of figuring the taxable income of the shareholder.

If the S corporation was a C corporation for its base year, the C corporation's taxable income is treated as the net income of the S corporation for the base year. See Regulations section 1.7519-1T(b)(5) for other details.

Line 2. Applicable payments made during base year.—In general, the term applicable payments' means any amount deductible in the base year that is includible at any time, directly or indirectly, in the gross income of any shareholder that was a shareholder during the base year. Examples of applicable payments are officer's compensation, wages, and rental costs paid to any shareholder.

If the S corporation was a C corporation for its base year, the cr. poration is treated as an S corporation for the base year for purposes of applicable payments. Thus, amounts deductible by the C corporation in the base year that are includible at any time in the gross income of a taxpayer that is a shareholder during the base year are treated as if from an S corporation, and therefore within the meaning of the term' applicable payments."

Line 3. Base year deferral ratio.—The deferral period is the months between the beginning of the elected tax year and the close of the first required tax year (calendar year) ending within the elected tax year.

Line 9. Section 7519(b)(1)(A)
percentage. —Generally, for applicable
election years beginning in 1989 the section
7519(b)(1)(A) percentage is 21.75%.
However, the percentage for an entity is 29%
if more than 50% of such entity's net income

for the short tax year, which would have resuited if the entity had not made an election under section 444, would have been allocated to shareholders not entitle to spread their share of the entity's income over a 4-year period as permitted under section 806(e/2/C) of the Tax Reform Act of 1986. See section 7519(0/4).

Line 10. Current year required payment.—If the line 10 amount is more than \$500, report this amount on Form 720, IRS No. 11, attach the schedule to Form 720, and complete Form 720 based on its instructions.

If the line 10 amount is \$500 or less, enter zero on Form 720, IRS No. 11, attach the computation schedule to Form 720, and complete the form based on the instructions for Form 720.

for Form 720. When required payments are due (or zero amounts reported).—For applicable election years beginning in 1989, the required payment must be made (or zero amount reported) on or before May 15, 1990. Note: Regulations section 1.444-7(b)(4)(iii) provides a special rule that extends the due date for required payments that relate to certain back-up section 444 elections.

The payment may be remitted, by check or money order, with Form 720, or deposited with FTD deposit coupons. If you pay by check or money order, write the corporation's identification number and "IRS NO. 11 PAYMENT" on the check or money order.

Obtaining refund or credit of net prior year payments. —To obtain a refund or credit of net prior year payments, enter the net required payment balance on line 4d, Part II, of Form 720, and complete the remainder of Form 720 based on the instructions for Form 720. The "net required payments balance" is the excess of required payments made for prior years over the refunds of any required payments.

Note: A refund of net prior year payments will not be made before April 15 of the tax year following the tax year for which the payment was made (see Temporary Regulations section 1.75.10.276.45)

CHEDULE D orm 1120S)	Cap			and Built-In (aanis		1000
partment of the Treasury			Attach to your tax				1989
rnal Revenue Service			occ copurate mone		Employer identifica	tion n	umber
					L		
		and Losses—As		ear or Less	T. 10		(f) Gain (or loss)
(a) Kind of property and de (Example, 100 shares of	scription Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Cost or other bar plus expense of sa	ie	((d) less (e))
						- †	
						$\neg \uparrow$	
2 Short-term capital ga	in from insta	liment sales from Fo	orm 6252, line 22	or 30 , , , , ,		2	
3 Net short-term capital gai	n (or loss)—Co	mbine lines 1 and 2. Ente	er here and on line 4d	or 6 of Schedule K of Form	1120S	3	
a Unused capital loss	carryover from	om prior years in v	which the corporat	ion was an S corpo	ration (attach		,
computation) · · ·						4a	·
1b Net short-term capita						4ь	
figuring line 10 below		and Losses—As				₩D]	
	pital Gains	and Losses—As	Sers Lein MDLE	man One real	1	Т	
5						一	
		· · · · · · · · · · · · · · · · · · ·				\neg	
6 Long-term capital ga	n from instal	Iment sales from Fo	rm 6252 line 22	or 30		6	
					1		
7 Net long-term capital amount by any applie	able tax on I	ines 17 and 25 belo	w and enter this a	nount on line 4e or 6	of Schedule K	,	
of Form 1120S.).						-	
8 Enter section 1231 g the amount from this	ain from line	7 or 9, Form 4797	. (See instructions K of Form 1120S.)	regarding casualties	and therts and	8	
9 Net long-term capita						9	
Part III Summary of S							
ote: If the corporation is					20S) see line		
10 instruction before			micome tax (mic z	.zu, page 1, 1 01111 11	200), 500		
O Net capital gain-Er			tal gain (line 9) ove	r net short-term capit	tal loss (line 4b).		
If line 10 is more than	\$25,000, se	e instructions for Par	t IV. If line 10 is \$2	5,000 or less, do not c	omplete Part IV.	10	
art IV Tax Imposed	on Certain	Capital Gains					
1 Taxable income (see	instructions	and attach computa	ation schedule) .		<u> </u>	11	
2 Enter tax on line 11	mount (see	instructions for com	putation of tax)		· · · · · /	12	
3 Net capital gain from	line 10					13	#05 000
4 Statutory minimum					· · · · · ·	14	\$25,000
5 Subtract line 14 from						15	
6 Tax—Enter 34% of						16	
7 Enter smaller of line art V Tax Imposed			to, page 1, Form 1	1203		1,	
			estions and attt-	semputation calcal	<u>a)</u>	18	
18 Taxable income (sec						19	
19 Taxable income (sec 20 Net recognized built				ctions)		20	
						21	
22 Subtract line 21 from						22	
23 Enter 34% of line 22			o. o . o. o una on mi			23	
			(3) from years the	corporation was a C	corporation	24	
25 Tay—Subtract line 2						25	

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

Schedule D (Form 1120S) 1989 +U.S. Government Printing Office: 1989-245-270

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1989



Instructions for Schedule D (Form 1120S)

Capital Gains and Losses and Built-In Gains

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

Caution: At the time these instructions were printed, Congress was considering legislation that would change the tax treatment of certain dispositions of property that qualify as long-term capital gains. If this legislation is passed, we will take the steps necessary to publicize the new rules and how they affect this schedule.

Purpose of Schedule D

- a. Schedule D is used by all S corporations to report and summarize capital gain transactions attributable to: (1) sale or exchange of capital assets, and (2) gains on distributions to shareholders of appreciated assets that are capital assets (hereinafter referred to as distributions). For a definition of capital assets, see Schedule D (Form 120S) under Other Forms and Schedules That May Be Required in the General Instructions for Form 120S.
- b. If the corporation filed its election to be an S corporation before 1987 for filed its election after 1986 and qualifies for the transitional relief from the built-in gains tax described in Part V below), and had net capital gain (line 10) of more than \$25,000 tray be liable for a capital gains tax on the gain in excess of \$25,000. The tax is figured in Part IV of Schedule D.
- c. Generally, if the corporation: (1) filed its election to be an S corporation after 1986, (2) was a C corporation at the time it made the election, and (3) has net recognized built-in gain as defined in section 1374(d)(2), it is liable for the built-in gains tax. The tax is figured in Part V of Schedule D.

Note: Sales, exchanges, and distributions of property other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of an interest in oil, gas, or geothermal property should be reported on Form 4797, Sales of Business Property.

Parts I and II

Generally, report sales and exchanges (including like-kind exchanges) even though there is no gain or loss. Report gain, but not loss, on a distribution. In Part I, report the sale, exchange, or distribution of capital assets held I year or less. In Part II, report the sale, exchange, or distribution of capital assets held more than 1 year. Use the trade dates for the date of acquisition and sale of stocks and bonds on an exchange or over-the-counter market.

For more information, see Pub. 544, Sales and Other Dispositions of Assets, and Pub. 589, Tax Information on S Coroprations. Exchange of Like-Kind Property.—Report the exchange of like-kind property on Schedule D or on Form 4797, whichever applies. Report it even though no gain or loss is recognized when business or investment property is exchanged for property of like-kind. For exceptions, see Pub. 544.

If Schedule D is used, identify the property disposed of in column (a). Enter the date acquired in column (b), and the date exchanged in column (c). Write "likekind exchange" in column (d). Enter the cost or other basis in column (e). Enter "-0-in column (f).

Special Rules for the Treatment of Certain Gains and Losses

- Gain on Distributions of Appreciated Property. Generally, section 311 provides that gain is recognized on a distribution of appreciated property to shareholders in the same manner as if the property had been sold to the shareholder at its fair market value. Like other capital gains, it is subject to the capital gains tax and is passed through to shareholders.
- Gain From Installment Sales.—If an S corporation has a gain this year from the sale of real property or a casual sale of personal property other than inventory and is to receive any payment in a later year, it must use the installment method (unless it elects not to) and file Form 6252, Installment Sale Income, to report the sale and gain as payments are received.
- If the corporation wants to elect out of the installment method, it must do the following on a timely filed return (including extensions):
- (1) Report the full amount of the sale on Schedule D (Form 1120S).
- (2) If the corporation received a note or other obligation and is reporting it at less than face value, state that fact in the margin and enter the face amount of percentage of valuation.

For additional information, get Pub. 537,

- e Gains and Losses on Section 1256 Contracts and Straddles.—Use Form 6781, Gains and Losses From Section 1256 Contracts and Straddles, to report section 1256 gains and losses. See the instructions for Form 6781 for more information.
- Gain or Loss on an Option To Buy or Sell Property.—See section 1234 for the rules that apply to a purchaser or grantor of an option.

- Gain or Loss From a Short Sale of Property.—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer. A loss from a wash sale of stock or securities or from certain transactions between related persons is not deductible. (See sections 1091 and 267.)
- e Loss From Securities That Are Capital Assets That Become Worthless During the Year.—Except for securities held by a bank, treat the loss as a capital loss as of the last day of the taxyear. (See section 582 for the rules on the treatment of securities held by a bank).

How To Determine the Cost or Other Basis of the Property

In determining gain or loss, the basis of property will generally be its cost (section 1012). The exceptions to the general rule are provided in sections contained in subchapters C, K, O, and P of the Code. For example, if the corporation acquired the property by dividend, liquidation of another corporation, transfer from a shareholder, reorganization, contribution or gift, bequest, bankruptcy, tax-free exchange, involuntary conversion, certain asset acquisitions, or wash sale of stock, see sections 301 (or 1059), 334, 362 (or 358), 1015, 1014, 372 (or 374), 1031, 1033, 1050, and 1091, respectively. Attach an explanation if you use a basis other than actual cash cost of the property.

If the corporation is allowed a charitable contribution deduction because it sold properly to a charitable organization, figure the adjusted basis for determining gain from the sale by dividing the amount realized by the fair market value and multiplying that result by the adjusted basis.

Line 8.—If the corporation has a gain from line 7 or 9 of Form 4797, enter it on line 8 fepart or all of this gain includes gain from line 21, Section B, of Form 4684, Casualities and Theffs, and gain or loss under section 1231, enter the gain from Form 4684 on line 6 of Schedule K. Report the portion that is gain or loss under section 1231 (reduced by any tax applicable to the gain) on line 5 of Schedule K.

Part III—Summary of Schedule D Gains and Losses

If the net long-term capital gain is more than the net short-term capital loss, there is a net capital gain. If this gain exceeds \$25,000, and the corporation elected to be an S corporation before 1987, the corporation may be liable for income tax on the gain. Answer the questions in the instructions for Part IV to determine if the corporation is liable for income tax on its net capital gain.

Line 10.—If the corporation is liable for the tax on excess net passive income (line 22a, page 1, Form 1120S), and capital gain income was included in the computation of the tax, the amount to be entered on line 10 is figured as follows:

1. Reduce the capital gain income reported on lines 1-2 and 5-8 of Schedule D by the portion of the excess net passive income attributable to such gain.

- 2. Refigure lines 4b and 9 of Schedule D based on the revised amounts from step 1
- Enter on line 10 the net capital gain (if any) based on revised lines 4b and 9.

Part IV-Capital Gains Tax

If the corporation made its election to be an S corporation before 1987, section 1374 (as in effect before the enactment of the Tax Reform Act of 1986) continues to impose a tax on certain capital gains of the Secretari

By answering the following questions, it can be determined whether the corporation is liable for the tax. If net capital gain is more than \$25,000, and the corporation is not liable for the tax, answer questions A through D below and attach the Part IV instructions to Schedule D as an of why it is not liable for the tax.

If answers to questions A, B, and C or A, B, and D are "Yes," the tax applies and Part IV of Schedule D must be completed.
Otherwise, the corporation is not liable for the tax.

Note: Taxable income referred to in questions A and B below is NOT the income figured on line 21, page 1, of Form 1120S. See the instruction for line 9 of the worksheet in the instructions for line 22a, page 1, Form 1120S, for details.

- A is taxable income more than \$\ \] Yes \$\ \] No B. Is net capital gain (line 1.0 Schedule D (form 1120S)) more than \$25,000, and more than \$25,000, and more than \$25,000, and more than \$25,000, and more than and the corporation at any time during the 3 tax years just before this years \$\ \] Yes \$\ \] No Extensity No B. If the answer to question C is \$\ \] No B. Schedule D (form 1120S) \$\ \] Yes \$\ \] No more than \$\ \] Schedule D (form 1120S) \$\ \] Yes \$\ \] No lettle answer to question C is \$\ \] No itsensity described in each of them \$1,200S \] Yes \$\ \] No lettle 10 form properly described in each of them \$1,200S \] Yes \$\ \] No lettle 10 form \$\ \] No itsensity \$\ \]
- Property was acquired during the tax year or within 36 months before the beginning of the tax year;
- Property was acquired, directly or indirectly, from a corporation that was not in existence as an S corporation during the tax year or within 36 months before the tax year up to the time of the acquisition; and
- 3. Property has a substituted basis to you. (A substituted basis is one determined by reference to its basis in the hands of the transferor corporation.)

If the answer to question D is "Yes" and the tax is applicable, multiply the net capital gain from property described in question D (reduced by any excess net passive income attributable to this gain—see instruction for line 10) by 34%. If this amount is less than the tax figured on line 12, Part IV, enter this amount on line 17, Part IV, and write to the right of the amount. "Substituted basis." Attach the computation of the substituted basis amount to Schedule D. (See section 1374(c)(3) as in effect before the enactment of the Tax Reform Act of 1986.)

Line 11.-Line 11 taxable income is figured in the same manner as the taxable income used in the computation of tax for line 22a, page 1, Form 1120S. See the instruction for line 9 of the worksheet in the instructions for line 22a, page 1, Form 1120S, for details, Attach Form 1120 or other worksheets used in figuring taxable income to Schedule D. Do not enter the amount from line 21, page 1, Form 1120S. Line 12.—Figure a regular corporate income tax (section 11 tax) based on the taxable income on line 11 of Schedule D as if the S corporation were a C corporation and enter the tax on line 12. Use the instructions for Schedule J of Form 1120 in the 1989 Instructions for Form 1120 and 1120A to make your computation. Attach your computation of tax to Schedule D.

Part V---Built-In Gains Tax

Current section 1374 provides for a tax on built-in gains that applies to certain S corporations for tax years beginning after December 31, 1986. The tax applies only if the first tax year for which the corporation is an S corporation is pursuant to an S election made after December 31, 1986. This tax does not apply to any corporation that has been an S corporation for each of its tax years.

Transitional Relief From Bullt-in Gains Tax.—Section 633(d)(8) of the Tax Reform Act of 1986 (1986 Act) provides special transitional relief from the built-in gains tax for qualified corporations. A qualified corporation is any corporation that: (1) on August 1, 1986, and all times thereafter and before the corporation is completely liquidated is more than 50% owned by 10 or fewer qualified persons, and (2) has an applicable value of \$10 million or less. A "qualified person" is (a) an individual, (b) an estate, or (c) a trust that is described in section 1361(c)(2)(A)(ii) or (iii).

The 1986 Act section 633(d/X) relief rule applies to qualified corporations that elect to be S corporations before January 1, 1989. However, the relief rule does not apply to the sale or distribution of certain assets. See the instructions for line 18 for details.

he the taxable income of the corporation for the tax year if only recognized built in gins and recognized built in losses were taken into account. Note: Recognized built in gain for the tax year includes any carryover of net recognized built-in gain from the preceding tax year. Include on line 18 the carryover amount as recognized built-in gain.

Section 1374(d)(3) defines recognized built-in gain as any gain recognized during the recognition period (the 10-year period beginning on the 1st day of the 1st tax year for which the corporation is an S corporation) on the sale or distribution (disposition) of any asset except to the extent the corporation establishes that:

1. The asset was not held by the corporation so the beginning of the 1st tax year the

corporation was an S corporation, or

2. The gain exceeds the excess of the fair market value of such asset as of the beginning of the 1st tax year over the adjusted basis of the asset at that time.

3. Also, if item 4 below applies to the corporation and the disposition that produced the gain is covered by the relief provisions, the gain is not recognized built-in gain. (However, section 1374 as it existed before the enactment of the Tax Reform Act of 1986 may apply to gain covered by these relief provisions. See Part IV above.)
Section 1374(d)(4) defines recognized

Section 1374(d)(4) defines recognized built-in losses as any loss recognized during the recognition period (stated above) on the disposition of any asset to the extent the corporation establishes that:

- 1. The asset was held by the corporation as of the beginning of the 1st tax year the corporation was an S corporation, and
- 2. The loss does not exceed the excess of the adjusted basis of the asset as of the beginning of the 1st tax year, over the fair market value of the asset as of that time.
- 3. Also, if item 4 below applies to the corporation and to the disposition that produced the loss, the loss is not a recognized built-in loss for purposes of line 18.
- 4. The Scorporation qualifies for transitional relief (discussed above) and the gain or loas was from the disposition of an asset covered by the transitional relief provision. Note: Gain or loss from the disposition of certain assets, such as capital assets held 6 months or less and assets which result in ordinary income (loss) when disposed of do not qualify for the relief even though the corporation is a qualified corporation. Accordingly, the disposition of these types of assets will always be included in the computation of the amount to enter on line 18. See Rev. Rul. 86-141, 1986-2 C. B. 151, for more information.

A qualified corporation must show on an attachment to Schedule D its total net recognized built-in gain and also list separately the gain or loss that is: (1) gain or loss from capital assets held 6 months or less, and (2) gain or loss from assets for which the disposition results in ordinary income or loss. A nonqualified corporation must show on an attachment its total net recognized built-in gain and list separately any capital gain or loss and ordinary gain or loss.

Lina 19. —Enter taxable income as determined under section 1375(bX1/B). Generally, line 19 taxable income is figured as if the S corporation were a C corporation. However, section 1374(b)(2) net operating loss or capital loss carryforwards are not used in figuring the line 19 taxable income. Line 20. —If, for any tax year, the taxable income on line 19, the excess is treated as a recognized built-ing ain in the succeeding tax year. This carryover provision applies only in the case of an S corporation that made its election to be an S corporation on or after March 31, 1988. See section 1374(d)(X)B.

Line 21. —Enter the section 1374(b)(2) deduction. Generally, this is any net operating loss (NOL) carryforward or capital loss carryforward (to the extent of net capital gain included in recognized built-in gain for the tax year) arising in tax years for which the corporation was a C corporation. See section 1374(b)(2) for details.

Page 2

eU.S. Government Printing Office: 1989-245-271

Form 3468

Computation of Investment Credit

Attach to your return.

OMB No. 1545-0155
1989
Attachment

Department of the Treasury Internal Revenue Service ► See separate Instructions.

	Attachment Sequence No.	9 52
Idea	tifuing number	

							identifying number
Pa	Current Year Investment Credit						<u>L.</u>
В	Check here if you are electing under section 46(d) to increase your or Note: This election applies to the current tax year and to all subsect obtain IRS consent. (See Instructions for more information.). Enter total qualified progress expenditures included in Schedule A on Check here if you are claiming credit under section 46(g)(3) for " Instructions).	page	tax yea. 2 ed with	rs. This ele	ction ma	y not i	be revoked unless you
1	Regular credit—Enter amount from Schedule A, line 4					1	
2	Qualified rehabilitation expenditures for transitional rehabil rehabilitation projects.—Enter qualified investment and multiply by	itation y perc	entage s	shown:	certain		
a	30-year-old buildings				× 10%	2a	
	40-year-old buildings					2ь	
•	Certified historic structures (attach NPS certificate)				× 25%	2c	
_	Enter NPS number assigned or the flow-through entity identifyin number (see Instructions)	٠					
3	Qualified rehabilitation expenditures not includible in line 2 above:						
	Pre-1936 buildings					3a	
	Certified historic structures (attach NPS certificate)				× 20%	Зь	
	Enter NPS number assigned or the flow-through entity identifyin						
4	number (see Instructions)					4	
5	Credit from cooperatives—Enter regular investment credit from coo Business energy investment credit—Enter amount from Schedule I Current year investment credit—Add lines 1 through 5	B, line	6			5	
	See Instructions for filing requir	emen	s of For	m 3800.			
Pai	Current Year Investment Credit Tax Liability Limitati						T-00-00-0
7a	Individuals—Enter amount from Form 1040, line 40				1		
	Corporations—Enter amount from Form 1120, Schedule J, line 3 (7	
	Other filers—Enter regular tax before credits from your return						
8	Credits that reduce regular tax before the investment credit:				,		
а	Credit for child and dependent care expenses (Form 2441)	8a					
b	Credit for the elderly or the disabled (Schedule R, Form 1040)	86				/////////////////////////////////////	
	Foreign tax credit (Form 1116 or Form 1118)						
d	Possessions tax credit (Form 5735)	8d					
e	Mortgage interest credit (Form 8396)						
f	Credit for fuel from a nonconventional source	81	<u> </u>				
g	Orphan drug credit (Form 6765)	8g	<u> </u>				
	Total credits that reduce regular tax before the investment credit. A					8h	
9	Net regular tax—Subtract line 8h from line 7					9	
10	Tentative minimum tax:				,		
a	Individuals—Enter amount from Form 6251, line 17						
D	Corporations—Enter amount from Form 4626, line 13				· · ·	10	
	Estates and Trusts—Enter amount from Form 8656, Part III, line 10))		
11	Net income tax:				,		
	Individuals—Add line 9 above and line 19 of Form 6251. Enter the 1					111	
	Corporations—Add line 9 above and line 16 of Form 4626. Enter th Other filers—See Instructions						
	If line 9 is more than \$25,000, enter 25% of the excess (see Instruc					12	
13	Subtract line 10 or line 12, whichever is greater, from line 11. Ent	ior the	racult	If loce the			
	enter zero					13	
14	Total allowed credit—Enter the smaller of line 6 or line 13. This is for 1989. Enter here and on Form 1040, line 44; Form 1120, Sch	your (eneral	Business	Credit	William.	
	Part I, line 2a; or on the corresponding line of other income tax retur	ns .			,	14	
For P	aperwork Reduction Act Notice, see separate Instructions.						Form 3468 (1989)

		Vans Danulas Issuest					Р
1 Enter on lines 1:		Year Regular Investr					
	through	1j your qualified investment i	n transiti			structio	
Type of Property	e of Property Line Class of Recovery Property or Useful Life of Nonrecovery Proper			(2) Basis or Cost	(3) Applica Percent	ble age	(4) Qualified Investment (column 2 x column 3
New Recovery	а	3-year			60		
- Herricovery	ь	Other			100		
Used Recovery	С	3-year			60		
	d	Other	1_		100		
	e	3 or more/less than 5			331/	3	
New Nonrecovery	f	5 or more/less than 7			663/	9	
	g	7 or more			100		
	h	3 or more/less than 5			331/	3	
Used Nonrecovery	i	5 or more/less than 7			66%	3	
	<u> i </u>	7 or more			100		
2 Transition prope	rty and (QPE property—Enter qualifie	d investi	ment			
(from lines 1a t	hrough 1	j, column (4)) and multiply b	y percer	tage			
shown	<u></u>		·		_ × 6.5%	2	
3 Qualified timb	er prope	erty-Enter qualified inve	stment	(see			
Instructions for 1	imitations	s) and multiply by percentage	shown .		_ × 10%	3	
4 Current year reg	ular inves	stment credit. Add lines 2 and	3. Enter	here and on line 1 of pag	e1	4	
1 Enter on lines 1a Type of Property	Line	1e your qualified investment (1) Class of Property or Life Years	(2) Code	(3) Basis	(4) Applica	ble	(5) Qualified Investment (column 3 x column 4
	а	3-year			Percent:	age	(column 3 x column 4
Recovery	ь	Other			100	,	
	C	3 or more/less than 5			331/		
Nonrecovery	d	5 or more/less than 7	 -		6624	-	
	e	7 or more	+		100		
•						. 1	
2 Total qualified in		t—Add lines 1a through 1e	olumn (4	3)			
3 Enter in column	nvestmen (1) the po	nt—Add lines 1a through 1e, or portion of the line 2 amount ng types of property:	Line	(1) Qualified Investment	(2) Credi Percent	2	(3) Investment Credit (column 1 × column 2
3 Enter in column attributable to th	nvestmen (1) the po ne followin	ortion of the line 2 amount	Line	(1)	(2) Credi Percenti	2	Investment Credit
Enter in column attributable to the Solar energy pro	(1) the pone following	ortion of the line 2 amount	Line	(1)	(2) Credi Percent	2	Investment Credit
Enter in column attributable to the Solar energy pro Geothermal prop	(1) the pone following	ortion of the line 2 amount ng types of property:	Line a b	(1)	(2) Credi Percenti	2	Investment Credit
Enter in column attributable to the Solar energy pro	(1) the pone following	ortion of the line 2 amount ng types of property:	Line	(1)	(2) Credi Percent	2	Investment Credit
a Solar energy pro b Geothermal pro c Ocean thermal p d Current year cre	nvestmen (1) the pone following perty perty property dit for invented.	ortion of the line 2 amounting types of property: restment in business energy p	b c	(1) Qualified Investment Add lines 3a through 3c, 4	(2) Credi Percent 10 10 15	2	Investment Credit
a Solar energy pro b Geothermal pro c Ocean thermal p d Current year cre	nvestmen (1) the pone following perty perty property dit for invented.	ortion of the line 2 amount ng types of property:	b c	(1) Qualified Investment Add lines 3a through 3c, 4	(2) Credi Percent 10 10 15	2 age	Investment Credit
Enter in column attributable to the a Solar energy prob Geothermal prog c Ocean thermal prod Current year cred Certain other proshown.	nvestmen (1) the poper following perty perty perty perty dit for investment for investment	ortion of the line 2 amounting types of property: restment in business energy p	a b c c roperty. A fied investor way be	Qualified Investment Add lines 3a through 3c, ottment and multiply by p	(2) Credi Percent 10 10 15	2 age	Investment Credit
Enter in column attributable to the a Solar energy probe Geothermal proper Coean thermal proper Coean thermal proper Coean thermal proper Coetain other proper Solar Certain other proper Solar Certain long-ten	nvestmen (1) the poper following perty perty perty perty dit for investment for i	ortion of the line 2 amounting types of property: restment in business energy proceed Instructions.) Enter qualifications of the projects of the second of	b c roperty. A ried investor way be	Qualified Investment Qualified Investment Add lines 3a through 3c, of the and multiply by postore	(2) Credit Percent 10 10 15 column (3) ercentage	2 lege	Investment Credit
Enter in column attributable to the a Solar energy probe Geothermal properties of Cocan thermal properties of Current year creduction of Current year creduction of Current years consumed to Current years consumer to Cocan other properties of Cocan	nvestmen (1) the poper (1) the poper (1) the poper (2) the poper (3) perty (4) perty (5) perty (6) perty (7) perty (8) perty (9) perty (ortion of the line 2 amounting types of property: restment in business energy proceed in structions.) Enter quality n 46(b)(2)(C) projects under property placed in service be	b c c roperty. A fied investor way be fore 198	Qualified Investment Add lines 3a through 3c, etment and multiply by prefere	(2) Credit Percent 10 10 15 column (3) ercentage	2 lege	Investment Credit
a Solar energy pro b Geothermal pro; c Ocean thermal pro d Current year cre 4 Certain other pro shown. a Certain long-ter 1983 b Hydroelectric ge an application	nvestmen (1) the pole followin perty perty perty dit for inve poperty. (S m section nerating has bee	ortion of the line 2 amounting types of property: restment in business energy proceed Instructions.) Enter qualifications of the projects of the second of	b c c roperty. A side of investigation of the side of	Qualified Investment Add lines 3a through 3c, of the street and multiply by postore 9 (if ergy	(2) Credit Percent 10 10 15 column (3) ercentage	2 lege	

#U.S.GPO:1989-0-245-301

6 Tentative business energy investment credit—Add lines 3d through 5. Enter here and on line 5 of page 1

1989



Instructions for Form 3468

Computation of Investment Credit

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

Paperwork Reduction Act Notice.---We ask for this information to carry out the internal Revenue laws of the United States. We need it to ensure that taxpavers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time

Recorditoeping 22 hrs., 29 min. Learning about the law or the form 6 hrs., 57 min.

Preparing and sending the form to IRS : . . . 7 hrs., 37 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Items You Should Note

Generally, you cannot claim an investment credit for property placed in service after December 31, 1985, However, you may claim a current year investment credit for section 38 property* (as defined in section 48(a)) that is:

- · Transition property (see specific instructions for Schedule A);
- · Progress expenditure property (see specific instructions for Schedule A);
- . Qualified timber property (see specific instructions for Schedule A):
- · Certain building rehabilitation property (see specific instructions for Part I, lines 2 and 3); or
- Business energy property (see specific instructions for Schedule B).

The business energy investment credit for solar energy property, geothermal property and ocean thermal property is scheduled to expire on September 30, 1990.

See section 46(b)(2)(A) for details concerning the computation of the business energy investment credit.

Energy property must meet the same requirements as regular investment credit property, except that the provisions of sections 48(a)(1) and 48(a)(3) do not apply. The property must be acquired new See sections 46(b)(2) and 48(l)(1) through (17) for details.

See section 48(I)(17) for special rules on public utility property, and section 48(I)(11) for special rules on property financed by industrial development bonds.

General Instructions

Purpose of Form.—Use Form 3468 to claim a regular, rehabilitation, or business energy investment credit. If you are a partner of a partnership, beneficiary of an estate or trust, shareholder in an S corporation, or lessee, use Form 3468 to figure the credit based on your share of the investment that was allocated to you by the nartnership, estate, trust, S corporation, or

Caution: You may have to refigure the credit and recapture all or a portion of it if: a you disnose of the property before the end of the property class life or life years;

- you change the use of the property; the business use of the property decreases so that it no longer qualifies (in whole or in part) as investment credit
- oroperty: · you reduce your proportionate interest in a partnership or other "pass-through" entity that had claimed a credit: or
- · you returned leased property (on which you had taken a credit) to the lessor before the end of the recapture period or useful life.

For more information, see Form 4255. Recapture of Investment Credit.

For more details on investment credit see Pub. 572. General Business Credit, and regulations under sections 46 and 48.

Form 3800, General Business Credit.-The general business credit consists of the investment credit, jobs credit, credit for alcohol used as fuel, credit for increasing research activities, and low-income housing credit. If you have more than one of these credits for 1989, a carryback or a carryforward of any of these credits, or an investment credit for a passive activity, do not complete Part II. Instead, attach the appropriate credit forms and summarize them on Form 3800. C corporations that are required to file Form 4626, Alternative Minimum Tax —Corporations, may also wish to use Form 3800 to determine whether they are entitled to additional general business credit under section 38(c)(2).

How to Figure the Credit. -- For recovery property (i.e. property that is depreciated under the Accelerated Cost Recovery System (ACRS)), the class of property determines the percentage qualifying for investment credit. For nonrecovery property (i.e. property that is not depreciated under ACRS) the useful life of the property for investment credit must be the same as the useful life for depreciation.

See section 48 for special rules on movie and television films, sound recordings, and sale-leasebacks.

Investment Credit Property.—You may claim an investment credit for property placed in service only if it qualifies as one of the items listed above under "Items You Should Note." Enter only the business part if property is for both business and personal

Exceptions. - You cannot claim an investment credit for property that is:

- (1) Used mainly outside the U.S.; (2) Used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in an unrelated trade or business:
- (3) Used by governmental units and foreign persons and entities;
- (4) Used for lodging or for furnishing the lodging (see section 48(a)(3) for exceptions, i.e., hotel or motel furnishings);
- (5) Amortized or depreciated under section 167(k), 184, or 188; or
- (6) Acquired or constructed with 'excluded cost-sharing payments' from grants under any program listed in section 126(a) or by grants under the Energy Security Act.

Election for Certain Leased Property.----if you lease property to someone else, you may elect to treat all or part of your investment in new property as if it were made by the person who is leasing it from you. Lessors and lessees should see section 48(d) and related regulations for rules on making this election. For limitations, see sections 46(e)(3) and 48(d)(6).

At-Risk Limitation for Individuals and Closely Held Corporations.—The cost or basis of property for investment credit purposes may be limited if you borrowed against the property and are protected against loss, or if you borrowed money from a person who is related or who has other than a creditor interest in the business activity. The cost or basis must be reduced by the amount of this "nonqualified nonrecourse financing" related to the property as of the close of the tax year in which it is placed in service. See Pub. 572 and sections 46(c)(8) and 465 for details. If there is an increase during a later year of this nonqualified nonrecourse financing, you may have to refigure the credit on Form 4255.

Specific Instructions

Partnerships, S Corporations, Estates, and Trusts. — To figure the cost or basis of property to pass through to the individual partners, shareholders, or beneficiaries, hese entities should complete only the following lines:

· checkboxes A and B in Part I;

- . columns (2) and (3) for line 1 of
- . the qualified investment on lines 2 and 3
- the qualified investment on line 3 of Schedule A; and
- columns (2) and (3) for line 1, Schedule B
 (you should also inform the partners. shareholders, or beneficiaries as to how much of the column (3) basis to enter on lines 3 or 4)

Attach the completed form to the partnership. S corporation, estate, or trust income tax return to show the total cost or basis that is passed through

Part I---Current Year Investment

Checkbox A. You may elect under section 46(d) to claim investment credit on a long-term construction project before it is completed and placed in service. See the specific instructions for *progress expenditure property" under Schedule A for

Checkbox B. Shipbuilders that make "qualified withdrawals" (described in section 49(g)(1)) from a capital construction fund for the acquisition construction, or reconstruction of a qualified vessel are deemed to have made (at the time of the withdrawal): (a) a qualified investment of 50% of the applicable percentage" (specified in section 46(c)(2)) of the qualified withdrawel, or (b) if you are making, or have whith awai, or (a) it you are making, or have previously made, the election described in Checkbox A above, qualified progress expenditures of 50% of the qualified withdrawal. However, if you are claiming credit under section 46(g)(3), check the

Lines 2 and 3. Rehabilitation Expenditures.--You may take a credit for certain capital costs incurred for additions or improvements to qualified existing buildings and for rehabilitation of certified historic structures. The expenditures must be: added to the basis of the building; depreciated by the straight-line method; and incurred in connection with the rehabilitation of a qualified rehabilitated building. The applicable percentage for qualified rehabilitation expenditures is

Decrease the depreciable basis by the allowed credit.

- For filers placing property in service in 1989, the expenditures must be for either:
- (1) nonresidential real property. (2) residential rental property, or
- (3) reel property that has a class-life of more than 1214 years. See section 48(g) for more details and section 251(d) of the Tax Reform Act of

If you are claiming a credit for a certified historic structure, you must attach a copy of your request for final National Park Service NPS) certification (NPS Form 10-168c). Enter the building number assigned by the NPS in the space provided. If the credit is a flow-through from a partnership, S corporation, estate or trust, enter the

identifying number of the flow-through entity in the space provided. Limitations for lines 2 and 3 of Part I, line

12 of Part II and lines 1a through 2 of Schedule A.—Mutual savings institutions regulated investment companies, and real estate investment trusts are subject to special limitations for the amounts to be entered on these lines. See Regulations section 1.46-4.

Line 4-Credit from Cooperative --Section 1381(a) cooperative organizations may claim investment credit. If the cooperative cannot use any of the credit because of the tax liability limitation, the unused credit must be allocated to the patrons of the cooperative. The recenture provisions of section 47 apply as if the cooperative had kept the credit and not allocated it. Patrons should enter their regular investment credit from a cooperative on line 4.

Part II--Current Year Investment Credit Tax Liability Limitation

Do not complete Part II (and instead go to Form 3800) if you meet any of the conditions listed in the general instructions for "Form 3800. General Business Credit." Line 11c-Other Filers.-Enter the sum of line 9 and your alternative minimum tax from the alternative minimum tax form you

Line 12.-If a husband and wife file separate returns, each must use \$12,500 instead of \$25,000. But if one of them has no investment credit (or no carryforwards o carrybacks to the current year), then the other may use the entire \$25,000.

If you are a member of a controlled group, enter only your apportioned share of the \$25,000.

If you are a mutual savings institution, a regulated investment company, or a real estate investment trust, see the specific instructions for "Limitations for lines 2 and 3 of Part I, line 12 of Part II and lines 1a through 2 of Schedule A" above

For estates and trusts, the \$25,000 limitation is reduced by the same proportionate share of income that was allocated to the beneficiaries.

Carryback and Carryforward of Unused Credits .- If you cannot use all of the credit because line 6 is greater than line 13, you may carry the excess back 3 years and then forward 15 years.

Schedule A

Generally, the investment credit is not allowed for property placed in service after December 31, 1985. However, you may claim regular investment credit for the current year for "section 38 property" (as defined in section 48(a)) that is: (a) transition property, (b) progress. expenditure property, or (c) qualified timber

(a) Transition property.—Generally, transition property that is placed in service during the current tax year is eligible for the regular investment credit in this year if: (1) the property has a class life of 20 years or more and was constructed. reconstructed, or acquired under a written

contract that was binding on December 31,

(2) you began construction or struction of property (that has a class life of 20 years or more) by December 31, 1985 and you incurred or committed the lesser of \$1,000,000 or 5% of the cost of such property;

(3) you began construction of an equipped building or "plant facility" (as defined in section 203(b)(4) of the Tax Reform Act of 1986) that has a class life of 20 years or more by December 31, 1985, under a written specific plan and you have incurred or committed more than one-half of the cost of such property by such date;

(4) specific projects listed in the Tax Reform Act of 1986

Note: The term "class life" (as used above) has the meaning provided in section 203(b)(2)(C) of the Tax Reform Act of

You must reduce the basis for depreciation by the full amount of the credit

See section 49(e) for additional information.

(b) Progress Expenditure Property. —The regular credit may be claimed on qualified progress expenditures (QPEs) so long as it is reasonable to expect that the property will be transition property when placed in service. For any year that the reasonable expectations change, or if the property is not placed in service before the applicable dates prescribed by section 49(e)(1)(C), all post-1985 OPEs must be recapture

Enter on the appropriate line the amount of OPEs made in the tax year.

Do not take any OPEs for the year the progress expenditure property is placed in service or for the year for which recapture is required for the property. The credit allowed for the year the property is placed in service is based on the entire qualified investment reduced by the QPEs included as qualified investment in earlier years. See section 46(d) and related regulations for more

You must reduce the depreciable basis of progress expenditure property by the full amount of the credit claimed, even if you made a section 48(a)(4) election in a prior year. See section 49(d) for additional

(c) Qualified Timber Property.--The lar credit may be claimed for the portion of the basis of "qualified timber property" that qualifies for amortization under section 194. You may not claim regular investment credit for the portion of such amortizable basis attributable to the capitalization of depreciation or cost recovery on property that already qualifies for the investment credit. You cannot claim more than \$10,000 (or \$5,000 in the case of a married person filing a separate return) of investment on line 3, Schedule A. For more information, see Reulations sections. 1.194-2(d) and 1.148-1(o).

For timber property you must reduce the amortizable basis by one-half of the credit

Lines 1a through 1d-Recovery Property. - Enter the basis of recovery property in column (2). This is generally the cost of the property reduced by any personal-use factor and by any portion that

was expensed under section 179. It includes all items properly included in the depreciable basis, such as installation and freight costs. Recovery properly is tangible personal property used in a trade or business or held for the production of income, and depreciated under the Accelerated Cost Recovery System (ACRS). Lines 1 e through 1]—Nonrecovery Property.—Nonrecovery property.

- property you elect to depreciate using a method not expressed in terms of years;
- property you elect to amortize (e.g., leasehold improvements):
- property transferred or acquired merely to bring the property under ACRS;
- property acquired in certain nonrecognition transactions:
- certain property used outside the U.S.;
 public utility property if you do not use the
- public utility property if you do not use the normalization method of accounting.

Enter the amortizable basis in forestation and reforestation expenditures on line 3 of Schedule A.

See section 46(c)(5) for rules for certain pollution-control facilities.

Lines 1c, 1d, and 1h through 1j---Used Property Dollar Limitation. —In general, you may not take into account more than \$150,000 of the cost of used property in any one year. This does not include the basis of any property traded in unless the trade-in caused the recapture of all or part of an investment credit allowed earlier or a reduction in an investment credit carryback or carryforward. Determine the \$150,000 amount before applying the percentages based on the class of property or useful life. Enter the cost (subject to the dollar limitation) of used property placed in service during the year. Property inherited, received as a gift, or acquired from certain related persons does not qualify for the investment credit.

If a husband and wife file separate returns, each may claim up to \$75,000. If one of them has no qualifying used property, the other may claim up to \$150,000.

The \$150,000 limitation applies to a partnership. S corporation, estate, or trust. The \$150,000 must be divided among the estate or trust and its beneficiaries based on the income of the estate or trust allocable to each beneficiary. A \$150,000 limitation also applies to each partner, shareholder, or beneficiary. Controlled corporate groups must apportion the limitation among all its members. See section 48(c) and related regulations.

Line 2.—You must reduce the regular 10% credit for transition and QPE property by 35%, thus making the credit for this type of property 6.5%. If you use all of the transition or QPE credit in the current year, then none of the reduction may be carried to any other year.

If you are able to use only a portion of the reduced credit in the current year because line 13, Part II is smaller than line 6, Part I, you may carry forward to your next tax year the unused portion of the reduced credit and a corresponding portion of the 35% reduction.

If, for example, you are able to use half of the reduced credit in 1989, then you may carry forward the other half of the reduced credit and half of the reduction.

If you are not able to use any of the reduced credit because of the tax liability limitations, then you may carry forward to your next tax year the entire credit (both the reduced credit and the reduction).

Schedule B

Line 1—Column (2).—Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. If you enter more than one kind of

property on a line, enter the code letter for each kind of property in column (2) and the code letter and dollar amount of each kind of property in the right hand mangin.

The code letters are:

- a. Solar energy property
- b. Geothermal property
- Ocean thermal property
 See sections 48(I)(4) and 48(I)(3)(A)(viii)
 and (ix) for definitions and special rules that apply to these kinds of property.

Lines 4a and 4b.—You must reduce the basis for depreciation by the full amount of the credit claimed.

If the installed capacity of hydroelectric generating property is more than 25 megawatts, the energy credit on line 4b is allowed for only part of the qualified investment. See section 48(I)(13)(C).

In the margin to the left of line 4b, enter the megawatt capacity of the generator as shown on its nameolate.

You must reduce the 10% credit on line 4a and the 11% credit on line 4b by 35%, thus making the credit for this type of property 6.5% and 7.15% respectively.

If you use all of the reduced credit in the current year, none of the reduction may be carried to any other year.

If you are able to use only a portion of the reduced credit in the current year because line 13, Part II is smaller than line 6, Part I, you may carry forward to your next tax year the unused portion of the reduced credit and a corresponding portion of the 35% reduction. If, for example, you are able to use half of the reduced credit in 1999, you may carry forward the other half of the reduced credit and half of the reducetion.

If you are not able to use any of the reduced credit because of the tax liability limitations, you may carry forward to your next tax year the entire credit (both the reduced credit and the reduction).

#U.8.0PO: 1969-0-245-303

Form 3800
Department of the Treasury
Internal Revenue Service

General Business Credit

OMB No. 1545-0895

٠	Attach	to	your	tax	return.

198

➤ See separate Instructions.

Name(s) at shown on return	identifying number	
Pari	Tentative Credit		
_		1	
1	Current year investment credit (Form 3468, Part I, line 6)	2	1
2	Current year jobs credit (Form 5884, line 4)	3	+
3	Current year credit for alcohol used as fuel (Form 6478, line 11)	4	-
4	Current year credit for increasing research activities (Form 6765, line 25)	5	
5	Current year low-income housing credit (Form 8586, line 6)	6	_
6	Current year general business credit—Add lines 1 through 5	7	1-
7	Passive activity credits included on lines 1 through 5 (see Instructions)	8	
8	Subtract line 7 from line 6	9	—
9	Passive activity credits allowed in 1989 (see Instructions).	10	1
10	Carryforward of general business credit, WIN credit or ESOP credit to 1989 (see Instructions)	11	1
11	Carryback of general business credit to 1989.		
12	Tentative general business credit—Add lines 8 through 11	12	
_			
Par	General Business Credit Limitation Based on Amount of Tax		
130	Individuals—Enter amount from Form 1040, line 40		
	Corporations—Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1).	13	
	Other filers—Enter regular tax before credits from your return		
14	Credits that reduce regular tax before the general business credit—	<i>V//////</i> A	
	Credit for child and dependent care expense (Form 2441)	<i>\$\tag{\tag{\tag{\tag{\tag{\tag{\tag{</i>	
	Credit for the elderly or the disabled (Schedule R, Form 1040)	<i>Y//////</i>	
-	Foreign tax credit (Form 1116 or Form 1118)	<i>Y//////</i>	
ď	Possessions tax credit (Form 5735)	<i>VIIIII</i>	1
e	Mortgage interest credit (Form 8396)	VIIIII	
f	Credit for fuel from a nonconventional source	<i>\$//////</i> A	
g	Orphan drug credit (Form 6765)	<i>VIIIII</i>	
h	Total credits that reduce regular tax before the general business credit. Add lines 14a through 14g	<i>\ </i>	
	and enter here	14h	-
15	Net regular tax—Subtract line 14h from line 13	15	
16	Tentative minimum tax:		
а	Individuals—Enter amount from Form 6251, line 17		
ь	Osipotations and amount norm to a property and a pr	16	
c	Estates and Trusts—Enter amount from Form 8656, Part III, line 10		
17	Net income tax:		
	Individuals—Add line 15 above and line 19 of Form 6251. Enter the total	11	-
ь	Corporations—Add line 15 above and line 13 of Form 4626 less line 15 of Form 4626. Enter the total	17	+
c	Other filers—See instructions	1.0	
18	If line 15 is more than \$25,000, enter 25% of the excess	18	+
19	Subtract line 16 or line 18, whichever is greater, from line 17. Enter the result. If less than zero, enter	1.0	
	zero , , , , , , , , , , , , , , , , , , ,	19	+
20	General business credit—Enter the smaller of line 12 or line 19. Also enter this amount on Form		İ
	1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or on the appropriate		İ
	line of your return. (Individuals, estates, and trusts see instructions if the credit for increasing		
	research activities is claimed. C corporations see instructions if the investment credit is claimed or if	1 1	1

For F	Panerwork Reduction	Act Notice, see page	e 1 of the separate in	structions to this form.

3800	(1989)
	3800

Form 3	800 (1989)	<u> </u>	Page Z
Sch	edule A	Computation of Additional General Business Credit Allowed By Section 38(c)(2) C Corporations	Only Applicable to
1		portion of the credit shown on line 12, page 1, that is attributable to the regular investment	1
	credit und	er section 46	
2	Enter the	amount from line 13, Form 4626	
3	Multiply th	ne amount on line 2 by 25% (.25)	3
4		amount from line 19, page 1	
5	Enter the attributab	portion of the credit shown on line 12, page 1, that is NOT le to the regular investment credit under section 46	
6		ne 5 from line 4 (if less than zero, enter zero)	6
7	Subtract I	ine 6 from line 1 (if less than zero, enter zero)	7
8	For purpo 4626, by	ses of this line only, recompute the amount on line 11, Form using zero on line 7, Form 4626, and enter the result here	
9	Multiply t	ne amount on line 8 by 10% (.10)	9
10	Enter the	amount from line 15, page 1	
11	Cubtract	line 15, Form 4626 from line 13, Form 4626 and enter the	
12		† 10 and 11	12
			13
13	Enter the	amount from line 20, page 1	
14	Subtract	ine 13 from line 12	14
15	Subtract	inë 9 from line 14	15
16	Enter the	smallest of line 3, line 7, or line 15	16
17	Subtract	line 16 from line 2	17
18	Enter the	greater of line 17, above, or line 18, page 1	18
		A	19
19		line 18, above, from line 17, page 1. DO NOT enter more than the amount on line 12, page 1.	19
20	of the am	lesser of line 19, above, or line 15, page 1. Enter this amount also on line 20, page 1, instead ount previously computed on that line. Write "Sec. 38(c)(2)" in the margin next to your entry 1, page 1	20
		· ·	
21	If line 19	above, is greater than line 20, above, enter the excess here and on line 14, Form 4626	21

*U.S. GPO: 1989-245-304

1989



Instructions for Form 3800

General Business Credit

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

General Instructions

Paperwork Reduction Act Notice.— We ask for this information to carry out the internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

the form to IRS.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either the IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Items You Should Note

- If you have a carryforward of section 46(a)(1) regular investment credit to 1989, you must reduce this credit by 35% before entering it on line 10.
- If you have credits from passive activities, see Form 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations only), or Form 852-CR, Passive Activity Credit Limitations (for individuals, trusts, and estates), before completing Form 3800.

Purpose of Form.—Use this form to summarize the credits that make up the general business credit. The general business credit. The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), credit for increasing research activities (Form 6765), and low-income housing credit (Form 5868). If you have more than one of these credits, a carryback or carryforward of any of these credits, or if one of these credits is from a passive activity, you must attach the appropriate credit forms and summarize them here on Form 3800. If you have only one of these credits for 1899, and that credit is not from a passive activity, you do not have to file Form 3800. Instead, use the applicable form to claim the credit. For example, if you have only a 1989 jobs credit, you may use Form 5884, Jobs Credit, to claim your credit. You do not have to file Form 3800 in this case.

For more information see Pub. 572, General Business Credit.

Carryback and Carryforward of Unused Credit. -- If you cannot use part or all of the credit on line 6 because of the tax liability limitations, you may carry any excess back to each of the 3 preceding tax years, beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the year of the credit. Any "qualified business credits" (as defined in section 196(c)) that are unused after that 15-year carryforward period has expired (or at the time a taxpayer dies or goes out of business) may be taken as a deduction in the first tax year following the expiration of the 15-year carryforward period (or in the tax year in which the taxpayer's death or cessation of business occurs). For purposes of this special deduction, only half of the following credits may be taken into account: (a) unused investment credit (other than a credit to which section 48(q)(3) applies), and (b) unused credit for increasing research activies.

Note: You cannot carry back the lowincome housing credit to years ending before January 1, 1987.

Although the investment, jobs, alcohol fuel, research, and low-income housing credits are aggregated as the general business credit, you should keep separate records of these credits to ensure that no credits or deductions are lost.

The general business credits are used in the following order as of the close of the tax year in which the credit is used:

- Regular investment credit
- · Business energy investment credit
- Employee plan investment credit
- · Rehabilitation investment credit
- Jobs credit
- · Credit for alcohol used as fuel
- Credit for increasing research activities
- Low-income housing credit
- WIN credit carryforward
- Employee stock ownership plan (ESOP) credit carryforward

Specific Instructions

Line 7.—Enter the amount of any credits included on lines 1 through 5 that are from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are passive activities, whether or not you materially participate. See Form 8810 for more details.

Line 9.—Enter the passive activity credit allowed for 1989 from Form 8582-CR or Form 8810. See the instructions for the applicable form for more information.

Line 10.—All carryforwards of unused investment, jobs, alcohol fuel, credit for increasing research activities, low-income housing, WIN, and ESOP credits are added together and become a business credit carryforward to 1989.

You must reduce the portion of the business credit carryforward attributable to the section 46(a)(1) regular investment tax credit (other than the portion of the credit for qualified timber property) by 35%. Use the following worksheet to compute the allowable portion and include the reduced credit on line 10.

- 1 Carryforward of section 46(a)(1) regular ITC from prior year(s)
- 3 Subtract line 2 from line 1
 —This is the amount of
 the regular ITC carryforward you may use. Enter
 here and include with any
 other carryforwards on line
 10 of Form 3800

If you cannot use all of the reduced credit because line 19 is smaller than line 12, you may carry forward to your next tax year the unused portion of the credit and a corresponding portion of the 35% reduction. If, for example, you are able to use only half of the line 3 credit in 1989, you may carry forward the other half of the credit and half of the 35% reduction.

Line 11.—Leave blank in 1989. Use only when you amend your return in subsequent years to carry back unused credits arising in later years.

Line 17c—Other filers.—Enter the sum of line 15 and your alternative minimum tax, if any.

Line 18.—If a husband and wife file separate returns, each must use \$12,500 instead of \$25,000. But if one of them has no current year credit (or no carryforwards or carrybacks to the current year), then the other may use the entire \$25,000 amount.

If you are a member of a controlled group, enter only your apportioned share of the \$25,000 amount.

For estates and trusts, the \$25,000 limitation is reduced by the same proportionate share of income that was allocated to the beneficiaries.

See section 38(c)(3)(C) and related regulations for limitations on the credit for mutual savings institutions, regulated investment companies, and real estate investment trusts

Line 20.—Individuals, Estates, or Trusts: If you are an individual, estate, or trust, the credit for increasing research activities on line 20 is limited to the amount attributable to your interest in the proprietorship, partnership, S corporation, estate or trust generating the credit. Figure the research credit limitation separately for each business enterprise by using the following

Taxable income attributable to your interest in the unincorporated business, 1065, 1041, or 1120S entity

(Line 17 – Line 18) ×

Your taxable income for

When using the formula, the result is limited to 100% of line 17 less line 18.

If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business

If your credit for increasing research activities is limited by the above formula, enter on line 20 the total of the amount calculated above for the credit for increasing research activities plus the general business credit from other sources. Write "Sec. 41(g)" in the margin next to your entry on line 20.

C Corporations: If you are a C Corporation, you may be entitled to a larger general business credit or additional credit against the alternative minimum tax if: (a) you are

claiming investment credit on line 12; (b) some of that investment credit cannot be used because line 19 is smaller than line 12; and (c) you are required to file Form 4625, Alternative Minimum Tax—Corporations. You should complete Schedule A to determine whether you are entitled to this additional credit.

If you are a C Corporation that has undergone a post-1986 "ownership change" (as defined in section 382(g)), section 383 may limit the amount of tax that may be offset by pre-change general business credits. If this limitation applies, attach your computation of the allowable general business credit, enter the amount on line 20, and write "Sec. 383" on the dotted line to the left of line 20.

#U.5.GPO:1989-245-424 E,1,43-1410168

Form 4562

Depreciation and Amortization

See separate instructions.

Attach this form to your return.

OMB No. 1545-0172

1989
Attachment
Seguence No. 67

Form 4562 (1989)

Department of the Treasury Internal Revenue Service Name(s) as shown on return

s shown on return

Identifying number

Busine	ess or activity to which this form relates						
Par	recreation, or amusemen	t.)					sed for entertainment,
	Sec	ction A.—Elect	ion To Expense	Depreciable Asse	ts (Section 17	9)	
1 N	Maximum dollar limitation					. 1	\$10,000
2 T	otal cost of section 179 property	placed in servic	e during the tax	year (see instruction	ons)	. 2	
3 1	Threshold cost of section 179 pro	perty before red	uction in limitat	ion		. 3	\$200,000
	Reduction in limitation (Subtract I					. 4	
<u>5 C</u>	Dollar limitation for tax year (Subt		line 1, but do no			. 5	
	(a) Description of	property		(b) Date placed in ser	vice (c) Cost	(d) Elected cost
6							
	isted property—Enter amount fr.					. 7	<u> </u>
	Fentative deduction (Enter the les					. 8	
	laxable income limitation (Enter t			e; or (b) line 5) (see	instructions) .		
	Carryover of disallowed deduction					10	
	Section 179 expense deduction (E Carryover of disallowed deduction				• 12	. 11	
12 (zarryover or disallowed deduction			CRS Depreciation			
			(c) Basis for depr				T
	(a) Classification of property	(b) Date placed in service	(Business use onlinstructions	ly—see period	(e) Convention	(f) Method	(g) Depreciation deduction
13 (General Depreciation System (GD	S) (see instructi	ons): For assets	s placed in service (NLY during ta:	k year begin	ning in 1989
a	3-year property						
t	5-year property						
•	7-year property						
-	10-year property						
	15-year property						
f	20-year property						
	Posidential rental pro-			27.5 yrs.	MM -	S/L	
. 8	Residential rental property			27.5 yrs.	MM	S/L	
ŀ	Nonrecidential real process:			31.5 yrs.	MM	S/L	
				31.5 yrs.	MM	S/L	l
14 /	Alternative Depreciation System (ADS) (see instru	ctions): For ass	ets placed in servic	e ONLY during	tax year be	ginning in 1989
						S/L	
t				12 yrs.		S/L	
	40-year	l		40 yrs.	MM	S/L	
	isted property—Enter amount fr GDS and ADS deductions for asse		rice before 1989	9 (see instructions)		15	
	and and und deductions (at 9226			d/or Other Depre		. 10	
17 0	Property subject to section 168(f)					. 17	
	ACRS and/or other depreciation (<u>)</u>		<u> </u>	18	
			Section D.	—Summary			
	Total (Add deductions on line 11 your return (Partnerships and S c				appropriate lin	e of 19	
	For assets shown above and placed of the basis attributable to section (r, enter the portion	20		

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

Form 4562 (1989) Part II Amortiz	ation													Page
(a) Description of property (b) Date an beg			imortization (c) Cost or other basis				(d) (ode tion	(e) Amortiza- tion period or percentage		(f) A for	mortizatio this year	n	
21 Amortization for pr	roperty placed in	service ont	y during	tax year	beginni	ng in 19	89 //							
		ļ		 							-			
22 Amortization for p	ronerty placed	in service h	efore 19	<u> </u> 89							22			
3 Total. Enter here					enses" li	ine of yo	our retur	n			23			
If you are Section E	e using the stand B, and Section C	reation, of dard mileago if applicable	or Amus e rate or	deduct	t ing vehic	cie lease	expens	е, сотр	lete colu					
	A. — Depreciat												7 1	7
24a Do you have ev	idence to suppo				d? LJY	'es 🔲	No 2	b If "Y	es," is th	ne evid	ence wi	itten?	_ Yes	No
(a) Type of property (fist vehicles first)	e of property chicles first) (b) Date placed in service (c) Busines: use percentage (%)		othe (see inst	Cost or ir basis ructions t property	Dr I	(e) is for depr business (eciation -	- (f) Recov perio	rery .	(g) Method	De d	(h) preciation eduction	Ele secti	(i) ected ion 179 ost
25 Property used mo	ore than 50% in	a trade or l	business	:					_,_				_	
···								+			+		+-	
								+	+		-		+	
26 Property used 50	% or less in a tr	ade or busi	ness:											*
					-			-	S/1		-			
								+-	S/1		_			
27 Total (Enter here	and on line 15.	page 1.).								. 2	7			
28 Total (Enter here												. 28		
Always complete to If you provided very section for those very Total business m	nicles to your en ehicles.	nployees, fil	rst answe	er the q	uestion	s in Sec b)	tion C to	see if y	rou mee	t an ex d)	ception	to comp	leting th)
(DO NOT include														
30 Total commuting	miles driven duri	ing the year			<u> </u>									
31 Total other pe miles driven														
32 Total miles drive		r (Add									1			
lines 29 through	31)		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	·Yes	No
33 Was the vehicle a during off-duty h		sonal use												
34 Was the vehicle than 5% owner of														ŀ
35 is another vehic use?	le available for													
(Answer	C.—Question these question ed for vehicles	ış to deteri	mine if y	ou me	et an ex	ception	to com	pleting	Section	B. No			nust alv	vays l
:				-									Yes	No
36 Do you maintain employees?			t that pr	ohibits	all pers	onal us	e of vet	iicles, ii	ncluding	comm	uting, I	by your		
37 Do you maintain employees? (See	instructions for	vehicles us	sed by co	rporati	e officer	onal us	e of ve tors, or	hicles; 1% or n	except nore own	commi iers.) .	uting, t	y your		<u> </u>
38 Do you treat all u												:	\vdash	\vdash
39 Do you provide a			your em	ployee	s and re	tain the	inform	ation re	eceived	from y	our em	ployees	1	1

40 Do you meet the requirements concerning qualified automobile demonstration use (see instructions)?

Note: If your answer to 36, 37, 38, 39, or 40 is "Yes," you need not complete Section B for the covered vehicles.

1989



Instructions for Form 4562

Depreciation and Amortization

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

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 33 hrs., 43 min.

Learning about the law or the form 3 hrs., 41 min.

Preparing and sending the form to IRS 4 hrs., 23 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Items You Should Note

- Section A of Part I has been revised to include the computation of the "taxable Income" limitation under section 179(b)(3).
- All single-purpose agricultural and horticultural structures placed in service after 1988 have a recovery period of 10 years instead of 7 years.
- Any tree or vine bearing fruit or nuts placed in service after 1988 must be depreciated over a period of 10 years under the straight line method.
- The limitation for depreciation of automobiles placed in service during 1989 is increased to \$2,660 due to an inflation adjustment.

Purpose of Form

Use Form 4562 to claim your deduction for depreciation and amortization; to make the election to expense recovery property; and to provide information on the business use of automobiles and other listed property.

You should prepare and submit a separate Form 4562 for each business or activity on your return. If more space is needed, attach additional sheets. However, complete only one Section A, Part I, when computing your allowable section 179 expense deduction and only one Section 0.

For additional information see: Pub. 534, Depreciation; Pub. 535, Business Expenses; and Pub. 917, Business Use of a Car.

Line-by-Line Instructions Part I.—Depreciation

Depreciation is an amount deducted each year for assets, except land, which is never depreciable, acquired for business use or held to produce income. Depreciation starts when you first use the property in your business. It ends when you take the property out of service, deduct all your depreciable cost, or no longer use the property in your business.

Complete Section A of Part III on page 2, instead of Part I, for depreciation of all "listed property," regardless of when such property was placed in service.

Before you make a section 179 expense election or a section 168 depreciation election, see Pub. 534 for additional information.

Except for Part III, relating to listed property, you are not required to submit details of prior, years' depreciation to IRS. However, these details should be part of your permanent books and records. For examples of how to keep debteciation records, see Pub. 534.

Section A.—Election To Expense
Depreclable Assets (Section 179).—You
may choose to expense part of the cost of
depreciable personal property (section 38
property)used in your trade or business and
certain other property described in Pub. 534.
To do so, you must have punchased the
property (as defined in section 179(d)(Z)) and
placed it in service during the 1989 tax year,
or have a carryover of unused cost from 1988.
If you elect this deduction, the amount on
which you figure your depreciation or
amortization deduction must be reduced by
the section 179 expense elected.

Note: The following do not qualify as section 179 property: (1) property used 50% or less-in your trade or business; and (2) property held for investment (section 212 property).

The section 179 expense deduction is subject to two separate limitations:

- (1) a dollar limitation; and
- (2) a taxable income limitation.

In the case of a partnership, these limitations apply to the partnership and each partner, in the case of an S corporation, these limitations apply to the S corporation and each shareholder. In the case of a controlled group, all component members are treated as one harparer.

Note: An estate or trust cannot make this election. If you are married filing separately, see section 179(b)(4) for special limitations.

Line 1.—The maximum dollar limitation is \$10,000. The expense deduction can never exceed \$10,000 in any tax year.

Lines 2 through 5.—The "dollar limitation" for the tax year is computed by subtracting from \$10,000, the amount, if any, by which the cost of section 179 properly placed in service during the tax year exceeds \$200,000. Be sure to include any amounts from any

pass-through entities and any listed property, on line 2. Thus, if you placed \$210,000 or more of section 179 property in service during the 1989 tax year, you cannot elect to expense any property. If line 5 is -0, skip lines 6 through 10, enter -0 on line 11, and enter the carryover of disallowed deduction from 1988, if any, on line 12

....

Column (a)—Enter the class of property (i.e. 5-year, 7-year, etc.) for which you are making the election, and a brief description (i.e. truck, office furniture, etc.)

Column (b)—Enter the month and year you placed the property in service.

Column (c)—Enter the cost of the property. If you acquired the property through a trade-in, do not include any undepreciated basis of the assets you traded in. See **Pub. 551**, Basis of Assets, for more information.

Column (d)—Enter the amount that you relect to expense. You do not have to elect to expense the entire cost of the property. Whatever amount is not elected to be expensed can be depreciated. See line 13 and line 14 instructions below.

Line 7.—If you elect to treat the cost of any automobile and other listed property as a section 179 expense, complete Section A, Part III. Also, see "Limitations for Automobiles" under Section A, Part III instructions.

Line 8.—The tentative deduction represents the amount you may expense in 1989 or carry over to 1990. If this amount is less than the taxable income limitation on fine 9, you may expense the entire amount. If this amount is more than line 9, you may expense in 1989 only an amount equal to line 9. Any excess may be carried over to 1990.

Line 9.—The section 179 expense deduction is further limited to the "taxable income" imitation under section 179(b)(3). For an individual, enter the aggregate net income from any active trade or business computed without regard to any section 179 expense deduction. For all other entities, enter the taxable income computed without regard to any section 179 expense eduction. In any case, do not enter more than Jine 5.

Line 10. — The carryover of disallowed deduction from 1988 is the amount of section 179 expense, if any, elected to be expensed in 1987 or 1988, but not allowed as a deduction due to the taxable income limitation, less any 1987 carryover allowed as a deduction in 1988. You may use Parl I, Section A of the 1989 Form 4552 as a worksheet(s), with the data from those previous years, to compute the correct carryover to 1989. Do NOT attach this worksheet to your 1989 bax return, but keep it for your records. For additional information, see Pub. 534.

Section B.—MACRS Depreciation.—
Note: The term 'Modified Accelerated Cost
Recovery System (MACRS) includes the
General Depreciation System and the
Alternative Depreciation System and is used to
distinguish the deductions computed under
post-86 rules from deductions prescribed
under pre-87 rules of the Accelerated Cost

Recovery System (ACRS).

Depreciation may be an adjustment for alternative minimum tax (AMT) purposes. See the appropriate AMT form that you are required to file.

Une 13.—General Depreciation System (GDS).— Note: Lines 13a through 13h should be completed for assets, other than automobiles and other listed property, placed

in service only during the tax year beginning in 1989 and depreciated under the General Depreciation System.

When completing line 13, first sort the property that you acquired and placed in service during the tax year beginning in 1989 by the class life of the property. See lines 13g and 13h for real property. The class life and recovery period of most property can be found in Pub. 534. After the class life is determined, you can find how the property in column (a) is to be treated from the table below:

Property that ha	s a cl) of:	is treated as:		
4 or less				. 3-year property
More than 4 but le	ss th	an 10)	. 5-year property
10 or more but les	s tha	n 16		. 7-year property
16 or more but les	s tha	n 20		. 10-year property
20 or more but les				. 15-year property
25 or more				, 20-year property

Exception: Light general purpose trucks are treated as 5-year property.

Line 13a.—3-year property includes: (1) a race horse which is more than 2 years old at the time it is placed in service; and (2) any horse (other than a race horse) which is more than 12 years old at the time it is placed in service.

Line 13b.—5-year property includes:
(1) light general purpose trucks; (2) any semiconductor manufacturing equipment; (3) any computer or peripheral equipment; (4) any section 1245 property used in connection with research and experimentation; and (5) certain energy property specified in section 168(e)(3)(B)(vi).

Line 13c.—7-year property includes: (1) office furniture and equipment; (2) railroad track; and (3) any property that does not have a class life and is not otherwise classified.

Line 13d. — 10-year property includes: (1) vessels, barges, tugs, and similar water transportation equipment; (2) any single purpose agricultural or horticultural structure (see section 48(p)); and (3) any tree or vine bearing fruit or nuts.

Line 13e.—15-year property includes:
(1) any municipal wastewater treatment plant;
and (2) any telephone distribution plant and
comparable equipment used for 2-way
exchange of voice and data communications.
Line 13f.—20-year property includes any

municipal sewers.

Line 13g.—Residential rental property is a building in which 80 percent or more of the total rent is from dwelling units.

Line 13h.—Nonresidential real property is any real property other than residential rental property, or with a class life of less than 27.5 years.

Column (b). —For lines 13g and 13h, enter the month and year the property was placed in service, or converted to use in a trade or business, or for the production of income.

Column (c).—To find the basis for depreciation, multiply the cost or other basis of the property by the percent of business use. From that result, subtract any section 179 expense deduction.

Column (d).—See the "Note" in the line 13, column (f) instructions below, for an election you can make to use the 150% declining balance method (for 3. 5. 7., and 10-year property) of depreciation. If you do not use the 150% method, determine the recovery period from the table below:

Page 2

In the case of:				•	T	he a	pplica	ible iod is:
					160	440		
3-year property.								3 yrs.
5-year property .								5 yrs.
7-year property ,								7 yrs.
10-year property							. 1	O yrs.
15-year property							. 1	5 yrs.
20-year property							. 2	Oyrs.
Residential rental p	rog	pert	٠.		٠		27.	5 yrs.
Nonresidential real	Dr	oper	tv				31	5 yrs

If you elect the 150 percent declining balance method, you must use the recovery period under the Alternative Depreciation System discussed in line 14 below.

Pub. 534 contains complete tables for both pre-'87 and post-'86 rules for all classes of property.

Column (e). — The applicable convention determines the portion of the tax year for which depreciation is allowable. Three types of conventions (discussed below) may be used to compute your depreciation deduction. To select the correct convention, you must know: (1) when you placed the property in service; and (2) the type of property.

Half-year convention (HY),—This convention applies to all property other than residential rental property and nonresidential real property (lines 13a through 13h, it treats all property placed in service (or disposed of) during any tax year as placed in service (or disposed of) on the mid-point of such tax year

Mid-month convention (MM).—This convention applies ONLY to residential rental property and nomesidential real property (lines 13g or 13h). It treats all property placed in service (or disposed of) during any month as placed in service (or disposed of) on the midpoint of such month.

Mid-quarter convention (MQ).—This convention applies only if the aggregate bases of property subject to depreciation under section 168 that is placed in service during the last 3 months of your tax year exceeds 40 percent of the aggregate bases of property subject to depreciation under section 168 that is placed in service during the entire tax year.

The mid-quarter convention treats all property placed in service (or disposed of) during any quarter as placed in service (or disposed of) on the mid-point of such quarter.

In determining whether the mid-quarter convention applies, do not take into account:

• property that is being depreciated under the pre-1987 rules:

- any residential rental-property or nonresidential real property; and
- nonresidential real property; and
 property that is placed in service and

disposed of within the same tax year.
Enter "HY" for half-year; "MM" for midmonth; or "MQ" for mid-quarter convention.

Column (f).—Applicable depreciation methods are prescribed for each recovery class of property. For 3-, 5-, 7-, and 10-year property the applicable method is the 200 percent declining balance method, switching to the straight line method in the first tax year that maximiges the depreciation allowance.

Note: You may make an irrevocable election to use the 150 percent declining balance method for one or more classes of property (except for residential rental, nonresidential real property or any tree or vine bearing fruit o nuts). If you make this election, see "Alternative Depreciation System" below for the recovery period.

For 15- and 20- year property, and property used in a farming business, the applicable method is the 150 percent declining balance

method, switching to the straight line method in the first tax year that maximizes the depreciation allowance.

For any tree or vine bearing fruit or nuts, residential rental and nonresidential real property, the only applicable method is the straight line method.

You may also make an irrevocable election to use the straight line method for all property within a recovery class that is placed in service during the tax year.

Enter "200 D8" for 200 percent declining balance; "150 D8" for 150 percent declining balance; or "S/L" for straight line.

Column (g).—The depreciation deduction is determined by using: (1) the applicable depreciation method (calumn (f)); the applicable recovery period (column (d)); and the applicable recovery period (column (d)); and the applicable convention (column (e)) of the property for each tax year; or (2) the optional depreciation tables in Pub. 534 to compute the depreciation deduction: See Pub. 534 for details on how to compute the deduction and complete optional tables for each of the methods, recovery periods, and conventions.

Short Tax Years.—See Pub. 534 for rules on how to compute the depreciation deduction for property placed in service in a short tax

- Line 14.—Alternative Depreciation System (ADS).—Under ADS, depreciation is computed by using the applicable depreciation method, the applicable recovery period, and applicable convertion. The following types of property must be depreciated under ADS:
- any tangible property used predominantly, outside the U.S.;
- any tax-exempt use property;
- any tax-exempt bond financed property:
- any imported property covered by an Executive Order of the President of the United States; and

any property used predominantly in a farming business and placed in service during any tax year in which you made an election under section 263A(d)(3).

Instead of depreciating property under GDS (line 13), you may make an irrevocable election with respect to any recovery class of property for any tax year to use ADS. For residential rental and nonresidential real property, you may make this election separately for each property.

Note: Lines 14a through 14c should be completed for assets, other than automobiles and other listed property, placed in service ONLY during the tax year beginning in 1989 and depreciated under the Alternative Depreciation System. Depreciation on assets placed in service in prior years is reported on

Under ADS, the recovery period is the class life. However, when looking up the class life to Pub. 534, be sure to look under the heading "Alternate MACRS."

Note: See section 168(g)(3)(B) for a special rule for determining the class life for certain property.

If the property does not have a class life, use line 14b.

For residential rental and nonresidential real property, use line 14c.

Column (b).—For 40-year property, enter the month and year it was placed in service, or converted to use in a trade or business, or for the production of income.

Column (c).—See the instructions for line
13. column (c).

Column (e). —Under ADS, the applicable conventions are the same as those used under GDS. See the instructions for line 13, column (e).

Column (f).—Under ADS, the only applicable method is the straight line method.

Column (g).—The depreciation deduction is computed in the same manner as under GD9 except you must apply the straight line method over the ADS recovery period and use the applicable convention.

Line 16,—GDS and ADS deduction for assats placed in service before 1989.—For assets placed in service sefore 1985, or depreciated under post-85 rules, enter the GDS and ADS deduction for the current year. Section C.—ACRS and/or other depreciation.—Use Section C for property, other than automobiles and other listed property, out on cat amortize or expense. This

- ACRS property (pre-'87 rules);
- properfy placed in service before 1981;
- certain public utility property, which does not meet certain normalization requirements;
- certain property acquired from related persons:
- property acquired in certain
- nonrecognition transactions; and
 certain sound recordings, movies, and videotapes.

Line 17.—Property subject to section 1568(f)(1) election.—Report property that you elect, under section 168(f)(1), to depreciate by the units-of-production method any other method not besed on a term of years (other than the retirement-replacement betterment method).

Attach a separate sheet, showing: (1) a description of the property and what depreciation method you elect that excludes the property from ACRS or MACRS; and (2) the depreciable basis (cost or other basis reduced, if applicable, by salvage value, investment credit, and the section 179 empress)

Enter the depreciation deduction in column (g).

Lino 18.—'ACRS and/or other depreciation.— Enter the total depreciation. — Enter the total depreciation attributable to assets, other than automobiles and other listed property, acquired before 1981 (pre-ACRS), property subject to ACRS, or property that cannot otherwise be depreciated under ACRS. For ACRS property, unless you use an alternate percentage, multiply your basis for depreciation by the applicable percentage as follows:

3-year property—1st year (25%), 2nd year (38%), 3rd year (37%);

5-year property—1st year (15%), 2nd year (22%), 3rd through 5th year (21%);

10-year property—1st year (8%), 2nd year (14%), 3rd year (12%), 4th through 6th year (10%), 7th through 10th year (9%);

15-year public utility property—1st year (5%), 2nd year (10%), 3rd year (5%), 4th year (8%), 5th and 6th year (7%), 7th through 15th year (6%);

15-year, 18-year, and 19-year real property and low-income housing—Use the tables in Pub. 534.

If you elected an alternate percentage for any property listed above, use the straight-line method over the recovery period you chose in the prior year. See Pub: 534 for more information.

Note: Texpayers placing property in service after 1986 who are covered by transitional rules should figure their depreciation using the rules for assets placed in service before 1987. See sections 203 and 204 of the Tax Reform Act of 1986 as amended by the Technical and Misceilaneous Revenue Act of 1988, and Pub. 534 for more information.

Include any amounts attributable to the Class Life Asset Depreciation Range (CLADR) system. If you previously elected the CLADR system, you must continue to use if to depreciate assets left in your wintage accounts. You must continue to meet recordisepting requirements.

If you elect CLADR for assets that do not qualify for ACRS, attach a statement that specifies the items that still apply to those listed in Regs. section 1.167(a)-11(f)(2).

Prior years' depreciation, plus current year's depreciation, can never exceed the depreciable basis of the property.

The basis and amounts claimed for depreciation should be part of your permanent books and records. No attachment is necessary.

Line 19.—A partnership or Scorporation does not include any section 179 deduction (line 11) on this line. Any section 179 expense deduction is passed through separately to the partners and shafeholders on the appropriate line of their Schedules N.

Line 20.—Section 253.4 Uniform Capitalization Rules.—If you are subject to the uniform capitalization rules of section, 253.4, enter the increase in basis from costs that are required to be capitalized. For a detailed discussion of who is subject to these rules, which costs must be capitalized, and allocation of costs among activities, see Temp. Reps. section 1, 253.4.11.

Part II.—Amortization

Each year you may elect to deduct part of certain capital expenses over a fixed period. If you amortize property, the part you amortize does not qualify for the election to expense recovery property or depreciation.

For taxable bonds agained after 1987, the amortization offsets the interest income. See Pub. 535.

For taxpayers (other than corporations) claiming a deduction for amortization of bond premium for bonds acquired after October 22, 1986, but before January 1, 1988, the deduction is freated as interest expense and is subject to the investment interest limitations. Use Form 4952, Investment interest Expense Deduction, to compute the allowable deduction.

For individuals reporting amortization of bond premium for bonds acquired before October 23, 1986, do not report the deduction here. See the instructions for Schedule A (Form 1940)

Line 21.—Complete line 21 only for property placed in service during your tax year beginning in 1989.

Column (s).—Describe the property you are amortizing. Amortizable property includes—
Pollution control facilities (section 169,

- limited by section 291 for corporations).

 Certain band premiums (section 171).
- Research and experimental expenditures (section 174).
- Qualified forestation and reforestation costs (section 194).

 Business start-up expenditures (section 195).

 Organizational expenditures for a corporation (section 248) or partnership (section 709).

 Optional write off of certain tax preferences over the period specified in section 59(e).

Column (b). —Enter the date you acquired or completed the property or spent the amount you are amortizing.

Column (c).—Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.
Column (d).—Enter the Code section under

which you amortize the property.

Column (f).—Compute the amortization deduction by: (1) dividing column (c) by the number of years over which the costs are to be amortized; or (2) multiplying column (c) by the

percentage in column (e).

Attach any other information the Code and regulations may require to make a valid election. See Pub. 535 for more information. Line 22.—Enter the amount of amortization attributable to property placed in service hefore 1989.

Part III.— Automobiles and Other Listed Property

All taxpäyers claiming any depreciation for automobiles and other listed property, regardless of the tax year such property was placed in service, must provide the information requested in Part III. However, employees claiming the standard mileage allowance or actual expenses (including depreciation) must use Form 2106, Employee Business Expense, instead of Part III. Listed property includes, but is not limited to:

- Passenger automobiles weighing 6,000 pounds or less.
- Any other property used for transportation if the nature of the property lends itself to personal use, such as motorcycles, pick-up trucks, etc.
- Any property used for entertainment or recreational purposes (such as photographic, phonographic, communication, and video recording equipment).
- Computers or peripheral equipment.

Listed property does not include photographic, phonographic, communication, or video equipment used exclusively in a taxpayer's trade or business or regular business establishiment. Nor does it include any computer or peripheral equipment used exclusively at a regular business establishment and owned or leased by the person operating the establishment.

Listed property does not include an ambulance, hearse, or vehicle used fortransporting persons or property for hire.

If any "listed property" placed in service after June 18, 1984, was used more than 50% in a trade or business in the year it was placed in service, and used 50% or less in a later year, part of the depreciation, section 179 deduction, and investment credit may have to be recaptured in the later year. Figure the depreciation and section 179 deduction to be recaptured or Form 4797, Sales of Business Property. Figure the investment credit to be recaptured on Form 4295, Recapture of Impsetment Credit.

Section A.—Depreciation

Column (a).—List on a property-by-property basis all of your listed property in the following

(1) Automobiles and other vehicles; and (2) Other listed property (computers and peripheral equipment, etc.);

In column (a), list the make and model of automobiles, and give a general description of listed property.

If you have more than five vehicles used 100% in your trade or business, you may group them by tax year. Otherwise, list all vehicles separately.

Column (b).—Enter the date the property was placed in service. This is the date you first used the property for any purpose, whether personal or business.

Column (c).—Enter the percentage of business use. For automobiles and other "vehicles," this is determined by dividing the number of miles the vehicle is driven for purposes of a trade or business during the year (not to include any commuting mileage) by the total number of miles the vehicle is driven for any purpose. Treat vehicle is used by employees (who are not more than 5% owners) as being used 100% in the trade or business if the value of personal use is included in the employees gross income, or the employees reimburse the employer for the personal use.

Employers who report the amount of personal use of the whiche in the employee's gross income, and withhold the appropriate taxes, should enter '100%' for the percentage of business use. For more information, see Pub. 917. For listed property (such as computers or video equipment), allocate the use based on the most appropriate unit of time the property is actually used. See Temp. Regs. 1.280F-617.

If you have property that is used solely for personal use that is converted to business use during the tax year, figure the percentage of business use only for the number of months the property is used in your business. Multiply that percentage by the number of months the property is used in your business, and divide the result by 12.

Column (d).—Enter the property's actual cost. For leased property, enter the lease payment for the year.

Column (e).— Multiply column (d) by the percentage in column (c). From that result, subtract any section 179 expense and half of any investment credit taken before 1986 (unless you took the reduced credit). For automobiles and other listed property placed in service after 1985 (i.e., "transition property"), reduce the depreciable basis by the entire investment credit.

Column (f).—Enter the recovery period. For properly used more than 50% in your trade or business use the table in the line 13, column (d) instructions. For listed property placed in service after, 1986 and used 50% or less in your trade or business, you must use the alternative depreciation system. Enter 5 years for automobiles and computers: It placed in service before 1987, enter 5 years for automobiles and 12 years for computers.

Column (g).—Enter the method of figuring your depreciation deduction. Write "200B," "150DB." or "SL." for the depreciation method, and "HY," "MM," or "MQ," for half-year, mid-month, or mid-quarter conventions respectively. For property placed in service

Page 4

before 1987, write "PRE" if you used the prescribed percentages under ACRS. If you elected an alternate percentage, enter "S/L.

Column (h).—If column (c) shows more than 50% use in a trade or business (line 25), multiply column (e) by the applicable percentages given in the line 18 instructions for properly placed in service before 1987. Automobiles placed in service after 1986 are treated as 5-year property (3-year property in placed in service before 1987) and computer as 5-year property.

If column (c) shows 50% or less use in a trade or business(line 26), and the property was placed in service after 1986, figure column (h) by dividing column (e) by column (f) and using the same conventions as discussed in the instructions for line 13, column (e) if placed in service before 1987 and after June 18, 1984, multiply column (e) by 20% for automobiles and 9% for computers.

For property used 50% or less in a qualified trade or business, no section 179 expense deduction is allowed.

For property placed in service before 1987 that was disposed of during the year, enter

Limitations for automobiles.—The depreciation deduction plus section 179 expense deduction for automobiles is limited for any tax year. The limitation depends on when you placed the property in service. Use the table below to determine the limitation.

If placed in service:			-	Lim	itation:
after 5/18/84 but before 1/1/85				. 5	6,000
after 12/31/84 but before 4/3/85					6,200
after 4/2/85 but before 1/1/87					4,800
after 12/31/86 but before 1/1/89	-{lst	tax	yr.	١.	2,560
after 12/31/86 -(2nd tax yr.) .				:	4,100
after 12/31/86 (3rd tax yr.) .					2,450
after 12/31/86 (each succeeding	yr.)				1,475
after 12/31/88 (1st tax yr.)					2,660

Note: These limitations are further reduced when the percentage of business use (column (c)) is less than 100%. For example, if an automobile placed in service in 1989 is used 60 percent for business, then the first year depreciation plus section 179 expense deduction is limited to 60 percent of \$2,660, which is \$1,596.

For leased automobiles, see Pub. 917 and Temp: Regs. 1.280F-5T and -7T, for amounts to include in gross income.

Column (i).—Enter the amount you choose to expense for property used more than 50% in a qualified business use (subject to the limitations noted above). Be sure to include the cost of such property on line 2, page 1.

Section B.—Information Regarding Use of Vehicles

The information requested in Questions 29 through 35 must be completed for each vehicle identified in Section A.

Employees must provide their employers with the information requested in Questions 29 through 35 for each automobile or vehicle provided for their use.

Employers providing more than five vehicles to their employees, who are not more than 5% owners or related persons, are not required to complete Questions 29 through 35 for such vehicles. Instead, they must obtain this information from their employees, check "Yes" to Question 39, and retain the information received as part of their permanent records.

+U.S.GPO:1989-0-245-317

Section C.—Questions For Employers' Who Provide Vehicles For Use By Employees

For employers providing vehicles to their employees, a written policy statement regarding the use of such vehicles, if initiated and kept by the employer, will relieve the employee of keeping separate records for substantiation.

There are two types of written policy statements that will satisfy the employer's substantiation requirements under section 274(d).

Line 36.—Prohibits Personal Use (including commuting):

This policy must meet the following

- The vehicle is owned or leased by the employer and is provided to one or more employees for use in the employer's trade or business;
- When the vehicle is not used in the employer's trade or business, it is kept on the employer's business premises, unless it is temporarily located elsewhere, for example, for maintenance or because of a mechanical failure;
- No employee using the vehicle lives at the employer's business premises;
- No employee may use the vehicle for personal purposes, other than de minimis personal use (such as a stop for lunch between two business deliveries); and
- Except for de minimis use, the employer reasonably believes that no employee uses the vehicle for any personal purpose.
 Line 37.—Prohibits Personal Use (except for commuting). This is NOT available if the commuting employee is an officer, director, or

This policy must meet the following

- The vehicle is owned or leased by the employer and is provided to one or more employees for use in the employer's trade or business and is used in the employer's trade or business.
- For bona fide noncompensatory business reasons, the employer requires the employee to commute to and/or from work in the
- The employer establishes a written policy under which the employee may not use the vehicle for personal purposes, other than commuting or de minimis personal use (such as a stop for a personal errand between a business delivery and the employee's home);
- Except for de minimis use, the employer reasonably believes that the employee does not use the vehicle for any personal purpose other than commuting; and
- The employer accounts for the commuting use by including an appropriate amount in the employee's gross income.
 For both written policy statements, there

must be evidence that would enable the IRS to determine whether use of the vehicle meets the conditions stated above. Line 40.—An automobile is considered to have qualified demonstration use if the

- employer maintains a written policy statement that: • prohibits its use by individuals other than full-time automobile salesmen;
- prohibits its use for personal vacation trips;
 prohibits storage of personal possessions in the automobile; and
- limits the total mileage outside the salesmen's normal working hours.

Page 3

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Corporate Returns/1989 • Forms and Instructions

Form 4626

Department of the Treasury Internal Revenue Service

Name as shown on tax return

Alternative Minimum Tax—Corporations (including environmental tax)

0MB No. 1545-0175

Employer identification number

13

15

Form 4626 (1989)

See separate instructions.
 Attach to your tax return.

1 Taxable income or (loss) before net operating loss deduction 2 Adjustments: a Depreciation of tangible property placed in service after 1986 **b** Amortization of certified pollution control facilities placed in service after 1986 . . . c Amortization of mining exploration and development costs paid or incurred after 1986 d Amortization of circulation expenditures paid or incurred after 1986 (personal holding companies only) e Basis adjustments in determining gain or loss from sale or exchange of property f Long-term contracts entered into after February 28, 1986 i Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) 2i i Tax shelter farm activities (personal service corporations only) k Passive activities (closely held corporations and personal service corporations only). 2n α Combine lines 2a through 2m **b** Tax-exempt interest from private activity bonds issued after August 7, 1986 . . . 3d f Reserves for losses on bad debts of financial institutions g Accelerated depreciation of real property placed in service before 1987 h Accelerated depreciation of leased personal property placed in service before 1987 (personal holding companies only) Amortization of certified pollution control facilities placed in service before 1987 4 Combine lines 1, 2n, 3d, and 3j 5 Excess book income adjustment: a Enter your adjusted net book income. b Subtract line 4 from line 5a (even if one or both of these figures is a negative number). (Enter zero if the result is zero or less) 5b 6 Combine lines 4 and 5c. If zero or less, stop here (you are not subject to the alternative minimum tax) . . . Alternative tax net operating loss deduction. (Do not enter more than 90% of line 6.) 9 Exemption phase-out computation: a Tentative exemption amount. Enter \$40,000 (members of a controlled group, see instructions) 9a b Enter \$150,000 (members of a controlled group, see instructions) c Subtract line 9b from line 8. If zero or less, enter zero e Exemption, Subtract line 9d from line 9a. If zero or less, enter zero 10 Subtract line 9e from line 8. If zero or less, enter zero

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For Paperwork Reduction Act Notice, see separate instructions.

Tentative minimum tax (subtract line 12 from line 11)

General business credit allowed against alternative minimum tax (see instructions).

Regular tax liability before all credits except the foreign tax credit and possessions tax credit
 Alternative minimum tax—Add lines 14 and 15 and subtract the total from line 13. If the result is greater than zero, enter on line 9a, Schedule J, Form 1120, or on the comparable line of other income tax returns
 Environmental tax—Subtract \$2,000,000 from line 6 (computed without regard to your environmental tax deduction), and multiply the result, if any, by 0.12% (0012). Enter on line 9b, Schedule J, Form 1120, or on the comparable line of other income tax returns (members of a controlled group, see instructions)

1989



Instructions for Form 4626

Alternative Minimum Tax—Corporations

(Section references are to the Internal Revenue Code unless otherwise noted:)

General Instructions

Paperwork Reduction Act Notice. - We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this

The time needed to complete and file this form will vary depending on individual circumstances.

The estimated average time is:

Learning about the law

. . . 10 hrs., 25 min. Preparing and sending the form to IRS

. 11 hrs., 4 min.

If you have comments concerning the accuracy of these time estimates or suggestions accuracy or dress time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed.

Who Must File. -- You must file this form if your taxable income or (loss) before the net operating loss (NOL) deduction when combined with your adjustments and tax preference items (including the book income adjustment) totals more than the lesser of: (a) \$40,000, or (b) your allowable Publication 542, Tax Information on

Short Period Return .- If this is a short period return, use the formula in section 443(d) to determine your alternative minimum taxable income (AMTI) and your alternative minimum tax

If you are preparing Form 4626 for a regulated investment company, real estate investment frust, or a common trust fund, see section 59(a) regarding the apportionment of "differently treated items."

Credit for Prior Year Minimum Tax. - See Form 8801 if you paid AMT for 1988 or if you had a minimum tax credit carryforward on line 26 of

Line-by-Line Instructions

Line 1.—Enter your taxable income or (loss) before the NOL deduction. For example, if you file Form 1120, subtract line 29b from line 28.

Important: If you are subject to the Important: If you are subject to the environmental tax, you will generally need to figure that tax on line 17 (see instructions for line 17) of this form before completing line 1, since any environmental tax you paid or incurred during the tax year is allowed as a deduction computing the taxable income you will enter on

Line 2a—Depreciation of tangible property placed in service after 1986 (or after 7/31/86 if you made the transitional election under section 203(a)(1)(B) of the Tax Reform Act of 1986).

Caution: If you have a depreciation adjustment caution: if you have a depreciation adjustment attributable to a passive activity or a tax shelter farm activity, do not include that adjustment on line 2a. Instead, include the adjustment on line 2j

The depreciation expense allowable for regular tax purposes under section 167 with respect to any tangible property placed in service after 1986 must be recomputed for AMT purposes under the alternative depreciation system (ADS) described in section 168(g) as follows:

(1) For any tangible real property described in section 1250(c) (generally nonresidential real and residential rental), use the straight line method over 40 years using the same mid-month convention you used for regular tax purposes;

(2) For any tangible property (other than the tangible real property described in (1) above) with respect to which depreciation for regular tax purposes is determined using the straight line method, recompute your depreciation expense using the straight line method over the property's "class life" using the same convention you used for regular tax purposes:

(3) For all tangible property other than such property described in (1) or (2) above, use the 150% declining balance method, switching to the straight line method the first tax year it gives a larger deduction, over the property's class life. Use the same convention you used for regular tax

In applying the above rules:

in applying the above rules:

(1) The "class life" to be used for AMT purposes has a different meaning than the recovery period used for regular tax purposes (although these periods could possibly be the same in some instances.) The class lives you need to use for AMT purposes can be found in Rev. Proc. 87-56, 1987-2 C.B. 674, or in Publication 534, Depreciation. Use 12 years for ny tangible personal property that does not have an assigned class life;

(2) See Rev. Proc. 87-57, 1987-2 C.B. 687, (2) See Rev. Proc. 97-97, 1907-2 C.B. 607, for optional tables (14 through 18) that can be used in computing depreciation for AMT purposes. (These optional tables have been roduced in Publication 534.):

(3) Do not make an adjustment for property for which you made a section 168(f)(1) election for regular tax purposes to exclude such property from MACRS treatment and depreciate it under another method described in that section (such as the unit-of-production method) OR for property that is specifically excluded from MACRS treatment under sections 168(f)(2) through (4); and

(4) You must take into consideration the transitional rules (described in section 56(a)(1)(C)) and the normalization rules (described in section 56(a)(1)(D)).

Subtract your recomputed AMT expense from the depreciation expense you claimed for regular tax purposes and enter the result on line 2a. If the total recomputed AMT expense exceeds the depreciation expense you claimed for regular tax purposes, enter the difference as a negative

Note: The line 2a degreciation adjustment differs from the depreciation tax preferences you may have to compute for lines 3g and 3h in that, on line 2a, you may net negative adjustments against positive adjustments, whereas the tax references of lines 3g and 3h include only amounts from specific assets that produce

Note also: Depreciation that is capitalized to inventory under the uniform capitalization rules must be refigured using the rules described

Line 2b-Amortization of certified pollution control facilities placed in service after 1986.—The amortization deduction you claimed for regular tax purposes is not allowed for AMT

For AMT purposes, you must use the ADS described in section 168(g). As such, use the straight line method over the facility's classifie (which may be found in Rev. Proc. 87-56 or in Publication 534). Note: Section 168(g) applies to 100% of the asset's amortizable basis. Do not reduce basis by the 20% cutback of section 291 as you did for regular tax purposes.

Subtract your recomputed AMT expense from the expense you claimed for regular tax purposes and enter the result on line 2b. If your recomputed AMT expense is greater than the expense you claimed for regular tax purposes enter the difference as a negative amount. Note: The line 2b amortization adjustment differs from the tax preference you may have to compute for line 3i in that, on line 2b, you may net negative adjustments against positive adjustments, whereas the tax preference of line 3i includes only amounts from specific assets that produce positive adjustments.

Line 2c-Amortization of mining exploration and development costs paid or incurred after 1986.—If, for regular tax purposes, you elected the optional 10-year writeoff under section 59(e) for all assets in this category, skip this line (no adjustment is necessary).

The deduction you claimed for regular tax purposes under sections 616(a) and 617(a) is not allowed for AMT purposes. Instead, you must allowed for AMT purposes. Instead, you must capitalize such costs and amortize them ratably over a 10-year period beginning with the tax year in which you made them. Note: The 10-year amortization applies to 100% of the mining development and exploration costs paid or incurred during the tax year. Do not reduce basis by the 30% cutback of section 291 as you did for regular tax purposes:

Subtract your recomputed AMT expense from Subtract your recomputed AMT expense from the expense you claimed for regular tax purposes and enter the result on line 2c. If your recomputed AMT expense is greater than the expense you claimed for regular tax purposes, enter the difference as a negative amount. See section 56(a)(2)(B) if you had a loss with respect any mine or other natural deposit (other than an oil, gas, or geothermal well). Line 2d-Amortization of circulation

Line 20—Amortization or circulation expenditures paid or incurred after 1986 (personal holding companies only).—If, for regular tax purposes, you elected the optional 3-year writeoff under section 59(e) for all of these expenditures, skip this line (no adjustment

The deduction you claimed for regular tax purposes (under section 173) for these expenditures incurred after 1986 is not allowed for AMT purposes. For AMT purposes, you must capitalize these expenditures and amortize them ratably over a 3-year period beginning with the tax year in which you made them.

Subtract your recomputed AMT expense from the expense you claimed for regular tax purposes and enter the result on line 2d. If your recomputed AMT expense is greater than the expense you claimed for regular tax purposes, enter the difference as a negative amount. See section 56(b)(2)(B) if you had a loss with respect to any property generating a circulation

Line 2e-Basis adjustments in determining gain or loss from sale or exchange of property.—If, during the tax year, you disposed of property for which you are making (or have previously made) any of the adjustments described in lines 2a through 2d above, you must recompute the property's adjusted basis for AMT purposes. You must then recompute the

For AMT purposes, the property's adjusted basis is its cost less all applicable depreciation or amortization deductions allowed during the current tax year and previous tax years for AMT purposes. This recomputed basis is subtracted from the sales price to arrive at gain or loss for AMT purposes.

Enter the difference between the gain or loss reported on your tax return for regular tax purposes and your recomputed gain or loss for AMT purposes. If the gain recomputed for AMT purposes. If the gain computed for regular tax purposes OR if the loss recomputed for AMT purposes OR if the loss computed for AMT purposes is more than the loss computed for regular tax purposes OR if you recomputed a loss for AMT purposes and computed a gain for regular tax purposes, enter the difference as a negative amount.

Line 2f—Long-term contracts entered into after February 28, 1986.—For AMT purposes, you must use the percentage of completion method rules described in section 460(b) to determine the taxable income from any "long-term contract" (defined in section 460(f)) you entered into after 2/28/86. However, this rule does not apply to any "home construction contract" (as defined in section 460(e)(6)) you entered into after 6/20/88 with respect to which you meet the two-year estimated completion requirement of section 460(e)(1)(B)(i) and the \$10,000,000 ceiling on average annual gross receipts requirement of section 460(e)(1)(B)(ii). Note: In the case of a contract described in section 460(e)(1), the percentage of the contract completed is to be determined using the simplified procedures for allocating costs outlined in section 460(b)(4).

Subtract the income you reported for regular tax purposes from the income you recomputed for AMT purposes and enter the difference on line 2f. If the recomputed AMT income is less than the income you reported for regular tax purposes, enter the difference as a negative

Line 2g—Installment sales of certain property. —With respect to any disposition of inventory (as defined in section 1221(1)) after 3/1/86, the installment method of accounting cannot be used in determining income for AMT purposes (except for certain dispositions of timeshares or residential lots for which you elected to pay interest under section 453(I)(2)(B)).

Application of rules in computing adjustment:

(1) Dealer dispositions: For dealer dispositions occurring after 3/1/86 but before 1/1/88, you will have adjustments with respect to those dispositions if you used the installment method for regular tax purposes but were required for AMT purposes to report the entire gain in the yea of disposition. In such cases, enter the income you reported for regular tax purposes for the current year with respect to those dispositions on line 2g as a negative amount.

For dealer dispositions occurring after 1987, generally no adjustments are necessary since the installment method of accounting generally for AMT purposes.

(2) Nondealer dispositions: For pondealer dispositions occurring after 3/1/86 but before the first day of your tax year that began in 1987. you will have adjustments with respect to those dispositions if you used the installment method for regular tax purposes but were required for AMT purposes to report the entire gain in the year of disposition. In such cases, enter the income you reported for regular tax purposes for the current year with respect to those dispositions on line 2g as a negative amount.

For condealer dispositions occurring on or after the first day of your tax year that began in 1987, generally no adjustments are necessary since you are allowed to use the installment method of accounting for both regular tax nurposes and AMT purposes.

Line 2h.... Merchant marine capital construction funds.—Amounts deposited in these funds (established under section 607 of the Merchant Marine Act of 1936) after 1986 are not deductible for AMT purposes. Furthermor earnings on these funds are not excludable from gross income for AMT purposes. Therefore, if you deducted these amounts or excluded them from taxable income for regular tax purposes, you must add them back on line 2h. See section 56(c)(2) for more information.

Line 21-Section 833(b) deduction (Blue Cross Blue Shield, and similar type cross, Blue Snield, and similar type organizations only). —This deduction is not allowed for AMT purposes. Therefore, if you took this deduction for regular tax purposes, you must add it back on line 21.

Line 2i-Tax shelter farm activities (personal service corporations only). — Complete line 2j only if you have a gain or loss from a tax shelter farm activity (as defined in section 58(a)(2)) that is not a passive activity. If the tax shelter activity is a passive activity, you must include the gain or loss in your computations for line 2k

Recompute all gains and losses you reported for regular tax purposes from tax shelter farm activities by taking into account your AMT adjustments and tay preference items Important: To avoid duplication, any AMT adjustment or tax preference item taken into account on line 2j must not be included in the amounts to be entered on any other line of this

Determine your tax shelter farm activity gain o loss for AMT purposes using the same rules you used for regular tax purposes with the following used for regular tax purposes with the following modification: No recomputed loss is allowed, except to the extent the personal service corporation is insolvent (see section 58(cX1)). Furthermore, a recomputed loss may not be used in the current tax year to offset gains from other tax shelter farm activities. Instead, any recomputed loss must be suspended and carried forward indefinitely until: (1) you have a gain in a subsequent tax year from that same tax shelter farm activity, OR (2) the activity is disposed of. Note: The amount of any tax shelter farm activity

loss that is not deductible (and is therefore carried forward) for AMT purposes is likely to differ from the amount (if any) that is carried forward for regular tax purposes. Therefore, it is essential that you retain adequate records for both AMT purposes and regular tax purposes

Enter on line 2i the difference between the Enter on line 2) the difference between the gain or loss you recomputed for AMT purposes and the gain or loss you reported for regular tax purposes. If you reported a loss for AMT purposes and a gain for regular tax purposes OR if you recomputed a loss for AMT purposes that exceeds the loss you reported for regular tax purposes OR if you reported a gain for regular tax purposes that exceeds the gain you recomputed for AMT purposes, enter the difference as a negative amount.

Line 2k..... Dessive activities (closely held Line 2k—Passive activities (closely neto corporations and personal service corporations only).—Recompute all passive activity gains and losses you reported for regular

tax purposes by taking into account your AMT adjustments and tax preference items.

Important: To avoid duplication, any AMT adjustment or tay preference item taken into account on line 2k must not be included in the amounts to be entered on any other line of this

Determine your passive activity gain or loss for Determine your passive activity gain or loss to AMT purposes using the same rules you used for regular tax purposes with the following modifications: (1) Do not use the phase-in of disallowance rules of section 469(m); and (2) If the corporation is insolvent, see section 58(c)(1).

Disallowed losses of a personal service corporation are suspended until such time it has income from that (or any other) passive activity of until such time the passive activity is disposed of (i.e., its passive losses cannot offset "net active income" (defined in section 469(e)(2)(B)) or "portfolio income.") Disallowed losses of a closely held corporation that is not a personal service corporation are treated the same except that, in addition, they may be used to offset "net active income.

Note: The amount of any passive activity loss that is not deductible (and is therefore carried forward) for AMT purposes is likely to differ from the amount (if any) that is carried forward for regular tax purposes. Therefore, it is essential that you retain adequate records for both AMT purposes and regular tax purposes.

Enter on line 2k the difference between the gain or loss you recomputed for AMT purposes and the gain or loss you reported for regular tax purposes. If you reported a loss for AMT purposes and a gain for regular tax purposes OR if you recomputed a loss for AMT purposes that exceeds the loss you reported for regular tax purposes OR if you reported a gain for regular tax purposes that exceeds the gain you recomputed for AMT purposes, enter the difference as a

negative amount.

Tax shelter farm activities that are passive activities.—Recompute all gains and losses you reported for regular tax purposes by taking into account your AMT adjustments and tax preference items. Important: To avoid duplication, any AMT adjustment or tax preference item tax occount here must not be included in the amounts to be entered on any other line of this form. These recomputed gains and losses should enter into the ermination of your passive activity gain or loss for AMT purposes described above. Use the same rules outlined above, with the following additional modification: Recomputed gains from tax shelter farm activities that are passive activities may be used to offset recomputed losses from other passive activities; howe recomputed losses from tax shelter farm activities that are passive activities may not be used to offset recomputed gains from other passive activities. (Recomputed losses from tax shelter farm activities that are passive activities are disallowed and must be suspended and carried forward as explained in the instructions

Line 2i-Certain loss limitations.-Recompute gains and losses you reported for regular tax purposes from at-risk activities and partnerships by taking into account your AMT adjustments and tax preference items. If you adjustments and tax preference items. If you have recomputed losses that must (in accordance with section 59(h)) be limited for AMT purposes by section 465 or by section 704(d) OR if, for regular tax purposes, you reported losses from at-risk activities or partnerships that were limited by those sections compute the difference between the loss limited for AMT ourposes and the loss limited for regular tax purposes with respect to each applicable at-risk activity or partnership. If the loss limited at-risk activity or partnership. If the loss limited for regular tax purposes exceeds the loss limited for AMT purposes, the difference should be a negative number. Enter the total of all differences on line 2!.

Line 2m-Other adjustments.-Include on this

(1) Income with respect to the possessions tax credit—The corporation's AMTI is not to include any income (from the sources described in section 936(a)(1)) that is eligible for the possessions tax credit of section 936. Therefore if you included this type of income in your taxable me for regular tax purposes, enter the amount on line 2m as a negative amount.

(2) Income with respect to the alcohol fuel credit.—The corporation's AMTI is not to include any amount with respect to the alcohol fuel credit that was included in your gross income in accordance with section 87. Therefore, if you included this type of income in-your taxa income for regular tax purposes, enter the amount on line 2m as a negative amount.

(3) Income as a beneficiary of an estate or trust—If the corporation is a beneficiary, enter the amount included on Schedule K-1 (Form 1041), line 7.

tine 3a-Depletion. -In the case of mines. wells, and other natural deposits, enter the amount by which your depletion deduction under section 611 exceeds the adjusted basis of the property at the end of your tax year. In computing year-end adjusted basis, use the rules of section 1016; however, do not include a reduction for the current year's depletion deduction

Figure the excess separately for each property if the depletion deduction for any property does not exceed the property's year-end adjusted basis, the shortfall is not to be considered on line 3a (In other words, do not use a shortfall in one property to offset the excess of depletion deduction over adjusted basis in any other

Note: In the case of iron ore and coal (including lignite), before figuring this tax preference item, the amount allowable as a deduction must be reduced by the cutback required under section

Line 3b—Tax-exempt interest from private activity bonds issued after August 7, 1986.—Enter the interest you earned on "specified private activity bonds" reduced by any deduction that would have been allowable if the

interest were includible in gross income for interest were includible in gross income for regular tax purposes. Generally, the term "specified private activity bonds" means any private activity bond (as defined in section 141) issued after 87/56. See section 57(a)(5) for exceptions and for more information.

Line 3c-Appreciated property charitable deduction.—Enter the amount by which your contribution deduction allowable under se 170 would be reduced if all capital gain and section 1231 property were taken into account at its adjusted basis (rather than its fair market

Line 3e—Intangible drilling costs.—If, for regular tax purposes, you elected the optional 10-year writeoff under section 59(e) for all assets in this category, skip this line (no adjustment is necessary).

Intangible drilling costs (IDCs) from oil, gas, and geothermal properties are a tax preference item to the extent that "excess IDCs" exceed 65% of the "net income" from the properties. The tax preference item is computed separately for oil and gas properties that are not geotherm. deposits and for oil and gas properties that are

"Excess IDCs" are the excess of: (1) the amount of IDCs you paid or incurred with respect to oil, gas, or geothermal properties that you elected to expense for regular tax purposes under section 263(c) (not including any section 263(c) deduction for nonproductive wells) reduced by the cutback required under section 291 for integrated oil companies; over (2) the amount that would have been allowed had you amortized that amount over a 120-month period starting with the month the well was placed in production period, you can elect to use any method that is permissible in determining cost depletion

"Net income" is the gross income you received or accrued from all oil, gas, and geothermal wells less the deductions allocable to these properties (reduced by the excess IDCs).

Une 3f—Reserves for losses on bad debts of financial institutions.—Enter the excess of: (1) the deduction allowable for a reasonable addition to a reserve for bad debts of a financial institution to which section 585 or 593 applies duced by the cutback required under section 291) over (2) the amount that would have been wable had the financial institution maintained its bad debt reserve for all tax years on the basis of actual experience

Line 3g-Accelerated depreciation of real property placed in service before 1987.—
Enter the excess of the depreciation claimed for the property for regular tax purposes over the depreciation allowable for AMT purposes as refigured using the straight line method. Figure this amount separately for each property and include only positive adjustments on line 3g. For 15, 18, or 19-year real property, use the straight line method over 15, 18, or 19 years, respectively. For low-income housing property. use the straight line method over 15 years.

Line 3h-Accelerated depreciation of leased personal property placed in service before
1987 (personal holding companies only).—For
leased personal property, other than recovery
property, enter the excess of the depreciation claimed for the property for regular tax purposes over the depreciation allowable for AMT purposes as refigured using the straight line method. Figure this amount separately for each property and include only positive adjustments on line 3h

For leased recovery property, other than 15, 18, or 19-year real property, or low-income housing, enter the amount by which your depreciation deduction determined for regular tax purposes is more than the deduction allowable for AMT purposes using the straight line method over the following recovery period:

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3-year property							. 5 years
5-year property							. 8 years
10-year property			٠.				15 years
15-year public ut	tilit	ty p	rop	erty	٠.		22 years

Line 3i—Amortization of certified pollution control facilities placed in service before 1987.—If, for regular tax purposes, you made an election under section 169 to amortize the basis of a certified pollution control facility over a 60 month period, your tax preference with respect to each such facility is computed as follows:

(1) Reduce the current year amortization deduction by the 20% cutback (15% if the facility was placed in service in 1984) required under

(2) Reduce the result in (1) above by the deduction you would have been allowed under section 167; and

(3) Multiply the result in (2) above by 59 3/4 % (71.6% if the facility was placed in service in 1984). Include only positive adjustments on

Line 5a—Adjusted net book income. —If you are preparing Form 4626 for a regulated investment company or a real estate investmen trust, skip lines 5a through 5c (they do not apply).

If you are preparing Form 4626 for an affiliated group that has filed a consolidated tax return for the current tax year under the rules of section 1501, be sure to determine adjusted net ook income (ANBI) on a consolidated basis using the specialized rules for related corporations listed below.

Determining your ANBI is a three-step process Determining your ANBI is a three-step pro The first step is to determine your applicable financial statement (AFS). AFS is defined in section 56(f)(3). See Temporary Regulations section 1.56-17(c) for details and examples.

The second step in determining your ANBI is to determine "net book income.

"Net book income" is the income or loss reported on the income statement of your AFS. Such income statement must reconcile with the balance sheet, if any, that is included in the AFS

and must be used in computing changes in owner's equity reflected in the AFS.

Net book income must take into account all items of income, expense, gain, and loss for the tax year, including extraordinary items, income or loss from discontinued operations, and cumulative adjustments resulting from accounting method changes.

Net book income includes income or loss reported on the income statement of your AFS regardless of whether such income or loss is taken into account for other Federal income tax nurnoses. However, there is an exception for any ome resulting from the transfer of stock by the corporation issuing such stock to a creditor in satisfaction of its indebtedness if in such case the corporation is a "debtor in a chapter 11 case" (as defined in section 108(d)(2)) or to the extent he corporation is "insolvent" (as defined in section 108(d)(3)).

Note: If you do not have any of the types of in you do not have any on the types of financial statements or reports described in section 56(f)(3)(A), your net book income is your earnings and profits (E&P) for the current tax

See Temporary Regulations sections 1.56-17(b)(2)(iv) through (b)(7) for additional information and examples regarding the determination of net book income for: (a) consolidated groups, (b) foreign corporations, (c) corporations that have tax years and financial accounting years that differ, and (d) corporations that use current E&P.

The third step in determining your ANBI is to make adjustments to net book income. These adjustments include:

(1) Federal income taxes—You must adjust net book income to disregard any Federal income taxes which are directly or indirectly taken into account on your AFS.

Example: The AFS determined by Corporation A shows net book income of \$120. In arriving at net book income, the AFS shows \$20 of current and/or deferred state income tax expense and \$60 of current and/or deferred Federal income tax expense. Assuming there are no other adjustments to net book income, Corporation A's ANBI is \$180 (\$120 of net book income + \$60 of Federal income tax expense). Note: No adjustment is made for state income tax expense

See Temporary Regulations section 1.56-1T(d)(3) for additional information and examples regarding more complex issues (such as extraordinary items shown on your AFS which are net of taxes and the effects of certain valuation adjustments) that may arise with respect to Federal income taxes on your AFS.

(2) Statements covering different periods— You must make appropriate adjustments to arrive at ANBI in any case in which an AFS covers a need to include a pro rate portion of items from each AFS for each AFS accounting period that includes any portion of the tax year.

Example: Corporation B uses a September 30 Example: Corporation B uses a september 30 year-end for accounting purposes and a calendar year for tax purposes. For its tax year ending December 31, 1989, after making all appropriate adjustments to the net book incomes of its AFSs. Corporation B will include 273/365 of the ANBI from its September 30, 1989, AFS and 92/365 of the ANBI from its September 30, 1990, AFS. Note: In this example, a problem arises in that the AFS for Corporation B's accounting period that ends September 30, 1990, will not be available before September 15, 1990, the date Corporation B is required to file its tax return Corporation is required to the year ended December 31, 1989. In this case, Corporation B is required to make a reasonable estimate of the is required to make a least ratio estimate of the ANBI for the period in question. When the AFS covering the period becomes available, Corporation B must file an amended return within 90 days of the date of availability if the actual ANBI is higher than the estimate and results in additional tax liability.

See Temporary Regulations section 1.56-1T(b) for additional information and examples regarding more complex issues that may arise th regard to statements covering different nerinds

(3) Foreign taxes—Generally, you must adjust your net book income to "disregard" any income taxes imposed by any foreign country or U.S. possession that are directly or indirectly taken into account on your AFS. To apply this rule, the following adjustments must be made to the net book income of your AFS:

(a) Add back any "foreign taxes" deducted on your AFS to the extent they were not deductible for regular tax purposes. Example: Since for regular tax purposes, you are not permitted to deduct withholding or income taxes imposed by a U.S. possession on dividends received from a section 936 corporation, you are not permitted to deduct them on your AFS for AMT purposes. Therefore, any such taxes taken as a deduction on your AFS must be added back in arriving at net

(b) Do not add back any income taxes imposed by any foreign country or U.S. possession that you deducted on your AFS if, for regular tax purposes, you elected to deduct such taxes in lieu of taking the foreign tax credit OR you were denied the benefit of the foreign tax credit under section 901(j). Example 1: If, for regular tax purposes, you elected to deduct foreign taxes in lieu of taking the foreign tax credit, do not add back the related foreign taxes expense that was taken as a deduction on your AFS in arriving at net book income. Example 2: If, for regular tax purposes, you deducted foreign taxes due to the fact you were denied the foreign tax credit for those taxes under section 901(j), do not add back the related foreign taxes expense that was taken as a uction on your AFS in arriving at net book

(c) Any income that is related to taxes that are not deductible for regular tax purposes must be reflected gross of such related taxes on your AFS.

(4) Related corporations-If you filed a consolidated tax return for regular tax purposes the entities included in that consolidated group
may differ from those included in your AFS. For example, your AFS may include foreign companies and section 936 corporations however, these entities cannot be included within your consolidated group for regular tax purposes
If the entities included in your AFS differ from those included in your consolidated tax return, you must make adjustments to the net book ncome of your AFS so that it includes: (a) only the activity of related corporations included in your consolidated tax return, and (b) the actua or deemed distributions you received from related corporations not included as members or your consolidated tax return.

See Temporary Regulations section 1.56-1T(d)(6) for more information regarding any additional reversing, consolidation/elimination, or other type entries that may be necessary in adjusting the net book income of your AFS

(5) Omissions or duplications—In computing ANBI, you must not omit or duplicate any item For example, included within the Temporary Regulations are rules that prevent omissions and duplications resulting from: (a) a taxpaver that depreciates an asset below its cost, (b) oepieciates an asset below its Cost, (b) a consolidated group that uses current E&P, and (c) a taxpayer that restates its prior year's AFS. For more details and examples, see Temporary Regulations section 1.56-1T(d)(4)(ii)-(iv).

(6) Adjustments resulting from disclosure-See Temporary Regulations section 1.56 1T(d)(5) for specialized rules regarding: (a) adjustments for footnote disclosure and other supplementary information, (b) equity adjustments (c) amounts disclosed in an accountant's opinion, and (d) accounting method changes that result in cumulative adjustments to the current year's AFS. The Temporary Regulations contain examples that illustrate these rules.

Page 4

(7) Foreign taxpayers with a U.S. trade or business—See Temporary Regulations section 1.56·1T(d)(7) for these specialized rules.

(8) Special rules that apply with regard to cooperatives, life insurance companies, Alaska native corporations, and dividends from section 936 cornorations—See sections 56(f)(2)(E) through (H) for these specialized rules. For more detailed explanations, see Temporary Regulations section 1.56-1T(e).

Line 5b. - Subtract line 4 from line 5a (even if one or both of these figures is a negative number). Enter zero if the result is zero or less. If you are filing Form 4626 for a member of a controlled group, this calculation must be performed on a consolidated basis.

Example 1: Corporation C determines its line 5a ANRI to be \$25,000. If its line 4 were \$10,000. it would enter the \$15,000 difference on line 5b
If its line 4 were instead \$30,000, it would enter zero on line 5b since the difference is less than zero. Finally, if its line 4 were negative \$100,000, it would enter the difference of

Example 2: Corporation D determines its line 5a ANBI to be negative \$25,000. If its line 4 were negative \$30,000, it would enter the difference of \$5,000 on line 5b.

See Temporary Regulations section 1.56-1T(a)(4) for additional information and examples. Line 7—Alternative tax net operating loss deduction.— Your alternative tax net operating loss deduction (ATNOLD) is the NOL you determined for regular tax purposes under section 172, except that:

(1) In the case of a loss year beginning after 1986, the NOL you determined for regular tax purposes from such year must be: (a) reduced by the positive AMT adjustments and increased by the negative AMT adjustments provided in sections 56 and 58, and (b) reduced by the tax preference items you determined under section 57 (but only to the extent they increased the NOL you determined for regular tax purposes).

(2) In applying the rules outlined in section 172(b)(2) (regarding the determination of the amount of carrybacks and carryovers), you must use the modification to those rules described in section 56(d)(1)(B)(ii).

(3) If, for any tax year beginning before 1987, you had minimum tax that was deferred under section 56(b) (as in effect before the enactment of the Tax Reform Act of 1986) and that deferred tax has not been paid, the amount of NOL carryovers that you may carryover to this year for AMT nurnoses must be reduced by your tax preference items that gave rise to the deferred add-on minimum tax. (Section 701(f)(2)(B) of the Tax Reform Act of 1986.)

(4) Your ATNOLD is limited to 90% of your AMTI computed without regard to your ATNOLD. Therefore, enter on line 7 the smaller of the ATNOLD or 90% of the amount on line 6.

Note: The amount of any NOL that is not deductible for AMT purposes may be carried back or carried over in accordance with the rules outlined in section 172(b). The amount carried back or carried over for AMT purposes is likely to differ from the amount (if any) that is carried back or carried over for regular tax purposes; therefore, it is essential that you retain adequate records for both AMT purposes and regular tax ourposes.

Lines 9a and b .--- If you are preparing Form 4626 for a member of a controlled group, sesection 1561 for the limitation on the \$40,000 AMT exemption amount

Line 12-Alternative minimum tax foreign tax -Refigure the foreign tax credit you claimed for regular tax purposes as follows:

(1) For each separate limitation, recompute both the numerator (foreign source taxable income) and the denominator (worldwide taxable income) of the limitation fraction by taking into

±U.S.GPO:1989-0-245-320

account your AMT adjustments and tax preference items. Note: Any increase in AMTI by eason of the excess book income adjustme "shall have the same proportionate source (and character) as AMTI determined without regard to such increase." (Section 59(a)(1)(C));

(2) Substitute your line 11 AMTI for the "total U.S. income tax against which the credit is

(3) For each separate limitation, multiply the fraction in (1) above by your AMTI in (2) above to determine your recomputed limitation;

(4) For each separate limitation, take the lesser of the total foreign taxes paid with respect to that separate limitation and the recomputed limitation from (3) above; and

(5) Add the credits you recomputed for each separate limitation and enter the result on

Note: For purposes of determining whether any income is high-taxed (and therefore belongs in the "high withholding tax interest" separate limitation defined in section 904(d)(2)(B)), the AMT rate is to be used instead of the regular rate.

Your AMT foreign tax credit cannot be more than the amount on line 11 less 10% of the amount that would be on that line if Form 4626 were recomputed using zero on line 7.

Note: With respect to any separate limitation, any AMT foreign tax credit you cannot claim (because of the limitation fraction or the 90% limit discussed above) may be carried back or carried over in accordance with the rules outlined carried over in accordance with rife rules outlined in section 904(c). However, foreign taxes paid or accrued in a tax year beginning after 1986 that were carried back (for regular tax purposes) to offset tax in a tax year beginning before 1987 may not be used in computing the AMT foreign tax credit for the current tax year

Note also: The amount of any foreign tax credit that you cannot claim (and is therefore carried back or carried over) for AMT purposes is likely to oack or carried over) for AMT purposes is likely to differ from the amount (if any) that is carried back or carried over for regular tax purposes. Therefore, it is essential that you retain adequate records for both AMT purposes and regular tax ourooses.

Line 14—General business credit allowed against AMT.—Enter the amount from line 21, Schedule A, Form 3800.

Line 15.—Enter your regular tax liability for the tax year (as defined in section 26(b)) less your foreign tax credit and your possessions tax credit Be sure to include any tax on accumulation distribution of trusts you computed on Form 4970. Do not include any recapture of investment credit you computed on Form 4255 or any recapture of low-income housing credit you computed on Form 8611. If you file Form 1120, this is line 3, Schedule J, minus the sum of lines 4a and 4b, Schedule J.

Line 17 — Environmental tax. — If you are preparing Form 4626 for a regulated investment company or a real estate investment trust, skip line 17 (it does not apply).

Compute your environmental tax as follows (1) Complete your tax return (without the environmental tax deduction) through taxable income before the NOL deduction. (If you filed Form 1120, this would be line 28 minus line

(2) Using the result in (1), complete Form 4626 through line 6, skip lines 7 through 16, and figure your environmental tax on line 17.

(3) Using the result in (2), complete your tax return through taxable income before the NOL deduction. Then figure your AMT on Form 4626 by completing lines 1 through 16.

If you are preparing Form 4626 for a member of a controlled group, see section 1561 for the limitation on the environmental tax exemption.

Corporate

Returns/1989

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Instructions

5884 5mm

Department of the Treasure

Jobs Credit ➤ Attach to your return. OMB No. 1545-0219 1989

Internal Revenue Service	
Name(s) as shown on return	

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	-		_	_									

- 1 Enter the total qualified wages paid or incurred during the tax year for services of employees who are certified as members of a targeted group. (Note: The employee must begin working for you on or before September 30, 1990, See instructions for special rules.)
- 2 Current year jobs credit-Enter 40% of line 1 here. You must subtract this amount from the deduction on your return for salaries and wages. (Members of a group of trades or businesses under common control, see instructions.)

3	Flow-through jobs credits from other entities

If you are a-	Then enter total of current year jobs credit(s) from-						
a Shareholder b Partner	Schedule K-1 (Form 1120S), lines 11d, 11e, or 12 Schedule K-1 (Form 1065), lines 12d, 12e, or 13 Schedule K-1 (Form 1041), line 12. (See instructions for line 3d)						

4 Total jobs credit for current year—Add lines 2 and 3 (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.)

See instructions for filing requirements of Form 3800

Part II Tax Liability Limitation	
5a Individuals—Enter amount from Form 1040, line 40	
b Corpurations—Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)	5
c Other filers—Enter regular tax before credits from your return	
6 Credits that reduce regular tax before the jobs credit:	<i>//////</i>
a Credit for child and dependent care expenses (Form 2441) 6a	
b Credit for the elderly or the disabled (Schedule R, Form 1040)	<i>VIIIII</i>
c Foreign tax credit (Form 1116 or Form 1118)	
d Possessions tax credit (Form 5735)	
e Mortgage interest credit (Form 8396)	
f Credit for fuel from a nonconventional source	
g Orphan drug credit (Form 6765)	
h Total credits that reduce regular tax before the jobs credit (add lines 6a through 6g)	6h
7 Net regular tax (subtract line 6h from line 5)	7
8 Tentative minimum tax:	1 1
a Individuals—Enter amount from Form 6251, line 17	1 1
b Corporations—Enter amount from Form 4626, line 13	8
c Estates and trusts—Enter amount from Form 8656, Part III, line 10	
9 Net income tax:	
a Individuals—Add line 7 above, and line 19 of Form 6251. Enter the total	1. 1
a individuals—Add line 7 above, and line 15 of Form 4626. Enter the total	اوا
b Corporations—Add line 7 above, and line 16 of Form 4626. Enter the total	
c Other filers—See instructions	10
10 If line 7 is more than \$25,000, enter 25% of the excess (see instructions)	11
11 Subtract line 8 or line 10, whichever is greater, from line 9. Enter the result. If less than zero, enter zero	
12 Total allowed jobs credit—Enter the smaller of line 4 or line 11. This is your General Business Credit	
for 1989. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns	12
ane va; or the appropriate line of other income tax returns	<u> </u>

General Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping 3 hrs., 50 min. Learning about the Preparing and If you have comments concerning the

accuracy of these time estimates or

suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Items You Should Note

 The targeted jobs credit only applies to qualified wages paid or accrued to employees who begin work for the employer on or before September 30,

Form 5884 (1989)

- · For an economically disadvantaged youth employee, the youth must be at least age 18 but less than age 23 on the date hired.
- For a summer youth employee, the credit is 40 percent of qualified wages.
- . If any of the credit claimed on this form is from a passive activity, you must stop at line 4 and go to Form 3800, General Business Credit, to claim your 1989 jobs credit.

Who Must File Form 3800, General Business Credit. — The general business credit consists of the investment credit, jobs credit, credit for alcohol used as fuel, research credit, and low income housing credit. If you have more than one of these credits for 1989, a carryback or carryforward of any of these credits, or a jobs credit from a passive activity, you must attach the appropriate credit forms and summarize them on Form 3800. If you have only a 1989 jobs credit and the credit is not from a passive activity, Purpose of Form .-- Use Form 5884 if you had

jobs credit employees and take an income tax credit for wages you paid or accrued for them during the tax year.

Mutual savings institutions, regulated investment companies, and real estate investment trusts can take a limited credit. See section 52(e) and the related regulations

You can claim or elect not to claim the jobs credit any time within 3 years from the due date of your return on either your original return or on an amended return

For more information, see Pub. 572, General Business Credit.

How To Figure the Credit.—In general, figure your jobs credit based on the employee's wages subject to the Federal Unemployment Tax Act (FUTA). Jobs credit wages, however, are limited to \$6,000 for each employee (\$3,000 for each qualified summer youth employee). Special rules apply in the following cases:

(1) You can take a jobs credit for agricultural employees who meet the other tests if their services qualify under FUTA as agricultural labor during more than half of any pay period. Base your credit for each employee on the first \$6,000 wages subject to social security (FICA) tax paid or accrued for that person during the year.

(2) You can take a credit for railroad wages qualify under the Railroad Unemployment Insurance Act (RUIA). Base your credit for each employee on the first \$500 a month in wages subject to RUIA tax paid or accrued for that person during the year.

(3) Wages for youths in a cooperative (3) Wages for youths in a cooperative education program are not subject to FUTA, but include their wages in the amount you use to figure your jobs credit. Base your jobs credit for each youth on the first \$6,000 in wages you paid or accrued for that person during the year

Your credit is based on a percentage of the wages for each employee in the following targeted groups:

- · Referrals by a vocational rehabilitation program.
- · Economically disadvantaged Vietnam-era
- · Economically disadvantaged youths.
- . Supplemental Security Income (SSI) recipients
- · General assistance recipients.
- · Youths in a cooperative education program, who belong to an economically disadvantaged family.

- · Economically disadvantaged ex-convicts.
- Eligible work incentive employees.
- Qualified summer youth employees, age 16 or 17, who work for you between May 1 and September 15
- In addition, to claim a jobs credit on an employee's wages:
- (1) more than half the wages received from you must be for working in your trade or business:
- (2) the employee must be certified, as explained below, as belonging to a targeted
- (3) you may not claim a credit on wages that were repaid by a federally funded on-the-job training program, or for which you received work supplementation payments under the Social
- (4) the employee cannot be your relative or dependent (see section 51(i)):
- (5) the employee cannot be your rehired employee if he or she was not a targeted group member when employed earlier:
- (6) the employee must have worked for you for at least 90 days (14 days for a summer youth employee) or completed at least 120 hours of services (20 hours for a summer youth employee); and
- (7) the wages cannot be for services of replacement workers during a strike or walkout.

Certification is done by a local agency, generally an office of the State Employment Security Agency (Jobs Service). The agency gives the employer a form certifying that the employee is in a targeted group. The certification must be completed or the employer must request, in writing, a certification from the certifying age by the date the employee begins work (or within 5 days if the employer has received a written preliminary determination that the employee is in a targeted group).

Certification of a Youth in a Cooperative Education Program. — The certification is completed by the school administering the cooperative program. The school gives the employer a completed Form 6199, Certification of Youth Participating in a Qualified Cooperative Education Program

Specific Instructions Part I

Line 1.—Enter the first-year wages paid to qualified employees. The wages are limited to \$5,000 of first-year wages paid. The wages for qualified summer youth employees are limited to \$3,000. If you paid first-year wages to a qualified employee last year, subtract those wages from the \$6,000 limit.

If you were allocated a jobs credit from a flow through entity, see instructions for line 3.

For example, if a jobs credit employee began working in your business on September 1, 1988 and you are a caleiidar year taxpayer, you would have figured your 1988 jobs credit based on the first-year wages you paid between September 1 and December 31, 1988. You would have figured your 1989 credit on the rest of the first-year wages you paid between January 1 and August 31, 1989.

For each qualified summer youth employee, wages are limited to those paid for any 90-day od between May 1 and September 15, up to \$3.000. You cannot claim a credit for an employee who was your employee in any prior period. Also, the summer youth employee must have worked for you at least 14 days, or

Controlled groups: The group member proportionately contributing the most first-year wages figures the group credit in Part I and skips Part II. See sections 52(a) and 1563.

On separate Forms 52(a) and 1505.

On separate Forms 5884, that member and every other member of the group should skip line 1 and enter their share of the group credit on line 2. Each member then completes lines 3 through 12 on its separate form. Each group member must attach to its Form 5884 a schedule showing how the group credit was divided among all the members. The members share the credit in the same proportion that they contributed qualifying

Line 2.—In general, you must subtract your current year jobs credit on line 2 from the deduction on your return for salaries and waxes you paid or owe for 1989. This is true even if you cannot take the full credit this year and must carry part of it back or forward.

An exception is a credit based on salaries and wages you capitalize for depreciation. If you have such a credit, reduce the amount on which you figure depreciation by the part of the current year jobs credit on line 2 that applies to the jobs credit rages you capitalize.

Another exception involves the full absorption method of inventory costing. See the regulations under section 280C to reduce your basis in inventory for the jobs credit.

If either exception applies to you, attach a statement to your return to explain why the amount on line 2 differs from the amount you subtract from your salary and wage deduction. See Pub. 572 for details.

Line 3.—Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron of a cooperative.

Line 4.—If you have a credit from a passive activity, stop here and go to Form 3800.

Estates and trusts: The jobs credit on line 4 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 4, the estate or trust should enter its part of the total jobs credit. Label it "1041 PORTION" and use this amount in Part II to figure the jobs credit to take on Form 1041.

S corporations and partnerships: Prorate the jobs credit on line 4 among the shareholders or partners. Attach Form 5884 to the return and on Schedule K-1 show the credit for each shareholder or partner.

Cooperatives: Most tax-exempt organizations cannot take the jobs credit; but a cooperative described in section 1381(a) takes the jobs credit to the extent it has tax liability. Any excess is shared among its patrons.

Carrybacks and carryforwards: If you cannot rt of the credit because of the tax liability limitations, you may carry it back 3 years, then forward 15 years

See section 383 for the limitation on the amount of any excess general business tax credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.

Line 9c. Other filers.—Enter the sum of line 7 and your alternative minimum tax from whichever alternative minimum tax form you file. Line 10. Limitation. - See section 38(c)(3) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

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Page 2

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Credit for Alcohol Used as Fuel

► Attach to your return.

1989

epartment of the Treasury ternal Revenue Service For Paperwork Reduction A	Act Notic	e, see instructions.		i	Sequence No. 83
ime(s) as shown on return				Identifying	number
			(b)		(c)
Type of Alcohol Fuel		(a) Number of Gallons Sold or Used	Credit or Tax Rate	Colun	nn (a) × Column (b)
Straight alcohol and alcohol mixtures:			.60		
a 190 proof or greater (in gallons)	1a		.45		
b Less than 190 proof but at least 150 proof (in gallons)	1b		VIIIIIIIIII		
Add lines 1a and 1b in both columns	2_		₩///////////		
Other fuels blended with the alcohol above	3		<i>-\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
Total gallons of fuel—Add lines 2 and 3 (column (a))	4		- W////////////////////////////////////		
Enter the number of gallons that contain less than 10% of 190-proof	ļ		<i>\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\</i>		
alcohol or that are exempt from excise taxes because of exemption,	5				
credit, or refund provisions other than the alcohol fuel credit	6		₹/////////		
Subtract line 5 from line 4	-				
Break down line 6 into the number of gallons of:	1		l		
Noncommercial aviation fuel-	7a		.14		
a Alcohol or alcohol blended with aviation fuels	7b		.09	1	
b Alcohol blended with gasoline	/-		1.00	1	
All other fuel on line 6—	7c		.06		
c Less than 85% alcohol blended with gasoline, diesel fuel, or special motor fuel	<u> </u>		1		
d 85% or more alcohol:	7d(i)		.06		
(i) Alcohol produced from other than petroleum or natural gas	7.4(11)		.045		
(II) Alcohol produced from natural gas Caution: The separate amounts figured on lines 7a, 7b, 7c, or 7c			avecand		
See instructions for filing requirements 2 a Individuals—Enter amount from Form 1040, line 40)	12	
b Corporations—Enter amount from Form 1120, Schedule J, line 3 (or Form	1120-A, Part I, line 1)	۱ }		
c Other filers—Enter regular tax before credits from your return			/	W//////	
3 Credits that reduce regular tax before the credit for alcohol used a	s fuel:	1.9-1		<i>W//////</i> ///	
a Credit for child and dependent care expenses (Form 2441)		13a 13b		- <i>VIIIII</i> II	
b Credit for the elderly or the disabled (Schedule R, Form 1040) .				- <i>\\\\\\\</i>	
c Foreign tax credit (Form 1116 or Form 1118)		13c		*	
d Possessions tax credit (Form 5735)		13e		V///////	
e Mortgage interest credit (Form 8396)		13f			
f Credit for fuel from a nonconventional source		13g		V///////	
g Orphan drug credit (Form 6765)	 Add lines			13h	
h Total credits that reduce regular tax before the alcohol fuel credit.	Add iiiles	TOO UIIOUEII TOE		14	
4 Net regular tax, subtract line 13h from line 12					
5 Tentative minimum tax:					
a Individuals—Enter amount from Form 6251, line 17.				15	
b Corporations—Enter amount from Form 4226, line 13 c Estates and Trusts—Enter amount from Form 8656, Part III, lin	ne 10				
Estates and Trusts—Enter amount from Form 6050, Facting in Net income tax:	10				
 Net income tax: a Individuals—Add line 14 above, and line 19 of Form 6251. Ent 	er the to	tal			
b Corporations—Add line 14 above, and line 15 of Form 4626. E	nter the	total		16	<u> </u>
c Other filers—See Instructions for line 16c				Ц	
7 If line 14 is more than \$25,000 enter 25% of excess (see instructions)	tions for	line 17)		. 17	
o Cubract line 15 or line 17, whichever is greater, from line 16. Enter	the resul	it. If less than zero, er	iter zero	18	
to Alcohol fuel credit allowed for current year. Enter the smaller	r of line	11 or line 10. This	s is youi	' I L	
General Business Credit for 1989. Enter here and on Form 10	40, line	44; Form 1120, Sc	hedule J	• 1 1	
tine 4e: Form 1120-A. Part I, line 2a; or the appropriate line of ot	her retu	rns . <u> </u>		. 19	

Form 6478 (1989)

General Instructions

Paperwork Reduction Act Notice.-We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time

Recordkeeping 8 hrs., 22 min. Learning about the Preparing the form . . . 1 hr., 52 min.

Copying, assembling, and sending the form to IRS

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Form 3800, General Business Credit. - The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), and low-income housing credit (Form 8586). If you have more than one of these credits for 1989, a carryback or carryforward of any of these credits, or a general business credit from a passive activity, you must attach the appropriate credit forms and summarize them on Form 3800, General Business Credit. If you have only a 1989 credit for alcohol used as fuel and the credit is not from a passive activity, you do not have to file Form 3800 this year

Purpose of Form. - Use Form 6478 to figure your credit for alcohol used as fuel. The credit is allowed for sale or use of straight alcohol fuel and qualified alcohol mixtures.

You may claim or elect not to claim the alcohol fuel credit at any time within three years from the due date of the return on either an original or an amended return (determined without regard to extensions).

Alcohol Fuel and Amount of Credit.-

- 1. Straight Alcohol. The credit is 60 cents a gallon for alcohol that is at least 190 proof. The alcohol must be:
- (a) used as a fuel in a trade or business, or (b) sold at retail to another person and put in the fuel tank of that person's vehicle.
- It cannot be in a mixture with gasoline. diesel or special motor fuel (except for a denaturant).

The credit is available to the taxpayer who uses the alcohol as fuel in a trade or business. However, even if the fuel is used in a trade or business by the user, the seiler, not the user, claims the credit for straight alcohol sold at retail and placed in the fuel tank of the user's vehicle.

2 Alcohol Mixture. - The credit is 60 cents a gallon for alcohol that is at least 190 proof. The alcohol must be used to produce a

qualified mixture. A qualified mixture combines alcohol with gasoline, diesel, or special motor fuel and the producer of the mixture either:

- (a) uses it as fuel, or
- (b) sells it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business, and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

3. Lower-Proof Alcohol. - The credit is 45 cents a gallon for alcohol that is less than 190 proof, but at least 150 proof.

Definitions and Special Rules. -

- 1. Alcohol. Alcohol includes methanol and ethanol but does not include:
- (a) alcohol produced from petroleum. natural gas, or coal (including peat), or
- (b) alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption). The volume of alcohol includes any denaturant up to 5% of the volume of the alcohol and denaturant combined.
- 2. Diesel Fuel. Diesel fuel is any liquid other than gasoline that can be used as a fuel in a diesel-powered highway vehicle or a diesel-powered train.
- 3. Special Motor Fuel. Special motor fuel is any liquid fuel other than gasoline that is suitable for use or is used in a motor vehicle or motor boat.
- 4. Tax if Alcohol Is Not Used As Fuel. --- If you determined an alcohol fuel credit and later: (a) used the alcohol or mixture other than as a fuel, (b) separated the alcohol from a mixture, or (c) mixed alcohol on which a credit was allowable on a retail sale, then you must pay a tax of 60 cents for each gallon of alcohol or alcohol in a mixture. If the alcohol is less than 190 proof (but at least 150 proof), the tax is 45 cents a gallon. Report the tax on Form 720. Quarterly Federal Excise Tax Return.

Specific Instructions

Use lines 1 through 9 to figure any alcohol fuel credit from your own trade or business. Skip lines 1 through 9 if you are claiming only a credit that was allocated to you from a flow-through entity (i.e., S corporation, partnership, estate, or trust).

S Corporations, Partnerships, Estates, and Trusts.—Figure the total credit on lines 1 through 11. The credit is allocated among the individual shareholders. partners, and beneficiaries in the same way that income and loss are divided

Line 5.—Fuel is exempted from the excise tax when it is:

- Used on a farm for farming purposes.
- Supplied to military ships or aircraft or certain commercial ships or aircraft.
- · Used as fuel by a state, any political subdivision of a state, or the District of Columbia

- Used as fuel by a nonprofit educational organization
- · Used as fuel in an aircraft or vehicle by certain aircraft museums.
- Used in an intercity, local, or school bus.
- Used for certain helicopter uses. I Ine 6. - This is the number of gallons of

fuel that benefited from either an exemption from the excise tax or a reduced rate of the excise tax because the fuel contained alcohol.

Line 7.-- If you sold or used alcohol or an alcohol mixture as fuel, you may have been entitled to an exemption from excise tax or a reduced rate of excise tax. The alcohol fuel credit on lines 1a and 1b must be reduced to take into account any benefit provided by that exemption or reduced rate.

Lines 7a and 7b.—Noncommercial aviation is use of an aircraft other than in a business of transporting persons or property for pay.

Lines 7c and 7d. - This includes all other uses such as off-highway business use, use in a motor vehicle or motorboat, etc.

Line 9. - Include this amount in income, under "Other income" on the appropriate line of your tax return even if you cannot use all the credit because of limitations based on the amount of your tax.

Line 10.—Enter the amount of credit that was allocated to you as a shareholder. partner, or beneficiary.

Line 11.—If you have credits from passive activities, stop here and go to Form 3800.

For an estate or trust, the credit on line 11 is allocated among the beneficiaries in the same manner as the income was allocated. In the margin to the right of line 11, the fiduciary of the estate or trust identifies its share and the beneficiaries' share of the total credit. Complete lines 12 through 19, as applicable, to figure the credit to take on Form 1041, Attach a schedule to Form 6478 showing how the total credit was divided.

If you cannot use part of the credit because of the tax liability limitations you may carry it back 3 years, then forward. The credit may not be carried to taxable years beginning after December 31, 1994.

Line 16c-Other filers.-Enter the sum of line 14 and your alternative minimum tax from whichever alternative minimum tax form you file.

Line 17. - See section 38(c)(3) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

See section 383 for the limitation on the amount of any excess general business tax credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.

Line 19 .- If the alcohol fuel credit is not listed separately on your 1989 return, include the credit on the "other credits" or "total credits" line; then, write "ALCOHOL FUEL CREDIT" and the amount on the dotted line to the left of the entry amount.

Form 6765

Credit for increasing Research Activities
(or for claiming the orphan drug credit)

> See separate instructions.
> Attach to your return.

OMB No. 1545-0619
1989

Form 6765 (1989)

Department of the Treasury Internal Revenue Service

			i		
Pa	Tentative Orphan Drug Credit		J		
1	Qualified clinical testing expenses (do not include any amounts claimed as				
	current year research expenses on line 15, column (a) below)	1			
2	Limitation—Enter 50% of line 1 (see Instructions)			2	
1	Flow-through orphan drug credit(s) from a partnership, S corporation, estate				
ı					
	Tentative current year orphan drug credit. Add lines 2 and 3				
-				- I	
	Individuals—Enter amount from Form 1040, line 40			ı I	
b	Corporations—Enter amount from Form 1120, Schedule J, line 3 (Form 1			5	
	the research credit, enter amount from Form 1120-A, Part I, line 1)			(3	
c	Other filers—Enter regular tax before credits from your return			'	
	Credits that reduce regular tax before the orphan drug credit:	ا ما		ununun d	
	Credit for child and dependent care expenses (Form 2441)				
	Credit for the elderly or the disabled (Schedule R, Form 1040)			 ////////	
	Foreign tax credit (Form 1116 or Form 1118)			<i>VIIIII</i> II	
cl	Possessions tax credit (Form 5735)	6d			
e	Mortgage interest credit (Form 8396)				
ł	Total credits that reduce regular tax before the orphan drug credit. Add lines			61	
	Net regular tax (subtract line 6f from line 5)			7	
				·	
	Tentative minimum tax:				
	Tentative minimum tax: Individuals—Enter amount from Form 6251, line 17				
a	Tentative minimum tax: Individuals—Enter amount from Form 6251, line 17			8	
a	Tentative minimum tax: Individuals—Enter amount from Form 6251, line 17 Corporations—Enter amount from Form 4626, line 13 Estates and Trusts—Enter amount from Form 8656, Part III, line 10			8	
a b c	Tentative minimum tax: Individuals—Enter amount from Form 6251, line 17			8	
a b c	Tentative minimum tax: Individuals — Enter amount from Form 6251, line 17. Corporations — Enter amount from Form 4626, line 13. Estates and Trusts — Enter amount from Form 8656, Part III, line 10. Excess of net regular tax over tentative minimum tax — Subtract line 8 from line.	ne7		8 9	
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See Paperwork Reduction Act Notice on page 1 of the separate Instructions.

Form	6765 (1989)		Page 2
Par	Computation of Allowable Research Credit		
26	From the net regular tax on line 7 above, subtract any orphan drug credit from line 10 above and any nonconventional source fuel credit shown on your return. Enter the result here	26	
27	Net income tax:		
a	Individuals—Add line 26 above, and line 19 of Form 6251. Enter the total		•
b	Corporations—Add line 26 above, and line 16 of Form 4626. Enter the total	27	
c	Estates and Trusts—Add line 26 above, and line 12, Part III of Form 8656		
28	Limitation—If line 26 is more than \$25,000, enter 25% of the excess (see Instructions)	28	
29	Subtract line 8 or line 28, whichever is greater, from line 27. Enter the result. If less than zero, enter zero.	29	
30	Corporations—Enter here and on the appropriate line of your return the smaller of line 25 or line 29. This is your General Business Credit for 1989.	30	
31	Individuals, estates, and trusts—Enter here and on the appropriate line of your return the smaller of line 25 or the amount from the formula in the instructions for line 31 (but do not enter more than line 29). This is your General Business Credit for 1989	31	

1989



Instructions for Form 6765

Credit for Increasing Research Activities (or for claiming the orphan drug credit)

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

General Instructions

Paperwork Reduction Act Notice. --We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . 7 hrs., 53 min.

Learning about the law or the form

Preparing and sending the form to IRS 58 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either the IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed

Items You Should Note

- The credit for increasing research activities and the orphan drug credit are scheduled to expire December 31,
- · Generally, deductions under section 174 or any other provision for research expenses of basic research payments must be reduced by 50% of the taxpayer's research credit determined for the year. However, the Omnibus **Budget Reconciliation Act of 1989** provides for a new election that permits a taxpayer to avoid reducing the deduction by electing to reduce its section 41 research credit by the product of (1) 50% of the credit and (2) the maximum corporate tax rate. A similar rule applies where the taxpayer capitalizes, rather than expenses, qualified research expenses.

Form 3800, General Business Credit. - The general business credit consists of the investment credit, jobs credit, credit for alcohol used as fuel, credit for increasing research activities,

and low-income housing credit. If you have more than one of these credits for 1989, a carryback or carryforward of any of these credits, or a research credit from a passive activity, you must attach the appropriate credit forms and summarize them on Form 3800. General Business Credit. If you have only a 1989 research credit and the credit is not from a passive activity, you do not have to file Form 3800 this year. Purpose of Form. —Use Form 6765 to figure and claim the general business credit for increasing the research activities of a trade or business and to claim the orphan drug credit. Complete Parts II. III. and IV to figure the research credit. Complete Parts I and II to figure the orphan drug credit. Definitions. - For research expenditures paid or incurred prior to January 1, 1990, the research credit applies only to research expenditures paid or incurred in carrying on a trade or business you are already engaged in. It does not apply to those incurred before beginning a trade or business. Generally, the research credit is 20% of the increase in qualified research expenses paid or incurred in the current tax year over base period research expenses, plus 20% of the university basic research payments of certain corporations.

Oualified research is limited to scientific experimentation or engineering activities designed to aid in the development of a new or improved product, process, technique, formula, invention, or computer software program held for sale, lease, or license, or used by you in a trade or business.

The research credit is generally not allowed for the following types of activities:

- · Research conducted after the beginning of commercial production;
- Research adapting an existing product or process to a particular customer's need:
- . Duplication of an existing product or
- Surveys or studies;
- · Research relating to certain internaluse computer software;
- Research conducted outside the U.S.

- · Research in the social sciences, arts, or humanities; or
- · Research funded by another person (or governmental entity).

See section 41 for more details and

If you incur qualified clinical testing expenses relating to drugs for certain rare diseases, you may elect to claim a 50% credit on these expenses instead of taking the research credit.

The orphan drug credit is an elective tax credit available for 50% of qualified clinical testing expenses of low or unprofitable drugs for rare diseases and conditions, as designated under Section 526 of the Federal Food, Drug, and Cosmetic Act, paid or incurred during the tax year. For additional information. see Regs. section 1.28-1.

This credit is similar to the credit under section 41 for qualified research expenditures, except that clinical testing expenses are not limited to 65% of any contract research expenses. there is no requirement that expenses exceed those for a base period, and the expenditure must be for "qualified clinical testing" as defined in section 28(b)(1) and (2). Expenses that qualify under section 28 cannot also qualify for the research credit under section 41.

This credit is a nonrefundable credit that may not exceed the excess of: (1) the regular tax reduced by the sum of the nonrefundable personal credits and the nonrefundable foreign tax credit, over (2) the tentative minimum

Even though you cannot use the same expenses to claim both the research credit and the orphan drug credit, any expenses used in computing the orphan drug credit must be included in any research credit "base period" computations in future years Who Must File. -- An individual, estate. trust, organization or corporation claiming a credit for increasing research activities or for orphan drug expenses, or any S corporation. partnership, estate or trust that

allocates the credit(s) to its

tax return

shareholders, partners, or beneficiaries should attach this form to its income

S corporations, partnerships, estates, and trusts that allocate the credit(s) on lines 4 and 25 to any shareholder, partner, or beneficiary must show on the appropriate line of Schedule K-1, or on an attachment to Schedule K-1, the credit allocable for that shareholder, partner, or beneficiary.

Special Rules

See section 41(f) for special rules related to:

- (1) Controlled groups of corporations and businesses under common
- (2) Allocation of the credit by partnerships, estates and trusts:
- (3) Adjustments if a major portion of a business is acquired or disposed of;
- (4) Short tax years.

For special rules concerning the allocation and apportionment of research and experimental expenditures between U.S. and foreign source income, see sections 861 through 864.

Carrybacks and Carryforwards .--- If you cannot use the research credit because of tax liability limitations, you may carry it back 3 years, then forward 15 years. Use Form 3800. There are no carryback or carryover provisions for the orphan drug credit.

For more information, see Pub. 572, General Business Credit.

See section 383 for the limitation on the amount of any excess general business tax credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.

Specific Instructions Part I.—Tentative Orphan **Drug Credit**

Line 2.—You must reduce the deduction for qualified clinical testing expenses otherwise allowable on your income tax return by the amount of the credit shown on line 2. See section 280C(b) for special rules.

Line 3.- Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary

Line 4.—If you have credits from passive activities, see Form 8582-CR. Passive Activity Credit Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations, before completing the remainder of this form.

Estates and trusts: The orphan drug credit on line 4 is allocated between the estate or trust and the beneficiaries in the same proportion as income was allocated. On the dotted line to the left of the amount on line 4, the estate or trust should enter its share of the

credit. Label it "1041 PORTION" and use this amount in Part II to figure the credit to take on Form 1041. On Schedule K-1 show the credit for each heneficiary.

S corporations and partnerships: Prorate the orphan drug credit on line 4 among the shareholders or partners. Attach Form 6765 to the return and on Schedule K-1 show the credit for each shareholder or partner.

Part II.—Computation of the Tax Liability Limitations for The Orphan Drug and Research Credits

Line 10. - Include the orphan drug credit on the appropriate line of your 1989 tax return. If it is not listed separately on the return, include the credit on the "other credits" or "total credits" line; then write "ORPHAN DRUG CREDIT" and the amount on the dotted line to the left of the entry amount

Part III. — Current Year Credit for Increasing Research **Activities**

Lines 11 through 14, column b.-Base period research expenses are the average of the annual qualified research expenses for the 3 years immediately before the current tax year. Newly organized businesses are treated as having been in business with no qualified research expenses during the base period before the business began.

Line 13.—See section 41(b)(2)(A) for rules on leased property if you receive payments from anyone for the rental or lease of substantially identical property. Line 14.—Include 65% of any amount paid or incurred for qualified research performed on your behalf. Prepaid contract research expenses are considered paid in the year the research is actually done. (See the instructions for line 20.)

Line 17.—Base period research expenses cannot be less than 50% of current year research expenses. This rule applies both to existing and newly organized businesses.

Line 19.—Corporations (other than S corporations, personal holding companies, and service organizations) may be eligible for a "basic research" credit if your 1989 payments in cash to a qualified university or scientific research organization (pursuant to a written contract) exceed a base period amount (based on your general university giving and certain other maintenance-of-effort levels for the 3 preceding years). Enter your 1989 payments on line 19. See section 41(e) for details

Line 20.-Enter the base period amount as defined in section 41(e). The amount on line 20 (but not more than the amount on line 19), although not eligible for the 1989 basic research credit, can be treated as 1989 contract research expenses on line 14, column (a) above (and subject to the 65% limitation).

Line 23.—Taxpayers electing to claim the reduced credit rather than reducing their deduction must enter the reduced credit on line 23 rather than the amount previously computed for that line. The reduced credit is equal to the amount previously computed for line 23 multiplied by 83%. Write "Sec. 280C(c)" in the margin next to your

Line 24. - Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary. Line 25. - Estates and trusts: The research credit on line 25 is allocated between the estate or trust and the beneficiaries in the same proportion as income was allocated. On the dotted line to the left of the amount on line 25, the estate or trust should enter its share of the credit, Label it "1041 PORTION" and use this amount in Part IV to figure the credit to take on Form 1041. On Schedule K-1 show the credit for each beneficiary.

S corporations and partnerships: Prorate the research credit on line 25 among the shareholders or partners. Attach Form 6765 to the return and on Schedule K-1 show the credit for each shareholder or partner.

Part IV. --- Computation of Allowable Research Credit

Line 28. Limitations. - See section 38(c)(3) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

Line 31. Limits. -- If you are an individual, estate, or trust, the credit(s) on lines 23 or 24 is limited to the amount attributable to your interest in the proprietorship, partnership, S corporation, estate or trust generating the credit. Figure suparately for each business enterprise by using the following formula:

(Line 27-line 28) X

Taxable income attributable to your interest in the 1065, 1041, or 1120S entity Taxable income for the year (Form 1040, line 37)

When using the formula, the result is limited to 100% of line 27 less line 28.

If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business

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COVERNMENT

OFFICE

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Form 8586

Low-Income Housing Credit

► Attach to your return

0M8 No. 1545-0984

1989
Attachment
Sequence No. 43

Name(s) as shown on return	

Taxpayer identification number

Par	Current Year Low-I	ncome Housing C	redit (See instructions.)	
1 2 3a b	Qualified basis of low-income Has there been a decrease in year? Yes No If that had a decreased basis.	otal from attached S building(s) (total from the qualified basis of "Yes," enter the build f more space is need	Schedule(s) A (Form 8609), line 1) m attached Schedule(s) A (Form 8609), line 3) of any building(s) since the close of the preceding tax liding identification number (BIN) of the building(s)- ded, attach a schedule to list the BINs.	2 3a
4	Credit for the year (total from	n attached Schedule	(s) A (Form 8609), line 16	
5	Housing credits from flowthrough entities	a Shareholder b Partner c Beneficiary d Patron	Schedule K-1 (Form 1120S), lines 11b(1) and (2) Schedule K-1 (Form 1065), lines 12b(1) and (2) Schedule K-1 (Form 1041), line 12 Appropriate form	5
6	Current year credit—Add lin	ne 4 and line 5	<u>, , , , , , , , , , , , , , , , , , , </u>	6
-		See instructi	ons for filing requirements of Form 3800.	

Pari	Tax Liability Limitations	
7a	Individuals—Enter amount from Form 1040, line 40 Corporations—Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1). Other filers—Enter regular tax before credits from your return	7
8 a b c d e f	Credit sthat reduce regular tax before the low-income housing credit: Credit for child and dependent care expenses (Form 2441) Credit for the elderly or the disabled (Schedule R, Form 1040) Be Foreign tax credit (Form 1116 or Form 1118) Rec Possessions tax credit (Form 5735) Mortgage interest credit (Form 8396) Credit for fuel from a nonconventional source Orphan drug credit (Form 6765) Total credits that reduce regular tax before the low-income housing credit (add lines 8a through 8g). Net regular tax (subtract line 8h from line 7) Tentative minimum tax: Individuals—Enter amount from Form 6251, line 17 Corporations—Enter amount from Form 4626, line 13	Bh 9
c 11 a b	Estates and TrustsEnter amount from Form 8656, Part III, line 10 Net income tax: Individuals — Add line 9 above, and line 19 of Form 6251. Enter the total Corporations — Add line 9 above, and line 16 of Form 4626. Enter the total	11
12 13 14	Other filers—See instruction for line 11c. If line 9 is more than \$25,000, enter 25% of excess (see instructions) Subtract line 10 or line 12, whichever is greater, from line 11. Enter the result. (If less than zero, enter -0) Total allowed low-income housing credit—Enter the smaller of line 6 or line 13. This is your General Business Credit for 1989. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns	12 13 14

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of fax. You are required to give us this information.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 5 hrs., 16 min.

Learning about the law or the form 1 hr., 50 min.

Preparing and sending the form to IRS 4 hrs., 24 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple,

we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Form **8586** (1989)

Form 8586 (1989)

General Instructions

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

Form 3800, General Business Credit.—
Ingeneral business credit consists of the investment credit, jobs credit, credit for alcohol used as fuel, research credit, and low-income housing credit. If you have more than one of these credits for 1989, a carryback or carryforward of any of these credits or a low-income housing credit from a passive activity, attach the appropriate credit forms and summarize them on Form 3800, General Business Credit. If you have only a 1939 low-income housing credit and the credit is not from a passive activity, you do not have to fire Form 3800 this year.

Purpose of Form.—Owners of residential rental buildings providing low-income housing must use Form 8586 to claim the low-income housing credit.

Partnerships, S Corporations, Estates and Trusts.—Complete Part I to figure the credit to pass through to the partners, shareholders, or beneficiaries. Attach Form 8586 to the entity's income tax return along with a Form 8509. Low-income Housing Credit Allocation Certification, and Schedule A (Form 8609), Annual Statement, for each building.

Caution: No crédit may be claimed on any building for which there has been allowed any relief from the passive loss rules under section 502 of the Tax Reform Act of 1986.

Introduction

The low-income housing credit determined under section 42 is a credit of 70% of the qualified basis of each new low-income building placed in service after 1986 (30% in the case of certain Federally subsidized new buildings or existing buildings). This credit is taken over a 10-year periods othat the present value of the 10 amual credit amounts determined as of the last day of the first year of the credit period equals 70% (or 30%) of the building's qualified basis.

In general, the 10-year credit period starts at the beginning of the tax year in which the building is placed in service. However, you may elect to begin the 10-year credit period in the tax year after the year the building was placed in service by checking the "Yes" box in Part II, line 5a, of Form 8609.

Qualified Low-Income Housing Project.—
The low-income housing credit can only be claimed for residential rental buildings in low-income housing projects that meet one of the following tests:

(1) 20-50 Test: 20% or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income, or

(2) 40-60 Test: 40% or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 60% or less of the area median gross income.

Note: Owners of buildings in projects located in New York City may not use the 40-60 test. Instead, they must use either the 20-50 test in (1) above, or a 25-60 test: 25% or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 60% or less of the area median gross income (see section 142(d)(6)).

You may elect either test for the project, but once made, the election is irrevocable. The test elected must be the same for all buildings in the project. Use Form 8609 to make this election. See section 42(g) for more details.

You must obtain a Form 8609 (with Part I completed) from the state or local credit agency for each building for which you are claiming a credit. A copy of Form 8609 and accompanying Schedule A (Form 8609) for each building must be attached to your return for each year of the 15-year compliance period. You must also certify certain first-part information to the IRS on Form 8609. If this certification is not made, you may not claim a credit for that building.

However, you do not need to attach Form 8609 or Schedule A (Form 8609) to Form 8586 if the only credit claimed on Form 8586 is a credit from a flow-through entity. See the Note* at beginning of the Specific Instructions for details.

You may not take a low-income housing credit on a building lif it has not received an allocation. Generally, the allocation must be received in the calendar year the building is placed in service. In addition, no credit will be allowed in excess of the amount allocated to the building by the housing credit agency. See section 42(h). An allocation is not needed to the extent that a building is financed with certain tax-exempt bonds. If 70% or more of the aggregate basis of the building and the land on which the building is located is financed with certain tax-exempt bonds and the building is placed in service by December 31, 1989, no allocation is needed from the agency. However, you must still get a Form 8609 from the applicable housing credit agency (for purposes of determining the building's identification number) and you must still complete the appropriate parts of Form 8609 and tratch it to your return.

If a building is 70% or more financed with certain tax-exempt bonds and the building is placed in service after December 31, 1989, such building must receive an allocation of credit pursuant to section 42(h)(1)(E) before the housing credit agency's authority to allocate credit expires.

"Aggregate basis" means the sum of the eligible basis of the qualified low-income building and land on which the building is located.

"Land on which the building is located" includes only land that is functionally related and subordinate to the qualified low-income building (see Regulations section 1.103-8(b)(4)(iii) for the meaning of "functionally related and subordinate").

Recapture of credit. There is a 15-year compliance period during which the residential rental building must continue to meet certain requirements. If a so of the close of any tax year in this period, there is a reduction of the qualified basis in any building from the previous year, you may have to recapture a part of the credit you have taken. Similarly, you may have to recapture part of the credit such as upon certain dispositions of the building or interests therein. Use Form 8611. Recapture of Low-Income Housing Credit. See section 42(j). Recordkeeping Requirements.—You should keep a copy of this Form 8585 together with

Recordkeeping Requirements.— Too shoul keep a copy of this Form 8586 together with all Forms 8609, Schedule(s) A (Form 8609), and Form 8611 for 3 years after the 15-year compliance period ends.

Specific Instructions

Note: If the only credit claimed on Form 8586 is a credit you received from a flow-through entity (i.e. partnership, S corporation, estate, or trust), do not complete lines 1 through 4 or attach Forms 8609. Complete only lines 5 and 6 of Part I and the applicable lines of Part II, or Form 3800.

Page 2

Line 1.—If any of the attached Forms 8609 are for buildings that are part of a multiple building project (defined in instructions for Part II, item 2b of Form 8609), attach a schedule listing the following information for each project: (1) name and address of each project, and (2) the building identification number (BiN) of each building in each project.

Lins 3b.—A decrease in qualified basis will result in recapture if the qualified basis at the close of the tax year is less than the qualified basis at the close of the first year of the credit period. Important: If the reduction in qualified basis at the close of the tax year also results in a violation of the minimum set also results in a violation of the minimum set aside requirement, then no credit is allowable for the year. If you must recapture credits, use Form 86:11. See also section 42(j) for additional information.

Line 4. —The line 4 credit for the year is figured on Schedule A (Form 8609) for each building. Copies of Form(s) 8609 and Schedule(s) A (Form 8609) must be attached to Form 8506 for each tax year a credit is claimed. Enter on line 4 the credit from tine 16 of Schedule A (Form 8609). If more than one Form 8609 and related Schedules A are attached, enter on line 4 the total credit from all attached Schedules A.

If Form 8586 is completed by a flowthrough entity and the line 4 credit is attributable to more than one building, the entity must attach a schedule to Form 8586 that shows each partner's, shareholder's, or beneficiary's name, taxpayer identification number, and share of the line 4 credit for each building and the BIN of each building.

Line 5.—If you have credits from a flowthrough entity, or a cooperative under section 521, total the credits from the appropriate forms and schedules and enter the total on line 5.

Line 6.—If any part of the credit on line 6 is from a passive activity, stop here and go to Form 3800.

Line 11c. Other Filers.—Enter the sum of line 9 and your alternative minimum tax, if any, from whichever alternative minimum tax form you file.

Line 12. Limitation.—See section 38(c)(4) for special rules for married couples filling separate returns, for controlled corporate groups, and for estates and trusts.

Carrybacks and Carryforwards.—If you cannot use part or all of the credit because of the tax liability limitations, you may carry the excess to other years. Use Form 3800.

Note: No portion of the unused low-income housing credit may be carried back to a tax year ending before January 1, 1987. See Form 3800 and section 39(d)(4) for more information.

See section 383 for the limitation on the amount of any excess general business tax credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.

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