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# Section 1

# Introduction

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This report presents statistical estimates based on a stratified sample of approximately 139,000 unaudited returns selected from the nearly 5.0 million active corporate returns filed for the 2000 Tax Year (defined to include accounting periods ending July 2000 through June 2001).

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Tax Year 2000. Section 2 discusses changes in laws and regulations between this report and that for Tax Year 1999. 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 basic tables that contain detailed statistics on 2000 assets, liabilities, receipts, deductions, net income, income tax liability, tax credits, and other financial data. These statistics are presented by industry, asset size, business receipts size, tax form type, accounting period ended, and other selected classifiers. Section 5 contains detailed explanations of the terms used in this 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 key corporation tax return forms.

The industry classification used in this report is based on the North American Industry Classification System (NAICS), which replaced the Standard Industrial Classification (SIC) system used in years prior to 1998. For this Statistics of Income report, the data are listed under 22 sectors, 78 major industries, and 195 minor industries. Major industries

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are NAICS subsectors. Table 1 presents selected financial data for all minor industries.

The statistics in this publication present data primarily by major industries, sectors, return types, and specific categories. The statistics in the 2000 *Corporation Source Book of Statistics of Income* differ from this report by providing data by minor industry and size of total assets for balance sheet, income statement, tax, and selected other items. This publication also provides additional detail on the data provided in the *Statistics of Income Bulletin*, Volume 23, Number 1, Summer 2003.

## Overall Corporate Summary

Figure A presents corporation summary statistics for Tax Years 1999 and 2000 for number of returns, total assets, total receipts, net income (less deficit), income subject to tax, total income tax before credits, and total income tax after credits. The total number of returns increased approximately 2.2 percent from 1999 to 2000.

Total assets reached a new high of \$47.0 trillion in 2000 which was an increase of 13.4 percent from the prior year. Total receipts rose 9.1 percent from \$18.9 trillion to \$20.6 trillion. Net income (less deficit) decreased slightly by 0.2 percent from \$929.0 billion for 1999 to \$927.5 billion for 2000. Income subject to tax rose by 9.6 percent to \$760.4 billion between 1999 and 2000. Total income tax before credits rose 10.0 percent above the amount reported for 1999, rising from \$242.0 billion to \$266.3 billion. Total income tax after credits increased 5.7 percent from \$193.0 billion to \$204.0 billion.

The number of returns with total assets of \$250 million or more represented only 0.2 percent of the total number of returns, and 89.5 percent of total assets compared to 88.5 percent in 1999. These 10,883 returns for 2000 accounted for 60.7 percent of the total receipts; 87.9 percent of net income (less deficit); 84.2 percent of income subject to tax; 85.4 percent of total income tax before credits; and 82.1 percent of total income tax after credits.

## 2000 Corporation Returns- Introduction

**Figure A. --Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, Total Income Tax After Credits, by Size of Total Assets, Tax Years 1999 and 2000**

(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) <sup>1</sup>	Income subject to tax <sup>2</sup>	Total income tax before credits <sup>3</sup>	Total income tax after credits <sup>4</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>1999</b>							
<b>Total</b> .....	<b>4,935,904</b>	<b>41,464,152,854</b>	<b>18,892,385,694</b>	<b>928,955,528</b>	<b>693,735,694</b>	<b>241,987,588</b>	<b>193,027,641</b>
Zero assets.....	313,004	-	442,802,754	7,780,844	21,058,505	7,488,895	5,936,050
\$1 under \$100,000.....	2,532,700	76,119,037	549,906,336	20,303,158	2,930,080	551,106	541,816
\$100,000 under \$250,000.....	791,524	129,018,321	455,915,059	11,720,493	3,679,241	723,064	667,682
\$250,000 under \$500,000.....	477,927	169,121,053	452,379,355	10,178,577	4,410,270	906,507	882,806
\$500,000 under \$1,000,000.....	330,757	231,018,299	548,910,002	11,063,826	5,552,577	1,287,444	1,269,224
\$1,000,000 under \$5,000,000.....	357,966	752,609,634	1,559,518,844	29,717,239	17,335,589	5,254,634	5,084,993
\$5,000,000 under \$10,000,000.....	55,339	383,624,248	778,160,966	13,281,021	8,976,923	3,044,176	2,920,689
\$10,000,000 under \$25,000,000.....	34,953	538,770,077	932,950,831	14,948,529	13,161,817	4,546,120	4,357,949
\$25,000,000 under \$50,000,000.....	13,632	479,299,666	586,493,996	10,418,879	11,509,197	4,050,596	3,823,442
\$50,000,000 under \$100,000,000.....	9,287	660,246,580	551,584,347	12,688,602	13,861,048	4,842,577	4,523,683
\$100,000,000 under \$250,000,000.....	8,434	1,334,487,915	811,656,923	28,929,478	27,701,099	9,802,123	8,929,821
\$250,000,000 or more.....	10,380	36,709,838,024	11,222,106,280	757,924,880	563,559,350	199,490,347	154,089,486
<b>2000</b>							
<b>Total</b> .....	<b>5,045,274</b>	<b>47,026,871,874</b>	<b>20,605,808,071</b>	<b>927,525,517</b>	<b>760,404,334</b>	<b>266,281,801</b>	<b>204,043,788</b>
Zero assets.....	328,906	-	465,834,119	4,177,060	16,657,507	5,901,359	5,114,862
\$1 under \$100,000.....	2,582,358	77,930,011	594,059,387	19,830,308	2,639,434	489,126	473,154
\$100,000 under \$250,000.....	806,185	130,414,588	486,462,325	12,492,635	3,558,530	677,212	663,767
\$250,000 under \$500,000.....	483,800	170,964,397	474,451,025	11,010,560	4,176,708	870,787	854,696
\$500,000 under \$1,000,000.....	340,979	239,792,003	558,039,303	9,001,592	5,235,133	1,202,702	1,183,218
\$1,000,000 under \$5,000,000.....	364,976	769,268,991	1,610,770,154	24,337,590	16,745,768	5,098,159	4,990,638
\$5,000,000 under \$10,000,000.....	57,499	396,958,753	816,385,188	7,931,716	8,667,021	2,925,396	2,821,039
\$10,000,000 under \$25,000,000.....	36,957	568,556,965	1,000,217,856	4,483,218	12,488,246	4,305,395	4,124,014
\$25,000,000 under \$50,000,000.....	14,373	505,417,139	621,867,743	-232,663	10,734,156	3,736,942	3,505,489
\$50,000,000 under \$100,000,000.....	9,618	682,538,960	594,771,076	3,952,919	12,800,455	4,463,330	4,179,713
\$100,000,000 under \$250,000,000.....	8,739	1,381,926,283	867,235,665	15,258,740	26,307,331	9,256,669	8,533,459
\$250,000,000 or more.....	10,883	42,103,103,783	12,515,714,230	815,281,844	640,394,045	227,354,724	167,599,740

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

<sup>2</sup> Includes taxable income less net operating loss deduction and special deductions.

<sup>3</sup> Includes income tax, personal holding company tax, all recapture taxes, alternative minimum tax; excess net passive income tax (Form 1120S); branch tax (Form 1120-F); taxes from Parts II, III, and IV (Form 1120-REIT); tax from Part II, line 4 (Form 1120-RIC); tax from page 1, line 5 (Form 1120-PC); and adjustments to income tax and total tax.

<sup>4</sup> Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, qualified electric vehicle, general business, prior-year minimum tax credits and qualified zone academy bond credits.

Notes: 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."

### Activities Covered

The estimates in this report encompass corporate business activities in the United States as well as certain foreign activities as reported on returns of domestic corporations, and foreign corporations with U.S. business activities. The term domestic corporation 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 entirely concentrated among returns with assets of \$250 million or more [1]. For foreign corporations (defined

as those incorporated

## 2000 Corporation Returns- Introduction

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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; any investment income from U.S. sources was excluded from the data.

Most foreign corporations are concentrated in the "Finance and Insurance" and "Real Estate and Rental Statistics of Income Bulletin, Volume 22, Number 4, Spring 2003, pp. 63-115.

Section 6012 of the Internal Revenue Code requires that all corporations, in existence at any time during the tax year, file returns, regardless of whether they had income or not. This applied to active and inactive domestic corporations, unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U.S. tax liability on income earned in the United States. However, inactive corporations have been excluded from these statistics. See Section 3 for more information on the sample.

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

and Leasing" sectors. Other foreign corporations, incorporated abroad and not engaged in trade or business in the U.S., were liable for tax only on investment income from U.S. sources, and these returns were excluded from this report.

This report also contains data on S corporations, which are not generally taxable. More detailed information on S corporations is contained in: Bennett, Kelly "S Corporation Returns, 2000,"

### **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 ending during the span of months July 2000 through June 2001. This span, in effect, defines the tax year in such a way that the noncalendar year accounting periods are centered at the calendar year ended in December.

There are 12 accounting periods covered in this report. Code section 441 specified that, in general, a taxpayer's accounting period ends on the last day of the month. There is a span of 23 months between the first-included accounting period, which began on August 1, 1999, and closed on July 31, 2000, and the end of the last-included accounting period, which began on July 1, 2000, and closed on June 30, 2001. 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.

## 2000 Corporation Returns- Introduction

**Figure B. --Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, and Total Income Tax After Credits, by Ending Accounting Period for Tax Year 2000**

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

Ending Accounting Period <sup>1</sup>	Number of returns	Total assets	Total receipts	Net income (less deficit) <sup>2</sup>	Income subject to tax <sup>3</sup>	Total income tax before credits <sup>4</sup>	Total Income tax after credit <sup>5</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total.....</b>	<b>5,045,274</b>	<b>47,026,871,874</b>	<b>20,605,808,071</b>	<b>927,525,517</b>	<b>760,404,334</b>	<b>266,281,801</b>	<b>204,043,788</b>
December 2000.....	4,141,387	35,207,890,188	14,937,214,793	613,363,479	570,491,759	200,678,407	149,669,667
<b>Noncalendar Year Total.....</b>	<b>903,887</b>	<b>11,818,981,686</b>	<b>5,668,593,277</b>	<b>314,162,038</b>	<b>189,912,576</b>	<b>65,603,394</b>	<b>54,374,121</b>
July 2000.....	53,664	756,027,130	241,484,112	18,920,430	6,290,878	2,133,008	1,980,171
August 2000.....	57,330	804,142,562	303,373,912	29,786,576	11,685,770	3,981,578	3,676,524
September 2000.....	173,696	1,706,829,818	993,823,772	47,891,669	29,076,746	10,022,557	8,614,853
October 2000.....	78,082	1,668,308,628	485,508,146	41,204,522	17,226,455	5,952,232	4,296,259
November 2000.....	42,777	1,851,251,235	342,719,313	37,900,332	21,898,952	7,672,644	5,534,070
January 2001.....	45,119	758,087,497	856,384,499	35,749,238	31,787,190	11,067,969	10,511,310
February 2001.....	46,358	349,556,306	246,372,026	6,685,033	5,163,678	1,753,884	1,610,754
March 2001.....	117,553	1,444,858,241	788,280,514	33,028,743	20,220,161	6,955,304	6,476,914
April 2001.....	51,143	392,538,307	218,340,343	11,823,784	7,301,308	2,471,126	2,078,300
May 2001.....	54,626	493,812,096	318,979,179	17,837,692	8,907,663	3,150,558	2,580,039
June 2001.....	183,540	1,593,569,868	873,327,462	33,334,019	30,353,774	10,442,534	7,014,924

<sup>1</sup> Includes full and part-year returns.

<sup>2</sup> Includes taxable income before net operating loss deduction and special deductions.

<sup>3</sup> Includes taxable income less net operating loss deduction and special deductions.

<sup>4</sup> Includes income tax, personal holding company tax, all recapture taxes, alternative minimum tax, excessive net passive income tax (Form 1120S); branch

tax (Form 1120-F); taxes from Parts II, III, and IV (Form 1120-REIT); tax from Part II, line 4 (Form 1120-RIC); tax from page 1, line 5 (Form 1120-PC); and adjustments to income tax and total tax.

<sup>5</sup> Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, qualified electric vehicle, general business, prior-year minimum tax and qualified zone academy bond credits.

Notes: 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."

Figure B shows that calendar year returns made up 82.1 percent of the number of returns and 66.1 percent of net income (less deficit) for 2000.

In addition, these returns accounted for 74.9 percent of the total assets, 72.5 percent of the total receipts, 75.0 percent of the income subject to tax, 75.4 percent of the total income tax before credits, and 73.4 percent of total income tax after credits. Corporations were usually required to file 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 an additional 6 months. In addition to returns with accounting periods that

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

### Notes and References

[1] For more detailed information, see Comisky, John, "Controlled Foreign Corporations, 1998," *Statistics of Income Bulletin*, Volume 22, Number 3, Winter 2002-2003, pp. 47-86.