

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Fiscal-Year Reporting for Corporate Income Tax

Volume Author/Editor: William Leonard Crum

Volume Publisher: NBER

Volume ISBN: 0-87014-417-0

Volume URL: <http://www.nber.org/books/crum56-1>

Publication Date: 1956

Chapter Title: Front matter to "Fiscal-Year Reporting for Corporate Income Tax"

Chapter Author: William Leonard Crum

Chapter URL: <http://www.nber.org/chapters/c5456>

Chapter pages in book: (p. 299 - 304)

# **Fiscal-Year Reporting for Corporate Income Tax**

**W. L. CRUM**

**TECHNICAL PAPER 11**

**NATIONAL BUREAU OF ECONOMIC RESEARCH, INC. 1956**



~~306~~  
9 Nait  
no. 11

H6  
31  
A3  
no. 11

Reprinted from the *Journal of the American Statistical Association*  
Library of Congress catalog card number: 56-9227

PRICE \$1.25

# NATIONAL BUREAU OF ECONOMIC RESEARCH

1956

## OFFICERS

Harry Scherman, *Chairman*  
Gottfried Haberler, *President*  
George B. Roberts, *Vice-President and Treasurer*  
W. J. Carson, *Executive Director*

## DIRECTORS AT LARGE

Wallace J. Campbell, *Director, Cooperative League of the USA*  
Solomon Fabricant, *New York University*  
Albert J. Hettinger, Jr., *Lazard Frères and Company*  
Oswald W. Knauth, *Beaufort, South Carolina*  
H. W. Laidler, *Executive Director, League for Industrial Democracy*  
Shepard Morgan, *Norfolk, Connecticut*  
George B. Roberts, *Vice-President, The First National City Bank of New York*  
Beardsley Ruml, *New York City*  
Harry Scherman, *Chairman, Book-of-the-Month Club*  
George Soule, *Bennington College*  
N. I. Stone, *Consulting Economist*  
J. Raymond Walsh, *New York City*  
Joseph H. Willits, *Director, The Educational Survey, University of Pennsylvania*  
Leo Wolman, *Columbia University*  
Donald B. Woodward, *Vick Chemical Company*  
Theodore O. Yntema, *Vice-President—Finance, Ford Motor Company*

## DIRECTORS BY UNIVERSITY APPOINTMENT

E. Wight Bakke, *Yale*  
Arthur F. Burns, *Columbia*  
Melvin G. de Chazeau, *Cornell*  
G. A. Elliott, *Toronto*  
Frank W. Fetter, *Northwestern*  
H. M. Groves, *Wisconsin*  
Gottfried Haberler, *Harvard*  
Clarence Heer, *North Carolina*  
R. L. Kozelka, *Minnesota*  
C. Arthur Kulp, *Pennsylvania*  
T. W. Schultz, *Chicago*  
Jacob Viner, *Princeton*

## DIRECTORS APPOINTED BY OTHER ORGANIZATIONS

Percival F. Brundage, *American Institute of Accountants*  
Harold G. Halcrow, *American Farm Economic Association*  
S. H. Ruttenberg, *Congress of Industrial Organizations*  
Murray Shields, *American Management Association*  
Boris Shishkin, *American Federation of Labor*  
Willard L. Thorp, *American Economic Association*  
W. Allen Wallis, *American Statistical Association*  
Harold F. Williamson, *Economic History Association*

## RESEARCH STAFF

Solomon Fabricant, *Director of Research*  
Geoffrey H. Moore, *Associate Director of Research*

Moses Abramovitz  
Morris A. Copeland  
David Durand  
Milton Friedman  
Raymond W. Goldsmith  
Millard Hastay  
W. Braddock Hickman  
Daniel M. Holland  
Thor Hultgren  
John W. Kendrick  
Simon Kuznets  
Clarence D. Long  
Ruth P. Mack  
Ilse Mintz  
G. Warren Nutter  
Lawrence H. Seltzer  
George J. Stigler  
Leo Wolman

Herbert B. Woolley

RELATION OF THE DIRECTORS  
TO THE WORK AND PUBLICATIONS  
OF THE NATIONAL BUREAU OF ECONOMIC RESEARCH

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.

2. To this end the Board of Directors shall appoint one or more Directors of Research.

3. The Director or Directors of Research shall submit to the members of the Board, or to its Executive Committee, for their formal adoption, all specific proposals concerning researches to be instituted.

4. No report shall be published until the Director or Directors of Research shall have submitted to the Board a summary drawing attention to the character of the data and their utilization in the report, the nature and treatment of the problems involved, the main conclusions and such other information as in their opinion would serve to determine the suitability of the report for publication in accordance with the principles of the National Bureau.

5. A copy of any manuscript proposed for publication shall also be submitted to each member of the Board. For each manuscript to be so submitted a special committee shall be appointed by the President, or at his designation by the Executive Director, consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when the summary and report described in paragraph (4) are sent to him. It shall be the duty of each member of the committee to read the manuscript. If each member of the special committee signifies his approval within thirty days, the manuscript may be published. If each member of the special committee has not signified his approval within thirty days of the transmittal of the report and manuscript, the Director of Research shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty additional days shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board and a two-thirds majority of those members of the Board who shall have voted on the proposal within the time fixed for the receipt of votes on the publication proposed shall have approved.

6. No manuscript may be published, though approved by each member of the special committee, until forty-five days have elapsed from the transmittal of the summary and report. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general, or of the special committee, have passed upon its validity in every detail.

7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau book.

*(Resolution adopted October 25, 1926 and revised February 6, 1933 and February 24, 1941)*

## COMMITTEE ON FISCAL RESEARCH

In the planning and conduct of its fiscal studies the National Bureau benefits from the advice and guidance of its Committee on Fiscal Research. The members of the Committee are:

Lawrence H. Seltzer, *Chairman*

*Wayne University; Research Staff, National Bureau of Economic Research*

William A. Berridge, *Economist, Metropolitan Life Insurance Company*

Roy Blough, *Columbia University*

William J. Carson, *University of Pennsylvania; Executive Director, National Bureau of Economic Research*

Gerhard Colm, *Chief Economist, National Planning Association*

W. L. Crum, *University of California*

Lewis W. Douglas, *Chairman of the Board, Mutual Life Insurance Company*

L. L. Ecker-Racz, *Fiscal Economist, U.S. Treasury Department*

Solomon Fabricant, *New York University; Director of Research, National Bureau of Economic Research*

Alvin H. Hansen, *Graduate School of Public Administration, Harvard University*

Clarence Heer, *University of North Carolina*

Walter W. Heller, *University of Minnesota*

Gordon Keith, *University of Pennsylvania*

M. Slade Kendrick, *Cornell University*

Walter Lichtenstein, *Vice-President (retired), First National Bank of Chicago*

Wesley Lindow, *Vice-President, Irving Trust Company*

Geoffrey H. Moore, *Associate Director of Research, National Bureau of Economic Research*

Richard A. Musgrave, *University of Michigan*

George B. Roberts, *Vice-President, First National City Bank of New York; Vice-President and Treasurer, National Bureau of Economic Research*

Carl S. Shoup, *Columbia University*

Dan T. Smith, *Graduate School of Business Administration, Harvard University*

John H. Williams, *Nathaniel Ropes Professor of Political Economy, Harvard University*

# FISCAL-YEAR REPORTING FOR CORPORATE INCOME TAX\*

W. L. CRUM

*University of California (at Berkeley)*

## CONTENTS

INTRODUCTION AND SUMMARY.....	305
PART I. THE CORPORATE SYSTEM AS A WHOLE.....	310
Sec. 1. Fiscal-year tabulations available.....	310
2. Increasing use of fiscal-year reporting: number of returns.....	311
3. Increasing use of fiscal-year reporting: amount of net income or deficit.....	313
4. Increasing use of fiscal-year reporting: total assets.....	314
5. Monthly distribution of accounting years: number of returns.....	316
6. Monthly distribution of accounting years: in terms of selected accounting items.....	317
7. Estimate of the average year.....	321
PART II. DIFFERENCES AMONG LINES OF INDUSTRY.....	324
Sec. 8. The industrial classification.....	324
9. Industrial differences in fiscal-year reporting: number of balance-sheet returns.....	328
10. Industrial differences in fiscal-year reporting: total assets.....	330
11. Industrial differences in fiscal-year reporting: number of income-tax returns.....	332
12. Industrial differences in fiscal-year reporting: net income or deficit.....	334
13. Monthly distribution of accounting years by line of industry: number of returns.....	337
14. Monthly distribution of accounting years by line of industry: total assets.....	343
15. Monthly distribution of accounting years by line of industry: net income of net-income corporations.....	346
16. Monthly distribution of accounting periods by line of industry: net income of both categories combined.....	348
PART III. DIFFERENCES ACCORDING TO SIZE OF CORPORATION.....	350
Sec. 17. Average total assets per return: industrial classes.....	350
18. Average total assets per return: separately by accounting periods.....	354
19. Average total assets in 1934.....	356
20. Size in terms of net income or deficit.....	356
APPENDIX A. REFERENCES TO <i>Statistics of Income</i> TABULATIONS FROM FISCAL-YEAR RETURNS.....	362
APPENDIX B. EFFECTS ON THE INDICATED HISTORICAL RECORD OF VARIATIONS IN NET INCOME.....	362
APPENDIX C. PART-YEAR ACCOUNTING PERIODS AND THEIR AVERAGE CENTER....	365
APPENDIX D. ESTIMATE OF FISCAL-YEAR TOTAL ASSETS FOR 1934.....	367

\* I am grateful to the Bureau of Business and Economic Research of the University of California for assistance in some of the computations reported herein. I am grateful also to my colleague, Dr. Maurice Moonitz, and to Dr. Lawrence H. Seltzer and Dr. Geoffrey Moore, of the National Bureau of Economic Research, for many helpful suggestions.

This paper has been approved for publication, as a report of the National Bureau of Economic Research, by the Director of Research and the Board of Directors of the National Bureau, in accordance with the resolution of the Board governing National Bureau reports (see the 35th Annual Report of the National Bureau of Economic Research, May 1955). It is to be reprinted as No. 11 in the National Bureau's series of Technical Papers.