# THE TAX BURDEN OF THE DOMESTIC OIL AND GAS INDUSTRY

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# PREFACE

"The Tax Burden of the Domestic Oil and Gas Industry" is another in Petroleum Industry Research Foundation's background studies on current oil industry affairs of public interest.

The present study has been prompted by the special emphasis on oil and gas taxation in the President's Tax Reform Program for 1963.

The aim of our study is to add to the information on the subject of oil and gas taxation by developing facts and figures on the oil industry's <u>total</u> domestic tax payments and to consider federal income tax payments within this overall framework. We believe this particular approach has not previously been published in the form in which it is presented here.

Our calculations are made both with and without excise and sales taxes and pertain only to the tax payments of oil producers and refiners. To obtain the oil industry's complete tax burden one would also have to consider the tax payments made by the nation's thousands of independent oil products jobbers and retailers.

The study was made under the supervision of our research director, John H. Lichtblau who was assisted in his work by Miss Susan Goodman.

John Harper
Chairman of the Board
Petroleum Industry Research Foundation, Inc.

Purpose of the Study:

This study was undertaken in order to (a) determine the total domestic tax payments of the U.S. oil and gas producing and refining industry; (b) to compute a ratio which measures the incidence of these tax payments on this particular industry; and (c) to compute similar ratios for other industries in order to compare the tax burden of the oil and gas industry with that of other industries.

SUMMARY OF FINDINGS

The findings of the study are that:

a) while the burden of federal income tax payments on the oil and gas industry tends to be somewhat lower than on U.S. industry in general, the incidence of the various other taxes paid by the oil industry (exclusive of excise and sales taxes) is significantly higher than on most other industries;

b) the ratio of total domestic taxes (exclusive of excise and sales taxes) to total domestic revenue is approximately 5 per cent for both the oil industry and most other industries;

c) the total tax burden per dollar of revenue is therefore essentially the same for the oil industry as for other industries;

d) if federal and state excise and sales taxes are included, oil's tax burden is considerably higher than that of most other industries;

e) the Administration's recent proposals for changes in the taxation of minerals industries would tend to raise the oil industry's total domestic tax burden perceptively above the average for all industries.

## THEORETICAL CONSIDERATIONS AND ASSUMPTIONS

### A. Types of taxes considered

All types of domestic taxes - federal, state and local - (with the exception of excise and sales taxes) were taken into account in this study in determining the industry's total tax burden. The reason for the exclusion of excise taxes is explained below. All other taxes were considered collectively on the theory that all tax payments by business firms have at least one common economic effect: they tend to lower net earnings and, hence, may be considered a burden on the tax-paying firm. Thus, a tax on business operations raises the cost of production, a tax on payroll raises labor costs while a franchise or property tax increases fixed overhead costs. In the absence of offsetting measures, all these taxes will act to reduce the business' net income. They are therefore not only comparable with each other but also with <u>income</u> taxes which have a similar, if more direct, impact on disposable income.

### B. Determination of the tax burden

To measure the relative tax burden on oil and other industries, ratios of total tax payments (exclusive of sales and excise taxes) to gross revenues were computed. The rationale for relating tax payments to revenue is that business firms usually attempt to shift taxes forward by incorporating them into the price structure of their products. However, the ability of business firms to effectively do so is limited by competitive factors and varies among different types of taxes, products and industries.

Among the different taxes, those on operations, payroll, cost of goods, etc. are most readily shifted, since they are usually absorbed into the firm's cost structure.*

Income taxes are of a somewhat different nature, since they do not directly affect the product's cost. However, empirical evidence suggests that most businesses have a price policy to maintain stable rates of return on investment, at least in the long run, regardless of prevailing income tax rates.**

Generally speaking, a comparison of corporate income tax rates and corporate rates of return over an extended period of time reveals little visible effect of the tax rate on the rate of return in the short-run and even less in the long-run. These and other findings have led many tax economists to conclude that in the long-run the

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*An excellent illustration of the forward shifting of productions taxes is contained in An Analysis of the Effects of the Processing Taxes Levied Under the Agricultural Adjustment Act, U.S. Treasury Department, Bureau of Internal Revenue, Washington, 1937, which analyzes in detail the effect of a processing tax on certain agricultural commodities on the price of the processed goods made from these commodities.

**See Pricing in Big Business - a case approach by Kaplan, Dirlam and Lanzillotti - The Brookings Institution, 1958. The study concludes that many large business corporations have a "target rate of return" pricing policy, designed to achieve a specific rate of return on investments.

incidence of a significant part of all business income taxes tends to fall on the consumer.*

Accordingly, the tax burden of the industry under study was computed by relating all taxes to sales receipts plus other revenues. In effect, the resulting ratio indicates how much taxes for each dollar of revenue the industry must pay.

It should be pointed out parenthetically that the term "tax shifting" does not mean that a firm or industry thereby escapes the impact of the tax. Aside from the aforementioned fact that taxes can very rarely be completely shifted forward, the inclusion of the tax burden into the price affects of course the demand for and production of the firm's goods and, hence, its earnings, investments, growth rate, etc. Thus, tax shifting often only transforms the tax incidence of the business firm but does not remove it.

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* Eugene R. Schlessinger, "Corporate - Income Tax Shifting and Fiscal Policy", National Tax Journal, Vol. XIII, March, 1960. The author asserts that: "The existence of a corporate income tax should result in a conscious decision to charge higher prices than would have been the case in the absence of the tax or with a significantly lower rate of taxation". For additional discussion of the shifting of the corporate income tax see: 1) Eugene M. Lerner and Eldon S. Hendriksen, "Federal Taxes on Corporate Income and the Rate of Return on Investment in Manufacturing, 1927 to 1952", National Tax Journal, Vol. IX, September 1956; 2) B. V. Ratchford and P. B. Han, "The Burden of the Corporate Income Tax", National Tax Journal, Vol. X, December 1957; 3) Gilbert Burck, "You May Think that Corporation Profits Tax is 'Bad' But...", Fortune Magazine, p.86, April 1963.

## TREATMENT OF EXCISE AND SALES TAXES

Several reasons exist for excluding excise and sales taxes from our calculation of the tax burden:

1) Unlike other taxes, excise and sales taxes are clearly "visible" to the consumer, since they are generally marked as such by being specifically listed apart from the price of the product. They are therefore shifted to the consumer with the latter's full knowledge. In fact, the tax levying authority frequently intends these taxes to be fully passed on to the consumer and often regards the firms on whose goods these taxes are levied merely as collecting agents of public funds. Excise and sales taxes are therefore somewhat outside the scope of this study which is concerned primarily with the less visible or "internal" tax burden of oil and other industries.

(It should be pointed out, however, that even by shifting excise and sales taxes completely to the consumer a business does not fully escape their impact. For the resulting higher sales price affects, of course, the business much as any other tax on operations.)

2) Another reason for excluding these taxes from our computation is that motor fuel excise taxes are of such magnitude that they overshadow all other oil industry taxes combined and, indeed, most taxes paid by any other industry. Since the size of these excise taxes are a matter of public knowledge, this study has concentrated on the other oil industry taxes whose magnitude is much less well-known.

3) The final reason for excluding excise and sales taxes was that these taxes were not included in the data pertaining to many of the industries compared to the oil industry. Hence, excise and sales

taxes were eliminated as far as possible from the tax burden of the oil as well as the other industries considered. A brief discussion of the burden of the excise tax on oil only is found in the section entitled Findings of the Study.

## OUTLINE OF THE METHODOLOGY

A full discussion of the methodology employed in arriving at the findings of this study is contained in a separate appendix. The following outline of the methodology is therefore not meant to be comprehensive but is deemed sufficient for an understanding of the manner in which this study was carried out.

1) Since domestic revenues and related tax payments for the entire U.S. oil industry are not available,* the desired data had to be gathered from a representative sample of individual companies. The companies selected for this purpose were the thirty large U.S. oil companies used by the Chase Manhattan Bank in its annual petroleum industry review. These companies accounted in 1961 for 63 per cent of domestic crude oil production and 88 per cent of domestic refinery operations.

2) The domestic tax payments of these companies were taken from form 10-K which publicly owned corporations are required to file annually with the Securities and Exchange Commission.

3) To compute the domestic revenues, the five major international

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* The oil industry data in the annual IRS publication, Statistics of Income, include large non-segregable amounts of foreign revenues.

companies were eliminated from the sample. The revenue of the twenty-five other oil companies is derived primarily from domestic sources in the years under study (1959 - 1961). An adjustment was made to eliminate their marginal foreign revenues. The ratio of the total adjusted domestic revenues of these twenty-five companies to their total domestic tax payments was assumed to be representative of the entire U.S. oil and gas producing and refining industry.*

4) For comparative purposes, a similar ratio was computed for all U.S. mining and manufacturing corporations other than oil and for all U.S. business corporations other than oil. The source for these computations was the annual IRS publication, Statistics of Income - Corporation Income Tax Returns for the fiscal years 1958-59 to 1960-61. The numerator of the ratio consists of figures for the items "taxes paid" plus "income tax" and the denominator of figures for "total compiled receipts". In the mining and manufacturing category as well as in the all-business category a few industries, known to be burdened with very large manufacturer's excise taxes, were either eliminated or adjustments were made to exclude the excise taxes presumably included in the IRS data.

VALIDITY OF FINDINGS

The comparability of the data is discussed in more detail in the Appendix. In brief, it is our view that while the oil industry data and the data derived from the IRS statistics has been computed somewhat differently they are sufficiently homogenous to permit an

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* In 1961 the twenty-five companies accounted for 35 per cent of total U.S. crude oil production and 50 per cent of total U.S. refinery runs.

approximate comparison of the various ratios. The data for mining and manufacturing and for all-business corporations include some foreign revenues and taxes. But, as the foreign tax credits of these categories indicate, their share of total revenues and taxes is too small to affect the findings significantly.

## FINDINGS OF THE STUDY

A. The oil industry's tax payment.

The total domestic tax payments (exclusive of motor fuel taxes) of the thirty major U.S. oil companies listed by the Chase Manhattan Bank amounted to 1.43 billion dollars in 1961, 1.37 billion dollars in 1960, and 1.3 billion dollars in 1959, as the following table shows.

Total Domestic Tax Payment of 30 Major U.S. Oil Companies
(in thousands of dollars)

| Type of Tax | 1961 | 1960 | 1959 |
|---|---|---|---|
| Federal Income Taxes | 260,855 | 289,573 | 308,783 |
| State Income Taxes | 39,365 | 35,892 | 33,809 |
| Ad Valorem, Severance, Production Taxes | 268,430 | 250,072 | 232,972 |
| Property and Franchise Taxes | 660,331 | 613,685 | 567,391 |
| Payroll Taxes | 79,586 | 79,297 | 68,945 |
| *Other Taxes | 118,599 | 98,714 | 88,684 |
| TOTAL | 1,427,166 | 1,367,233 | 1,300,584 |

* Includes lubricating oil excise taxes.

Source: SEC form 10-K.

In view of the aforementioned share of these companies in domestic production and refining, it is estimated that the total domestic tax payments of the entire U.S. oil and gas producing and refining industry amounted to somewhat less than 2 billion dollars in 1961.

The share of the various taxes in the 30-company total was as follows:

| Type of Tax | 1961 | 1960 | 1959 |
|---|---|---|---|
| Federal Income Taxes | 18.3 | 21.2 | 23.7 |
| State Income Taxes | 2.8 | 2.6 | 2.6 |
| Ad Valorem, Severance, Production Taxes | 18.8 | 18.3 | 17.9 |
| Property and Franchise Taxes | 46.3 | 44.9 | 43.6 |
| Payroll Taxes | 5.5 | 5.8 | 5.4 |
| Other Taxes | 8.3 | 7.2 | 6.8 |
| TOTAL | 100.0 | 100.0 | 100.0 |

As the above table indicates, the largest single tax was that levied on properties (a substantial part of which are properties held for oil production or exploration). Next came federal income taxes and taxes levied on production or reserves, which were approximately of the same magnitude. This distribution of tax payments is peculiar to the minerals industry and differs from manufacturing industries where federal income taxes account for about half of total tax payments, according to IRS statistics for all manufacturing corporations.

The distribution of the oil industry's tax payments reflects the existence of a number of special factors, including two provisions in the federal income tax statutes applicable only to minerals industries, namely percentage depletion which is designed to enable oil and gas producers to recover the value of their depleting deposits, and the right to write off intangible drilling and development expenditures in the year in which they are incurred. These factors tend to reduce the oil industry's federal income tax burden, as defined in this study. However, they apply only to the producing sector of the industry - the same sector which must bear most of the industry's heavy property and production taxes. Hence, a determination of whether the oil and gas producing industry pays an "equitable" share of taxes cannot be made on the basis of federal income tax payments alone.

B. The tax burden on oil and other industries.

The domestic gross revenue and total taxes of the twenty-five companies in the Chase Manhattan Bank's group with primarily domestic revenues were as follows:

(in millions of dollars)

| | 1961 | 1960 | 1959 |
|---|---|---|---|
| Gross Revenues | 14,016 | 13,229 | 13,333 |
| Total Taxes | 655 | 673 | 643 |

Source: SEC Form 10-K and annual company reports.

The companies' tax burden (the ratio of taxes to receipts) for these three years was therefore 4.7 per cent, 5.2 per cent, and 4.8 per cent respectively. The average for the three years was 4.9 per cent. Thus, for each dollar of revenue these twenty-five companies paid out nearly five cents in taxes (always exclusive of excise and sales taxes) in the three years under study.

For total manufacturing and mining corporations other than oil,*

* For other exclusions from the total see Chart II in Appendix.

the comparative figures were as follows (by fiscal years):

(in millions of dollars)

| | 1960/61 | 1959/60 | 1958/59 |
|---|---|---|---|
| Gross Revenue | 323,446 | 317,497 | 283,551 |
| Total Taxes | 16,750 | 17,131 | 13,511 |

On this basis, the tax burden ratios were 5.2 per cent, 5.4 per cent, and 4.8 per cent respectively, or an average of 5.1 per cent for the three year period. Considering the approximate character of many of our calculations we may therefore conclude:

(a) that the oil industry's total domestic tax burden per dollar of revenue is virtually the same as that for all mining and manufacturing industries, and

(b) that the oil industry's lower federal income tax burden, relative to other industries, is fully offset by the correspondingly higher burden of other taxes.

To realize the full magnitude of these other taxes it should be kept in mind that the oil industry also had a lower burden of payroll taxes than many other industries, since it is not very labor intensive. Apparently, the burden of production and property taxes was sufficient to offset all these factors.

While the tax burden for all manufacturing and mining corporations appears to be fractionally above that of the oil industry, the following figures show that for all U.S. business corporations other than oil the burden is slightly less than for oil:

All Business Corporations* (in billions of dollars)

| | 1960/61 | 1959/60 | 1958/59 |
|---|---|---|---|
| Gross Receipts | 775.3 | 748.9 | 669.3 |
| Total Taxes | 35.3 | 34.2 | 29.0 |
| Ratios | 4.5 | 4.6 | 4.3 |
| Three-year Average Ratio | 4.5 | | |

The reason why the tax burden for all corporations is somewhat lower than for mining and manufacturing corporations is probably due to the fact that as goods and commodities travel through the economy on their way from primary producers to consumer outlets they increase in value, partly because of the inclusion of successive tax payments into the price structure. The ratio of taxes to revenues tends therefore to be lower at the distribution level than at the production level.

## MOTOR FUEL EXCISE AND SALES TAXES

Although this study is not concerned with excise and sales taxes, these taxes are of such magnitude for the oil industry that they warrant at least a brief discussion.

Total excise and sales taxes paid by the twenty-five domestic oil companies amounted to $2.2 billion, $2.4 billion and $2.6 billion respectively for the years 1959 to 1961. This was equivalent to a ratio of about 17 per cent of the total revenue of these companies. Thus, the full and complete tax burden of oil and gas producers and

* A small number of industries with very heavy excise taxes have been eliminated from this total; for details see Chart III in Appendix.

refiners on each dollar of revenue is approximately 22 cents (17¢ excise taxes plus 5¢ other taxes).

It was not possible to compute a meaningful comparable ratio of excise and sales taxes to revenue for all other corporations. However, the fact that about 23 per cent of total federal, state and local excise and sales tax receipts of $23.3 billion in 1960 consisted of motor fuel taxes indicates that the excise tax burden on the oil industry is considerably larger than on most other industries.

EFFECT OF THE TAX REFORM PROGRAM ON OIL INDUSTRY TAX BURDEN

According to a recent estimate by the U.S. Treasury, the President's Tax Reform Program of 1963 is expected to yield $280 million annually in additional federal income taxes from the oil and gas producing industry, as a result of a series of proposed statutory tax changes affecting the minerals industries.

Since the twenty-five domestic oil companies in our sample paid approximately half of the oil industry's total federal income taxes in the years under study, we may assume that these companies would contribute the same share of the anticipated additional tax payments, or about $140 million. This would have increased their total domestic tax burden to $783 million, $813 million and $795 million respectively for the years 1959 - 1961. In turn this would have raised their average tax burden ratio to 5.9%, or perceptively above the 5.1% figure for mining and manufacturing corporations.

Assuming that the additional tax burden could be completely shifted to consumers, prices on all oil and gas products would have to be raised by 2.2% in order to obtain the required $280 million in additional revenue.* (Actually, the price increase would probably be concentrated principally on gasoline whose cost would have to rise considerably more than 2.2% to recoup the additional tax payments). Even under these circumstances, the tax burden ratio would still be 5.75%, or higher than that of the industries with which oil is being compared in this study.

## CONCLUDING COMMENTS

While the distribution among income taxes and other taxes varies significantly between the oil industry and American industry in general, the total tax burden, as defined in this study, of the U.S. oil industry is at least equal to that of the average U.S. industrial corporation and considerably higher if excise and sales taxes are included.

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*Based on a 50% corporate income tax rate, as proposed for fiscal 1964 in the President's Tax Message, the after-tax income from $280 million would offset the additional tax payments of $140 million.

# APPENDIX

A) The list of thirty oil companies used in this study was obtained from the Chase Manhattan Bank's report "Petroleum Industry 1961". They are described therein as "representative" companies. They fall into three categories: producers, integrated refiners and international companies. Following is a list of the individual companies by category:

Producers: Amerada Petroleum Company
The Louisiana Land and Exploration Company
The Superior Oil Company
Texas Gulf Producing Company
Texas Pacific Coal and Oil Company

Integrated Refiners:
Ashland Oil and Refining Company
The Atlantic Refining Company
Champlin Oil and Refining Company
Cities Service Company
Continental Oil Company
Getty Oil Company
Marathon
Phillips Petroleum Company
Pure Oil Company
Richfield Oil Corporation
Shell Oil Company
Signal Oil and Gas Company
Sinclair Oil Corporation
Skelly Oil Company
Standard Oil Company (Indiana)
Sun Oil Company
Sunray Mid-Continent
The Standard Oil Company (Ohio)
Tidewater Oil Company
Union Oil Company of California

International Companies:
Gulf Oil Corporation
Socony Mobil Oil Company, Inc.
Standard Oil Company (New Jersey)
Standard Oil Company of California
Texaco Inc.

B) Elimination of Foreign Revenue (see Chart I)

Inspection of annual reports and other sources led to the conclusion that from 1959 through 1961 foreign refinery runs accounted for an average of 2.5 per cent of total refinery operations of the twenty-five integrated refiners (i.e. 2.0 per cent in 1959, 2.9 per cent in 1960 and 2.8 per cent in 1961). The above-mentioned per cents were subtracted from the gross revenue of these integrated refiners to obtain figures for gross revenue from domestic operations only. No adjustments were made for any foreign crude oil production of these twenty-five companies.

The lubricating oil tax was added to the figures for gross domestic revenue and taxes of refiners and producers in order to compensate for the inclusion in the IRS _Statistics of Income_ of unidentifiable amounts of excise taxes in the total compiled receipts and taxes paid by other industrial groups. The amounts allocated to these twenty-five refiners for the lubricating oil tax were estimated on the basis of their share of total domestic refinery runs.

C) Elimination of Specific Industries

The figures used in Charts II and III were derived from the IRS _Statistics of Income - Corporation Income Tax Returns_ which gives the following definitions of terms. Gross revenues ("Total compiled receipts") are the gross operating receipts of corporations (minus returns, discounts, and allowances) and other receipts such as those from interest, dividends, rents and royalties. Income taxes represent gross liabilities reported on the tax return before credit for foreign taxes paid or accrued. Other taxes ("Taxes paid") include the amounts reported as an ordinary and necessary business deduction as well as identifiable amounts reported as part of the cost of sales and operations. Deductible were ordinary state and local taxes paid or accrued during the year; social security and payroll taxes; unemployment insurance taxes; import and tariff duties; and business, license, and private taxes. Excise and stamp taxes were deductible, but when included in business receipts or in the cost of sales and operations these taxes often could not be identified.

The crude petroleum and the petroleum refining industry was eliminated from all industrial groups, since it was the industry to be compared to others. The beverage and tobacco industries were eliminated because it was not possible to determine how much of their heavy excise taxes -- which we wanted to eliminate -- were included in their gross revenues and taxes paid. Even though the motor vehicle and equipment industry pays substantial excise taxes, it was undesirable to eliminate it on the same ground that the beverage and tobacco industries were eliminated because of its greater significance in the economy. Therefore, we computed the ratio for 1958 through 1961 of taxes paid (excluding federal income and all excise taxes) to gross receipts of the eight largest motor vehicle companies. The resultant ratio was considered representative of the entire industry and was therefore applied to the gross receipts of the motor vehicle industry as given in the IRS Statistics of Income. The difference between the "Taxes Paid" item in the IRS Statistics of Income and our computed tax figure was considered to be excise taxes and was therefore subtracted from total mining and manufacturing revenues and taxes.

The communications industry was eliminated from the totals for all corporations because it too pays substantial excise taxes and it was not feasible to estimate the amount of its excise included in the IRS data.

D) Limitations of Data

Even though excise taxes were eliminated as far as possible from the data in the IRS Statistics of Income either by omitting entire industries which pay heavy excise taxes (the beverage, tobacco and communications industries) or by estimating the amount of the tax and subtracting it (in the case of the motor vehicle and equipment industry), the figures still contain incalculable amounts of excise taxes paid by the remaining industries. As previously stated, allowance was made for this fact by adding oil lubricating taxes to the taxes paid and revenues received by the oil industry. Another limitation lies in the fact that the figures obtained from the IRS Statistics of Income are overstated to the extent that they include foreign sales and foreign tax credits, while the oil industry data are for domestic operations only. However foreign tax credits represent only a very small part of total income tax liabilities of mining and manufacturing corporations. For example, according to the IRS data, in 1961 these credits accounted for only 3.6 per cent of their total income tax liabilities. This fact was taken as an indication that the foreign revenue of these corporations was also relatively insignificant. Hence, the comparability between oil and other industries is not perceptively affected by the inclusion of foreign taxes and revenues in the data for other industries.

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CHART: I: RATIO OF TAXES TO REVENUE OF 25 SELECTED DOMESTIC OIL COMPANIES

| | 1961 | 1960 | 1959 |
|---|---|---|---|
| Gross Revenue of 25 Companies | 14,384 | 13,585 | 13,308 |
| Less | | | |
| Gross Revenue of 5 Producers | 340 | 367 | 359 |
| Gross Revenue of 20 Refiners | 14,044 | 13,218 | 12,949 |
| Less | | | |
| Est. Revenue from Foreign Ref. Opers. | 393 | 383 | 259 |
| Gross Dom. Revenue of 20 Refiners | 13,651 | 12,835 | 12,690 |
| Plus | | | |
| Gross Dom. Revenue of 5 Producers | 340 | 367 | 359 |
| Est. Lube. Oil Excise Tax Receipts | 25 | 27 | 25 |
| Gross Dom. Revenue of 25 Oil Companies | 14,016 | 13,229 | 13,333 |
| Total Dom. Taxes* of 25 Companies / Gross Dom. Revenue of 25 Companies | 655 / 14,016 | 673 / 13,229 | 643 / 13,333 |
| Tax Payments per $ of Dom. Revenue | 4.67% | 5.17% | 4.82% |

*Includes lubricating oil excise tax payments.
Source: Chase Manhattan Bank, "Annual Analysis of the Petroleum Industry" and Annual Reports of Companies.

CHART II: GROSS REVENUE AND TOTAL TAXES PAID - MINING AND MANUF. CORPS.

| | Fiscal Year 1960 - 1961 (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | Gross Revenues | | Income Taxes* | | Other Taxes | |
| Total Mining & Mfng. | | 381,776 | | 11,873 | | 10,327 |
| Less | | | | | | |
| Crude Oil & Nat. Gas | 4,876 | | 295 | | 123 | |
| Beverage Inds. | 8,423 | | 242 | | 1,315 | |
| Tobacco Mfrs. | 4,965 | | 295 | | 995 | |
| Est. Auto Excise Taxes | 464 | | | | 464 | |
| Petroleum Refining | 39,446 | | 607 | | 979 | |
| Sub Total | | 58,174 | | 1,439 | | 3,876 |
| | | 323,602 | | 10,434 | | 6,451 |
| Total Tax Payments | | | | | 16,885 | |
| Total Tax Payments as a Percent of Gross Revenues: 5.22 | | | | | | |

| | Fiscal Year 1959 - 1960 (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | Gross Revenues | | Income Taxes* | | Other Taxes | |
| Total Mining & Mfng. | | 373,512 | | 12,908 | | 9,508 |
| Less | | | | | | |
| Crude Oil & Nat. Gas | 4,676 | | 281 | | 111 | |
| Beverage Inds. | 8,308 | | 252 | | 1,227 | |
| Tobacco Mfrs. | 4,836 | | 285 | | 962 | |
| Est. Auto Excise Taxes | 438 | | | | 438 | |
| Petroleum Refining | 37,593 | | 621 | | 942 | |
| Sub Total | | 55,851 | | 1,439 | | 3,680 |
| | | 317,661 | | 11,469 | | 5,828 |
| Total Tax Payments | | | | | 17,297 | |
| Total Tax Payments as a Percent of Gross Revenues: 5.44 | | | | | | |

| | Fiscal Year 1958 - 1959 (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | Gross Revenues | | Income Taxes* | | Other Taxes | |
| Total Mining & Mfng. | | 336,932 | | 9,860 | | 8,258 |
| Less | | | | | | |
| Crude Oil & Nat. Gas | 4,285 | | 270 | | 102 | |
| Beverage Inds. | 7,764 | | 215 | | 1,168 | |
| Tobacco Mfrs. | 4,494 | | 266 | | 946 | |
| Est. Auto Excise Taxes | 320 | | | | 320 | |
| Petroleum Refining | 36,518 | | 491 | | 830 | |
| Sub Total | | 53,381 | | 1.242 | | 3,366 |
| | | 283,551 | | 8,618 | | 4,892 |
| Total Tax Payments | | | | | 13,510 | |
| Total Tax Payments as a Percent of Gross Revenues: 4.76 | | | | | | |

*Before deduction of foreign tax credits. Source: IRS Statistics of Income

CHART III: GROSS REVENUE AND TOTAL TAXES PAID - ALL CORPORATIONS

Fiscal Year 1960 - 1961 (in millions of dollars)

| | Gross Revenues | | Income Taxes* | | Other Taxes | |
|---|---|---|---|---|---|---|
| All Corporations | | 848,895 | | 21,872 | | 21,108 |
| Less | | | | | | |
| Crude Petroleum | 4,876 | | 295 | | 123 | |
| Petroleum Rfng. | 39,446 | | 607 | | 979 | |
| Tobacco Mfrs. | 4,965 | | 295 | | 995 | |
| Beverage Inds. | 8,423 | | 242 | | 1,315 | |
| Est. Auto Excise Taxes | 464 | | | | 464 | |
| Communications | 15,389 | | 1,488 | | 885 | |
| Sub Total | | 73,563 | | 2,927 | | 4,761 |
| | | 775,332 | | 18,945 | | 16,347 |
| Total Tax Payments | | | | | 35,292 | |

Total Tax Payments as a Percent of Gross Revenues: 4.55

Fiscal Year 1959 - 1960 (in millions of dollars)

| | Gross Revenues | | Income Taxes* | | Other Taxes | |
|---|---|---|---|---|---|---|
| All Corporations | | 816,800 | | 22,525 | | 19,189 |
| Less | | | | | | |
| Crude Petroleum | 4,676 | | 281 | | 111 | |
| Petroleum Rfng. | 37,593 | | 821 | | 942 | |
| Tobacco Mfrs. | 4,836 | | 285 | | 962 | |
| Beverage Inds. | 6,308 | | 252 | | 1,227 | |
| Est. Auto Excise Taxes | 438 | | | | 438 | |
| Communications | 14,026 | | 1,374 | | 810 | |
| Sub Total | | 67,877 | | 3,013 | | 4,490 |
| | | 748,923 | | 19,512 | | 14,699 |
| Total Tax Payments | | | | | 34,211 | |

Total Tax Payments as a Percent of Gross Revenues: 4.57

Fiscal Year 1958 - 1959 (in millions of dollars)

| | Gross Revenues | | Income Taxes* | | Other Taxes | |
|---|---|---|---|---|---|---|
| All Corporations | | 735,338 | | 18,814 | | 16,692 |
| Less | | | | | | |
| Crude Petroleum | 4,335 | | 271 | | 103 | |
| Petroleum Rfng. | 36,563 | | 491 | | 830 | |
| Tobacco Mfrs. | 4,520 | | 267 | | 946 | |
| Beverage Inds. | 7,810 | | 216 | | 1,174 | |
| Est. Auto Excise Taxes | 320 | | | | 320 | |
| Communications | 12,492 | | 1,165 | | 693 | |
| Sub Total | | 66,040 | | 2,410 | | 4,066 |
| | | 669,298 | | 16,404 | | 12,626 |
| Total Tax Payments | | | | | 29,030 | |

Total Tax Payments as a Percent of Gross Revenues: 4.34

*Before deduction of foreign tax credits. Source: IRS *Statistics of Income*