



# SOI BULLETIN

A QUARTERLY STATISTICS OF INCOME REPORT

Volume 44 | Number 2

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The *SOI Bulletin* was prepared under the direction of Wayne Kei, Chief, Data Dissemination Section. Lisa Smith (layout and graphics editor) prepared the manuscript. Spencer Adams (writer/editor) and Beth Kilss (contractor) also made major contributions in the production of this issue. Views expressed in the article are those of the author(s) and do not necessarily represent the views of the Treasury Department or the Internal Revenue Service.

NOTE: When using information from this report, cite the publication as follows—

Internal Revenue Service  
Statistics of Income Bulletin  
Fall 2024  
Washington, D.C.

## *Inside This Issue*

### **Partnership Returns, Tax Year 2022**

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*by Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky*

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# Partnership Returns, Tax Year 2022

by Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky

The number of partnerships in the United States increased for Tax Year 2022 while the number of partners decreased.<sup>1</sup> Partnerships filed 4.5 million returns for the year, representing more than 28.8 million partners. The Real estate and rental and leasing sector comprised half of all partnerships (50.7%) and a third of all partners (33.9%).

Total assets and total receipts increased in 2022 while total income (loss) minus deductions decreased (Figure A). The Finance and insurance sector accounted for the largest portion of each of these three critical financial figures.

The number of partnerships increased 0.7% (from 4,467,584 to 4,500,186) between 2021 and 2022 (Figure B). The number of partnerships has grown at an average annual rate of 2.95% over the period 2013-2022. Partnerships classified as limited liability companies (LLCs) accounted for most of this growth.<sup>2</sup>

The number of partners decreased 6.0% for 2022 (from 30,624,451 in the prior year to 28,797,574). Partnerships with fewer than three partners made up more than half (58.4%) of all partnerships (Figure C). These same-sized partnerships accounted for just under a quarter (24.3%) of all partnerships with total assets of \$100 million or more. Partnerships with 100 or more partners accounted for only 0.4% of all partnerships, but 33.2% of all partners in 2022.

**Figure A**  
**Partnership Returns: Percentage Changes in Selected Items, Tax Years 2013–2022**

Tax year	Number of partnerships	Number of partners	Total assets	Total receipts	Total income (loss) minus total deductions
	(1)	(2)	(3)	(4)	(5)
2013	2.1	8.5	9.8	7.1	5.5
2014	4.4	0.8	8.1	5.6	16.5
2015	2.9	-2.2	4.7	-4.4	-6.7
2016	1.3	4	5.8	-2.3	-14.2
2017	3.8	-2.4	11.9	16.1	25.3
2018	2.7	-0.2	6	7.7	-1.1
2019	-4.7	-7.9	5	-7.3	-11.6
2020	12	11.8	19.8	14.7	29.8
2021	4.3	8.4	17.7	30.9	98.3
2022	0.7	-6	3.3	3.3	-34.3

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

Partnerships do not generally pay taxes on their income, but “pass through” any profits and losses to their partners, who must include those profits and losses on their income tax returns.<sup>3</sup> For 2022, partnerships passed through \$2,558.0 billion in total income (loss) minus total deductions available for allocation to their partners (Table 5). This amount represents a 34.3% decrease from 2021, when partnerships passed through \$3,893.5 billion. The Finance and insurance sector accounted for the largest amount reported (\$1.4 trillion) and the largest decrease (\$1.2 trillion) for 2022. In addition, for the eleventh consecutive year, partners that are partnerships received the largest portion of this income.<sup>4</sup>

## Highlights

- Partnerships filed over 4.5 million returns for Tax Year (TY) 2022, a 0.7% increase over the number filed for 2021. These returns represented more than 28.8 million partners, a 6.0% decrease from the previous year.
- Limited liability companies (LLCs) made up most partnerships (72.7%), surpassing all other entity types for more than two decades.
- Limited partnerships represented only 9.6% of all partnerships but reported 35.4% of all pass-through income and almost half of the total partners (49.0%).
- Real estate and rental and leasing accounted for approximately half (50.7%) of all partnerships and about one third (33.9%) of all partners. The Finance and insurance sector reported the largest shares of total income (loss) minus total deductions or pass-through income (loss) (54.2%), total assets (58.8%), and total receipts (24.0%) for 2022.
- Total assets increased 3.3% between 2021 and 2022, from \$50.8 trillion to \$52.5 trillion.
- Receipts totaled \$12.5 trillion for 2022, up 3.3% from the amount reported for 2021. Pass-through income (loss) decreased 34.3% to \$2.6 trillion for 2022 (down from \$3.9 trillion for 2021).
- Partners classified as partnerships received the largest share of income (loss) allocated to partners, \$1.0 trillion.

<sup>1</sup> SOI based the statistics for Tax Year 2022 on a stratified probability sample selected from the population of partnerships processed by the Internal Revenue Service (IRS) during Calendar Year 2023. This article references Tax Year 2021 data. For further information on these data, see Ron DeCarlo, Tuba Ozer-Gurbuz, and Nina Shumofsky, “Partnership Returns, Tax Year 2021,” Statistics of Income Bulletin, Fall 2023, Volume 43, Number 2.

<sup>2</sup> See the “Explanation of Selected Terms” section for more information on LLCs.

<sup>3</sup> The Bipartisan Budget Act of 2015 created a new centralized partnership audit regime effective for partnership tax years beginning after 2017, which revised the auditing of some partnership returns. Any adjustment takes place at the partnership level and any taxes will be paid by the partnership.

<sup>4</sup> For further discussion of pass-through income, see the section of this article entitled “Partnerships allocated over \$2.5 trillion to their partners in 2022.”



Figure B

## Partnership Returns: Number of Partnerships and Partners, by Selected Industrial Groups, Tax Years 2021 and 2022

Industrial group	Number of partnerships		Percentage change	Number of partners		Percentage change
	2021	2022		2021	2022	
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All industries</b>	<b>4,467,584</b>	<b>4,500,186</b>	<b>0.7</b>	<b>30,624,451</b>	<b>28,797,574</b>	<b>-6.0</b>
Finance and insurance	459,729	452,181	-1.6	9,342,033	8,990,673	-3.8
Securities, commodity contracts, and other financial investments and related activities	349,486	341,392	-2.3	7,757,204	7,218,400	-6.9
Securities and commodity contracts and exchanges	11,502	6,268	-45.5	655,371	55,618	-91.5
Other financial investment activities	337,984	335,124	-0.8	7,101,833	7,162,782	0.9
Funds, trusts and other financial vehicles	69,047	70,068	1.5	1,302,810	1,511,159	16.0
Other finance and insurance	41,196	40,683	-1.2	282,019	261,007	-7.5
Real estate and rental and leasing	2,217,608	2,282,238	2.9	9,876,891	9,750,424	-1.3
Real estate	2,171,650	2,235,245	2.9	9,677,632	9,587,435	-0.9
Lessors of residential buildings and dwellings and cooperative housing	772,432	813,619	5.3	3,610,540	3,541,266	-1.9
Lessors of nonresidential buildings (except miniwarehouses)	825,648	823,716	-0.2	3,300,863	3,226,547	-2.3
Lessors of miniwarehouses and self-storage units	23,432	22,276	-4.9	116,464	105,915	-9.1
Lessors of other real estate property	145,854	154,692	6.1	682,616	698,474	2.3
Other real estate activities	404,284	420,942	4.1	1,967,148	2,015,233	2.4
Rental and leasing services and lessors of nonfinancial intangible assets (except copyrighted works)	45,958	46,993	2.3	199,260	162,989	-18.2

NOTES: Detail may not add to totals because of rounding. For data on additional industries, see Table 10.

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

Figure C

## Partnership Returns: Number of Partnerships and Partners, by Number of Partners per Partnership, Tax Year 2022

Number of partners per partnership	Total number of partnerships	Partnerships with \$100,000,000 or more in assets	
		Number of partnerships	Percentage of total
	(1)	(2)	(3)
<b>Number of partnerships, total</b>	<b>4,500,186</b>	<b>56,787</b>	<b>1.3</b>
<b>Number of partners per partnership:</b>			
Less than 3	2,627,888	13,824	0.5
3 less than 5	1,094,830	12,389	1.0
5 less than 10	452,070	8,211	1.6
10 less than 20	167,653	5,825	3.6
20 less than 30	60,704	3,132	5.4
30 less than 40	31,663	2,071	7.6
40 less than 50	13,702	1,640	8.9
50 less than 60	11,282	1,179	15.2
60 less than 70	8,703	1,075	10.0
70 less than 80	6,001	992	16.4
80 less than 90	4,262	816	23.9
90 less than 100	2,808	553	12.5
100 or greater	18,621	5,078	29.4
1,000 or greater [1]	373	317	85.0

Number of partners per partnership	Total number of partners	Partnerships with \$100,000,000 or more in assets	
		Number of partners	Percentage of total
	(4)	(5)	(6)
<b>Number of partners, total</b>	<b>28,797,574</b>	<b>7,712,868</b>	<b>26.8</b>
<b>Number of partners per partnership:</b>			
Less than 3	5,254,693	27,627	0.5
3 less than 5	3,681,327	41,605	1.0
5 less than 10	2,780,626	53,675	1.7
10 less than 20	2,177,931	79,709	3.8
20 less than 30	1,438,773	75,141	5.3
30 less than 40	1,061,276	70,538	7.7
40 less than 50	612,613	72,778	8.8
50 less than 60	603,890	64,400	15.2
60 less than 70	557,187	69,483	9.8
70 less than 80	454,087	73,811	16.1
80 less than 90	355,556	68,831	24.2
90 less than 100	265,511	51,989	12.6
100 or greater	9,554,103	6,963,282	78.8
1,000 or greater [1]	5,930,928	5,764,121	97.2

[1] These statistics are also included on the line entitled "100 or greater."

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

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

## Finance and Insurance Sector Dominated Assets, Receipts, and Total Income (Loss) Minus Total Deductions

Historically, partnerships classified in the Real estate and rental and leasing sector have made up the largest share of partnerships and partners. This sector accounted for approximately half of all partnerships for both 2022 (50.7%) and 2021 (49.6%). It also made up about one-third of all partners for both 2022 (33.9%) and 2021 (32.3%) (Table 10). While partnerships in this sector accounted for about half of all partnerships, they reported less than a fourth (21.6%) of total assets, only 9.0% of total receipts, and just 16.1% of total income (loss) minus total deductions available for allocation to partners for 2022 (Figure D).

However, in 2022, the Finance and insurance sector represented the largest percentage of several key money amounts, compared to all other sectors. Partnerships classified in this sector reported the largest share of total assets (58.8%), total receipts (24.0%), and total income (loss) minus total deductions available for allocation to partners (54.2%). Yet, this sector accounted for a smaller portion of total partnerships (10.0%) and partners (31.2%).

## Total Assets Continued To Increase

Total assets for partnerships overall increased for 2022. For partnerships reporting balance sheet information, total assets

rose 3.3% (from \$50.8 trillion for 2021 to \$52.5 trillion for 2022). The Real estate and rental and leasing sector accounted for the largest portion of this growth in asset accumulation, with an increase of \$1.2 trillion (from \$10.1 trillion to \$11.3 trillion). The largest decrease was in the assets of the Finance and insurance sector, which decreased \$421.9 billion (from \$31.3 trillion to \$30.9 trillion) (Table 10).

## Total Receipts Increased Between 2021 and 2022

Partnerships reported a 3.3% increase in total receipts (from \$12.1 trillion to \$12.5 trillion) between 2021 and 2022. Business receipts made up most total receipts (66.6%) and increased to \$8.3 trillion from \$7.0 trillion for the year (Table 7).<sup>5</sup> The largest increase in total receipts was in the Manufacturing sector (from \$1.1 trillion to \$1.5 trillion). Overall, 16 sectors reported increases for 2022.

## The Finance and Insurance Sector Had the Largest Decreases in Total Income (Loss) Minus Total Deductions Available for Allocation to Partners

Total income (loss) minus total deductions available for allocation to partners, or pass-through income (loss), decreased 34.3% (from \$3.9 trillion to \$2.6 trillion) between 2021 and 2022 (Figure E). Decreases in net long-term capital gains (losses) accounted for the largest portion of the decreases (\$902.0 billion).

Figure D

### Partnership Returns: Total Assets, Total Receipts, and Total Net Income (Loss), by Selected Industrial Group, Tax Years 2021 and 2022

[Money amounts are in thousands of dollars]

Industrial group	Total assets		Percentage change	Total receipts		Percentage change	Total net income (loss)		Percentage change
	2021	2022		2021	2022		2021	2022	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All industries</b>	<b>50,832,008,026</b>	<b>52,530,130,780</b>	<b>3.3</b>	<b>12,131,165,089</b>	<b>12,526,523,853</b>	<b>3.3</b>	<b>3,893,499,959</b>	<b>2,557,992,724</b>	<b>-34.3</b>
Finance and insurance	31,302,665,039	30,880,742,511	-1.3	3,798,394,537	3,002,779,227	-20.9	2,598,235,930	1,386,196,291	-46.6
Securities, commodity contracts, and other financial investments and related activities	27,094,245,940	26,701,956,112	-1.4	3,273,849,878	2,588,939,814	-20.9	2,296,889,479	1,234,266,176	-46.3
Securities and commodity contracts and exchanges	1,111,023,797	741,145,062	-33.3	128,140,077	132,669,829	3.5	46,978,201	36,295,765	-22.7
Other financial investment activities	25,983,222,142	25,960,811,050	-0.1	3,145,709,800	2,456,269,986	-21.9	2,249,911,278	1,197,970,411	-46.8
Funds, trusts and other financial vehicles	3,543,925,887	3,508,861,399	-1.0	358,382,533	266,941,969	-25.5	256,685,112	131,603,872	-48.7
Other finance and insurance	664,493,213	667,553,725	0.5	166,162,126	144,472,498	-13.1	44,661,338	19,545,613	-56.2
Real estate and rental and leasing	10,109,516,613	11,329,106,074	12.1	1,183,140,436	1,127,953,815	-4.7	565,965,030	410,826,403	-27.4
Real estate	9,826,402,388	10,992,320,446	11.9	1,101,250,496	1,012,049,907	-8.1	550,190,043	390,918,881	-28.9
Lessors of residential buildings and dwellings and cooperative housing	2,948,694,408	3,378,114,994	14.6	234,049,952	260,734,599	11.4	94,382,341	94,399,502	0.0
Lessors of nonresidential buildings (except miniwarehouses)	4,239,341,005	4,632,256,200	9.3	358,574,810	304,281,921	-15.1	234,795,908	160,141,226	-31.8
Lessors of miniwarehouses and self-storage units	104,322,482	128,257,285	22.9	16,625,489	14,520,608	-12.7	13,652,961	10,357,621	-24.1
Lessors of other real estate property	352,590,145	444,424,120	26.0	41,066,809	29,706,713	-27.7	24,609,945	11,220,025	-54.4
Other real estate activities	2,181,454,349	2,409,267,846	10.4	450,933,436	402,806,065	-10.7	182,748,888	114,800,506	-37.2
Rental and leasing services and lessors of nonfinancial intangible assets (except copyrighted works)	283,114,225	336,785,628	19.0	81,889,940	115,903,908	41.5	15,774,988	19,907,522	26.2

NOTES: Detail may not add to totals because of rounding. For data on additional industries, see Table 10.

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

<sup>5</sup> See the "Explanation of Selected Terms" section for the definition of total receipts and business receipts.

Figure E

**Partnership Returns: Components of Total Income (Loss) Minus Total Deductions, Tax Years 2021 and 2022**

[Money amounts are in thousands of dollars]

Item	2021	2022	Change	
			Amount	Percentage
	(1)	(2)	(3)	(4)
<b>Total income (loss) minus total deductions [1]</b>	<b>3,893,499,959</b>	<b>2,557,992,724</b>	<b>-1,335,507,235</b>	<b>-34.3</b>
<b>Partnership Distributive Income</b>				
Ordinary business income (loss)	661,461,193	847,619,582	186,158,389	28.1
Net rental real estate income (loss)	-42,260,936	-66,872,253	-24,611,317	-58.2
Other net rental income (loss)	2,858,775	-2,597,844	-5,456,619	[N]
Guaranteed Payments to Partners	100,079,680	102,409,433	2,329,753	2.3
Interest income	232,799,046	335,128,294	102,329,248	44.0
Dividend income	285,284,706	296,286,465	11,001,759	3.9
Royalties	54,979,643	80,464,397	25,484,754	46.4
Net short - term capital gain (loss)	188,417,925	-124,775,201	-313,193,126	[N]
Net long - term capital gain (loss)	1,870,272,823	968,284,376	-901,988,447	-48.2
Net Section 1231 gain (loss)	564,303,029	467,636,715	-96,666,314	-17.1
Other income (loss)	584,166,108	484,733,915	-99,432,193	-17.0
<b>Partnership Distributive Deductions</b>				
Section 179 deduction	7,881,526	9,077,200	1,195,674	15.2
Contributions	13,617,621	13,898,382	280,761	2.1
Investment interest expense	88,900,710	144,753,102	55,852,392	62.8
Section 59E(2) expenditures	68,061,177	102,120,953	34,059,776	50.0
Other deductions	409,190,065	537,337,327	128,147,262	31.3
Total foreign taxes	21,210,933	23,138,191	1,927,258	9.1

[1] Total income (loss) minus total deductions is discussed in the Explanation of Selected Terms section.

[N] Percent change is not provided if the current year data contain a negative value (loss) compared to a prior year positive value (income).

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

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

Pass-through income (loss) was reduced by deductions. The “Other deductions” category represented the largest deduction amount (\$537.3 billion). Nine industrial sectors reported a decrease in pass-through income (Table 10). The Finance and insurance sector had the largest decrease, \$1.2 trillion or 46.6%. These decreases were countered by increases, the largest of which were in Mining (\$44.0 billion) and Manufacturing (\$47.7 billion).

### Limited Liability Companies Made Up Most Partnerships for More Than Two Decades

Partnerships classify their business structures as one of six entity types: domestic general partnership, domestic limited partnership, domestic limited liability company, domestic limited liability partnership (LLP), foreign partnership, or “other” partnership.<sup>6</sup> LLCs accounted for 72.7% of all partnerships, surpassing all other entity types for the 21st consecutive year (Figure F). The number of LLCs increased to 3.3 million after increasing 2.1% between 2021 and 2022 (Figure G). Partners associated with LLCs increased 2.2% (from 13.8 million to 14.1 million) while pass-through income decreased 24.7% (from \$1.3 trillion to \$999.6 billion). LLCs were responsible for 39.1% of

the overall pass-through income (loss) for all partnerships for 2022. Looking separately at gains and losses, the losses for LLCs (\$651.7 billion) were more than the combined losses for all other types of partnerships (\$575.9 billion) and reduced the overall net profit amount for partnerships.

In contrast to LLCs, limited partnerships represented only 9.6% of all partnerships, but reported a similar amount of pass-through income (\$906.7 billion), and number of partners (9.2 million). Over the last 10 years, the number of limited partnerships has shown a mix of increases and decreases, while the number of partners associated with those partnerships has trended mostly lower (Figure H). Total pass-through income (loss) for limited partnerships decreased \$498.1 billion (from \$1,404.8 billion to \$906.7 billion) between 2021 and 2022.

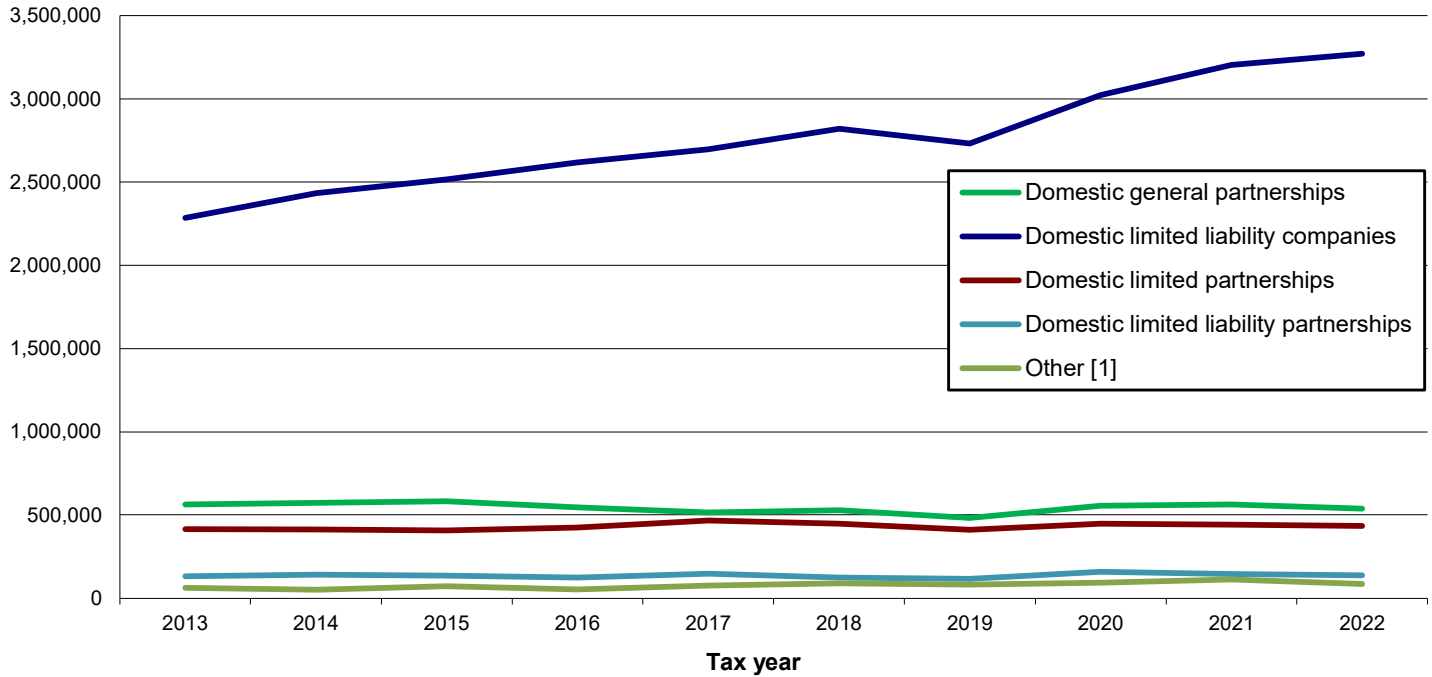
Prior to 2002, domestic general partnerships were consistently the most common type of partnership; they have ranked second since that time. This type of partnership accounted for 12.0% (0.5 million) of all partnerships for Tax Year 2022. The number of domestic general partnerships decreased 4.1% in 2022 (from 563,242 to 540,356). The number of general partnerships has declined 4.3% overall since 2013 (Figure I).

<sup>6</sup> See the “Explanation of Selected Terms” section for definitions of the different entity types.



**Figure F**  
**Number of Partnerships by Type of Entity, Tax Years 2013–2022**

Number of partnerships

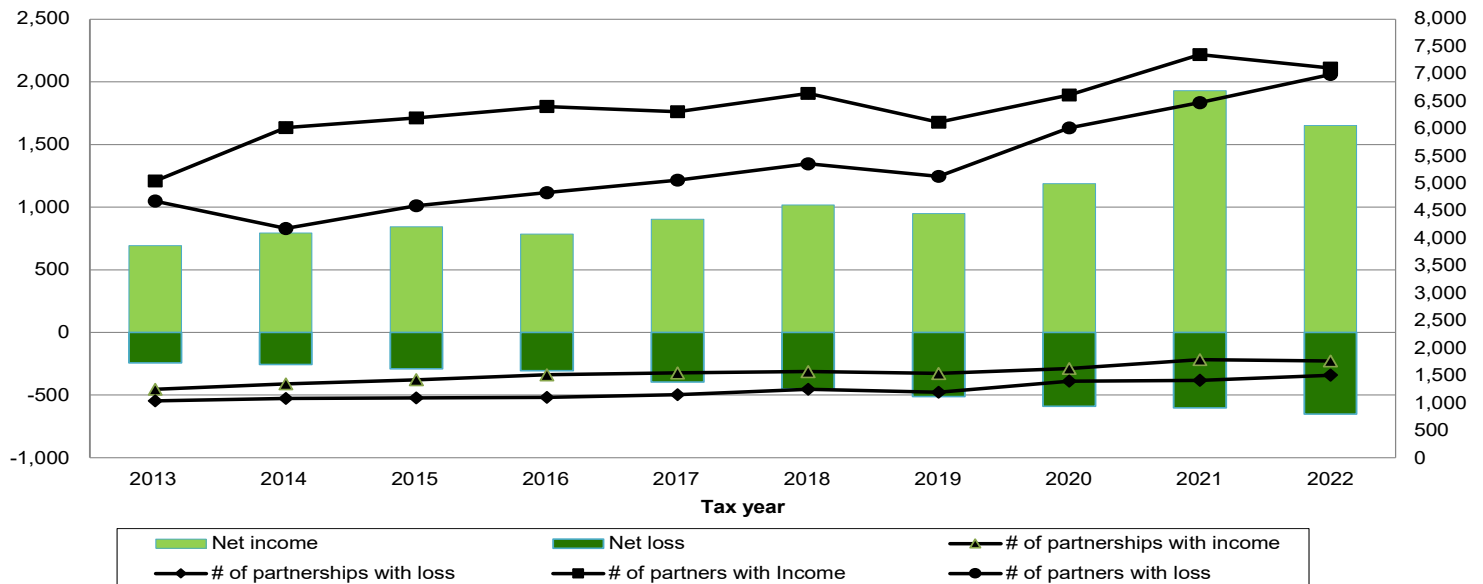


[1] Data for "other" partnerships include foreign partnerships, as well as partnerships which checked the "other" box, Form 1065, Schedule B, line 1, Type of Entity, or did not check a box.  
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

**Figure G**  
**Domestic Limited Liability Companies: Number of Partnerships and Partners, and Amount of Net Income (Loss), by Income and Loss, Tax Years 2013–2022**

Current dollars(in billions)

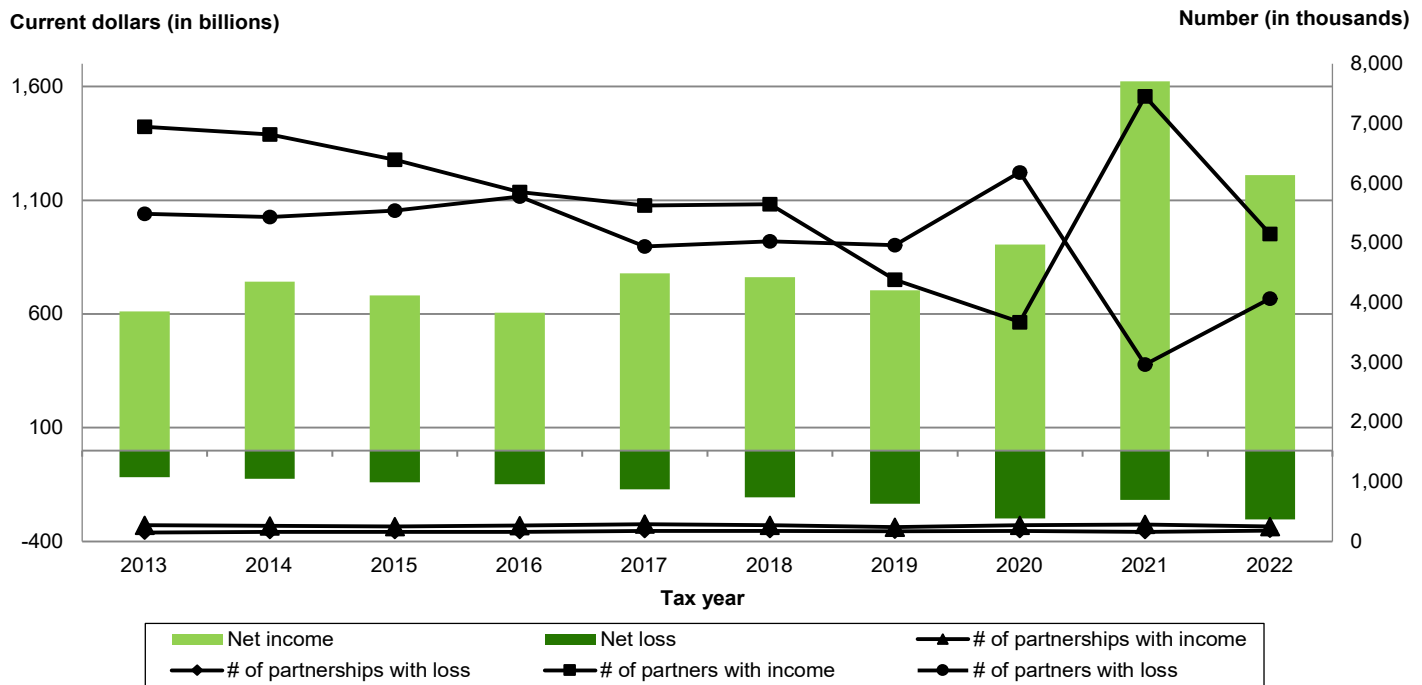
Number (in thousands)



NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.  
SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

**Figure H**

**Domestic Limited Partnerships: Number of Partnerships and Partners, and Amount of Total Net Income (Loss) Minus Total Deductions, by Income and Loss, Tax Years 2013–2022**

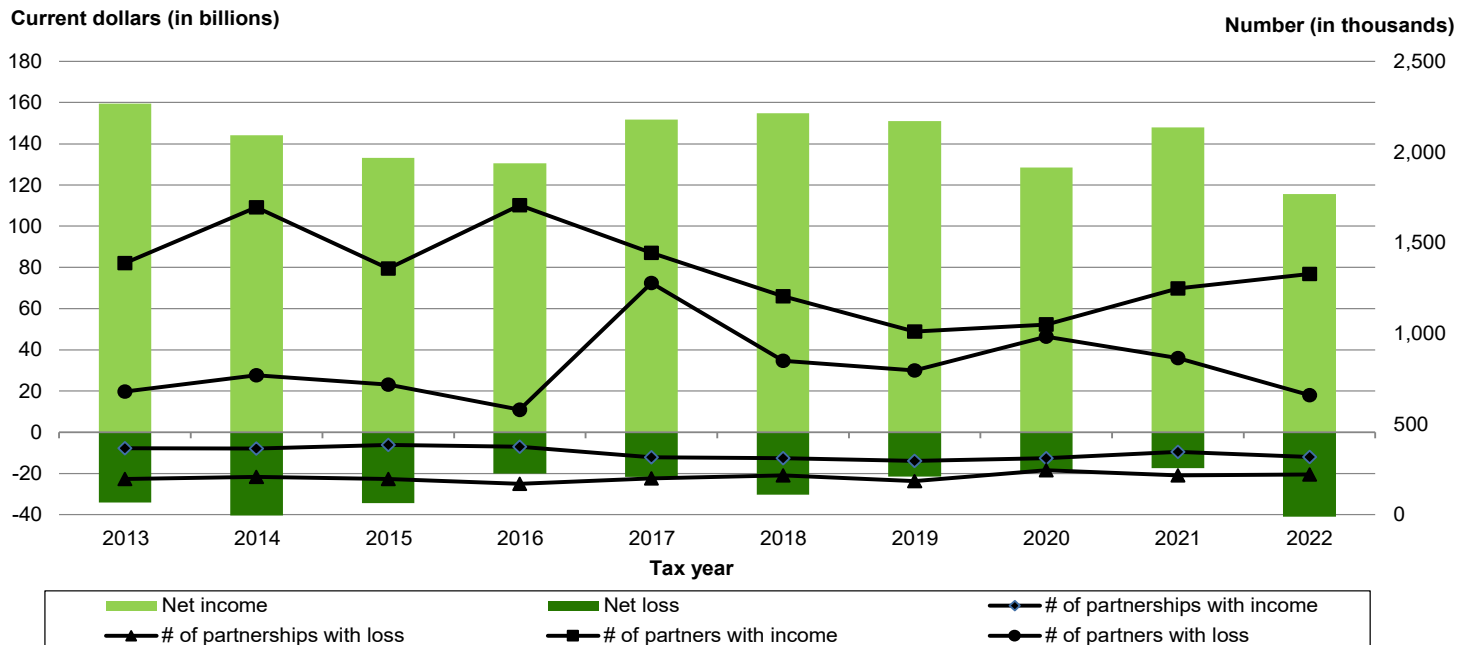


NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

**Figure I**

**Domestic General Partnerships: Number of Partnerships and Partners, and Amount of Net Income (Loss), by Income and Loss, Tax Years 2013–2022**



NOTE: For the full tabular data represented in this figure, see Tables 9a, 9b, and 9c.

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

## Partnerships Allocated Over \$2.5 Trillion to Their Partners in 2022

Partners may be corporations, individuals, other partnerships, tax-exempt organizations, nominees, and other legal entities. For 2022, all partnerships reported a total of \$3,388.3 billion in total income (loss) available for allocation before deductions (Table 5). For separately stated deductions (such as contributions and investment interest expense), all partnerships reported a total of \$830.3 billion. The difference between total income (loss) and total deductions resulted in \$2,558.0 billion of total income (loss) minus total deductions available for allocation to partners, a 34.3% (or \$1.3 trillion) decrease relative to 2021. Of the \$2,558.0 billion available for allocation to partners, almost all (99.8% or \$2,551.7 billion) was identified by type of partner. The difference between total income (loss) minus total deductions available for allocation and income (loss) allocated to partners was due to some partnerships' failure to report allocations, by type of partner, on their originally filed returns.

For more than a decade, partners defined as partnerships surpassed both corporations and individuals as the top income (loss) recipients. Partnerships passed \$1,018.4 billion through to partners classified as partnerships for 2022, a \$390.2-billion decrease from the \$1,408.6 billion passed through for 2021. In addition, partnerships passed \$636.1 billion through to partners classified as individuals and \$552.6 billion through to partners classified as corporations (Figure J).

Since the North American Industry Classification System (NAICS) data were first reported in 1998, partnerships classified

in the Finance and insurance sector have had the largest share of allocations, except in 2002. The trend continued for 2022, when this sector reported 54.2% of the total amount of allocations of net income to partners.

## Increases in Rental Expenses Drove a Decrease in Net Rental Real Estate Income (Loss)

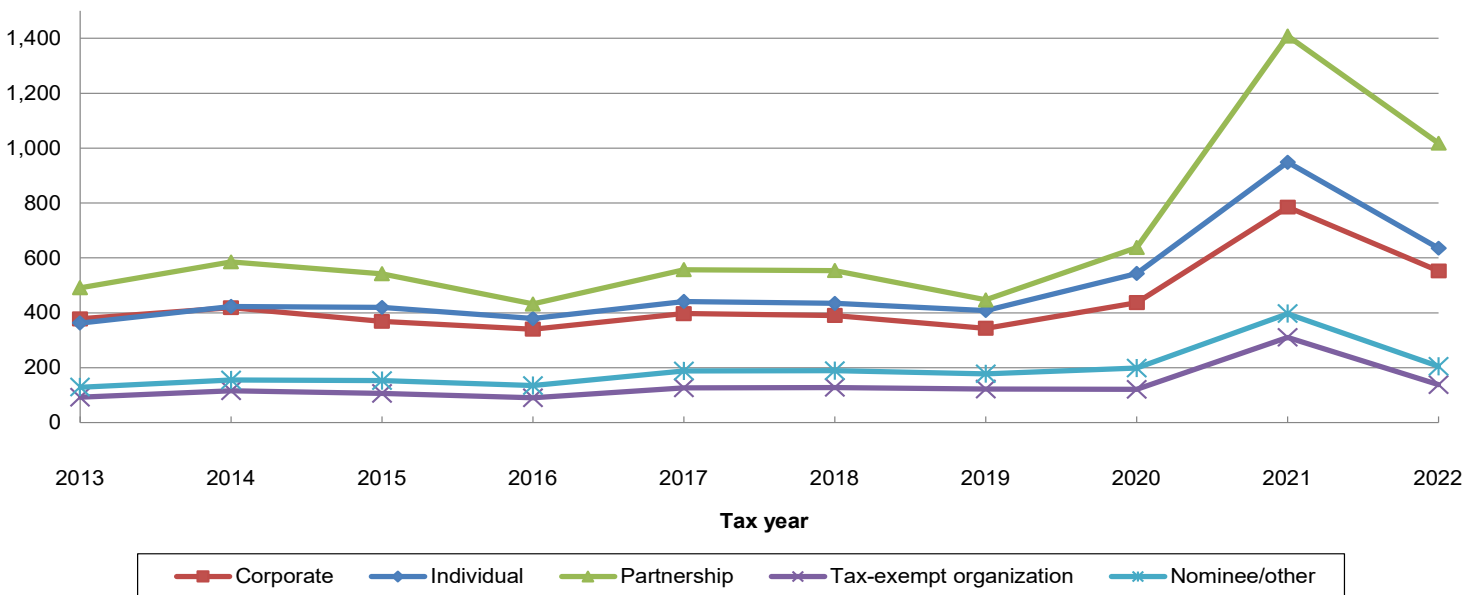
For all industries, net rental real estate income (loss) decreased from -\$42.3 billion to -\$66.9 billion between 2021 and 2022 (Figure K). Tax Year 2022 was the fourth consecutive year partnerships reported a loss for net rental real estate income (loss). The loss was the result of an increase in total expenditures (\$93.4 billion) that surpassed an increase in total rents (\$80.0 billion) (Table 4). Also contributing to the decline was a drop in pass-through rental real estate income (from -\$44.7 billion in 2021 to -\$57.0 billion in 2022). The Real estate and rental and leasing sector reported the largest decrease, from -\$26.0 billion to -\$41.1 billion. Overall, 14 sectors reported decreases for 2022.

## Partnerships Reported Billions of Dollars in Differences Between Financial and Tax Reporting

Net Income (Loss) Reconciliation for Certain Partnerships (Schedule M-3) provides more detail on the differences between financial accounting net income and tax accounting net income. Differences are divided into two categories: temporary and permanent. Temporary (or timing) differences between book income and taxable income are due to items of revenue or expense that are recognized in different periods for tax and book

**Figure J**  
**Partnership Returns: Income (Loss) Allocations, by Type of Partner, Tax Years 2013–2022**

Current dollars (in billions)



SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.



Figure K

**Partnership Returns: Net Rental Real Estate Income (Loss), by Selected Industrial Group, Tax Years 2021 and 2022**

[Money amounts are in thousands of dollars]

Industrial group	2021	2022	Change	
			Amount	Percentage
	(1)	(2)	(3)	(4)
<b>All industries</b>	<b>-42,260,936</b>	<b>-66,872,253</b>	<b>-24,611,317</b>	<b>-58.2</b>
Finance and Insurance	-14,601,158	-19,856,841	-5,255,683	-36.0
Real estate and rental and leasing	-25,964,652	-41,087,034	-15,122,382	-58.2
Real estate	-25,676,015	-41,656,605	-15,980,590	-62.2
Lessors of residential buildings and dwellings and cooperative housing	-57,026,023	-72,360,322	-15,334,299	-26.9
Lessors of nonresidential buildings (except miniwarehouses)	62,684,647	55,387,865	-7,296,782	-11.6
Lessors of miniwarehouses and self-storage units	4,098,678	5,277,971	1,179,293	28.8
Lessors of other real estate property	262,550	1,882,012	1,619,462	616.8
Other real estate activities	-35,695,866	-31,844,132	3,851,734	10.8

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

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

reporting. Permanent differences are differences that partnerships never reverse; they are either nontaxable book revenues or nondeductible book expenses. For 2022, the partnerships that filed a Schedule M-3 reported \$217.3 billion in reconciled income (loss) per income statement, \$1,730.4 billion in temporary differences, \$72.4 billion in permanent differences, and \$2,017.7 billion in reconciled income (loss) per tax return.<sup>7</sup>

### More Than 94% of All Partnerships Filed Their Tax Returns Electronically

In 1986, the IRS first offered partnerships the option of using electronic media to file their U.S. Return of Partnership Income (Form 1065) returns. Beginning in Tax Year 2000, the IRS required partnerships with more than 100 partners to file their returns electronically; however, the IRS could waive the electronic filing rules if a partnership demonstrated that a hardship would result from the requirement. For returns with 100 or fewer partners, electronic filing was optional.

Some 4.3 million partnerships (94.8%) filed electronically for 2022, which was consistent with the numbers from 2021. These partnerships represented 27.9 million partners for 2022, a 5.7% decrease from the 29.6 million partners for 2021. In addition, for 2022, returns filed electronically represented 96.8% of all partners, 96.8% of total assets, and 96.9% of total income (loss) minus deductions.

### Data Sources and Limitations

IRS Statistics of Income (SOI) based the statistics for Tax Year 2022 on a stratified probability sample of 43,766 returns selected from a population of 4,940,705 partnerships. Tax Year 2022 covers returns processed by the IRS during Calendar Year 2023. All partnerships engaged in business in, or having income from sources within, the United States were required to file Form 1065 to report income or loss, deductions, tax credits, and other tax-related items generated by the partnership. The

statistics are only for active partnerships, defined as those reporting any items of income or deduction derived from a trade or business, or from rental or portfolio income.

SOI stratified the population into classes based on industry, type of return, size of total assets, and size of certain receipt or income amounts from both ordinary business income (loss) and portfolio income (loss). From these classes, SOI selected returns with various probabilities of selection (from 0.01% to 100%) and weighted them to represent the total population. SOI ruled that 1,037 sampled returns were either out of scope (due to inactivity or being duplications of other returns in the sample). This resulted in a final sample of 42,729 returns and an estimated overall active population of 4,500,186 partnerships.

Because the data presented in this article are based on a sample of returns, they are subject to sampling error. To use the data properly, researchers must know the magnitude of the potential sampling error. Coefficients of variation (CVs), the ratios of an estimate's standard error to the estimate, are used to measure this magnitude. Figure L presents the coefficients of variation for certain money amounts for selected industrial sectors. The more reliable the estimate, the smaller the coefficient of variation.

### Notes for Data Tables

All money amounts and frequencies in the data tables were subject to rounding errors. As a result, a row or column of frequencies or amounts may fail to add exactly to the corresponding total amount. At the table level, SOI rounded money amounts to the nearest \$1,000. Total amounts between +\$500 and -\$500 were footnoted to indicate that an amount that rounded to zero was present.

Whenever a cell frequency was low, SOI either combined data or deleted the estimate to avoid disclosing information about specific partnerships. These cells are identified with a "[d]." In addition, an estimate based on fewer than 10 returns,

<sup>7</sup> Not all partnerships are required to file Schedule M-3, and not all filers are required to complete the entire M-3. For more information, see 2022 Instructions for Schedule M-3 (Form 1065).

**Figure L**  
**Partnership Returns: Coefficients of Variation for Selected**  
**Items by Industrial Sector, Tax Year 2022**

[Coefficients of variation in percentages]

Industrial sector	Coefficients of variation			
	Number of partnerships	Total assets	Total income	Total deductions
	(1)	(2)	(3)	(4)
<b>All industries</b>	0.63	0.13	0.26	0.28
Agriculture, forestry, fishing, and hunting	9.23	5.66	5.07	5.10
Mining	16.49	2.04	1.83	2.08
Utilities	30.47	3.11	1.42	1.43
Construction	7.02	3.49	1.94	1.96
Manufacturing	12.29	1.11	0.83	0.84
Wholesale trade	12.13	1.66	0.98	0.98
Retail trade	8.69	2.24	1.38	1.37
Transportation and warehousing	12.25	1.72	1.58	1.65
Information	14.61	1.09	1.37	1.42
Finance and insurance	4.30	0.28	1.36	1.49
Real estate and rental and leasing	1.26	0.62	2.33	2.36
Professional, scientific, and technical services	6.51	2.28	1.35	1.43
Management of companies	13.91	1.81	3.52	4.01
Administrative and support and waste management and remediation services	12.18	4.92	3.33	3.33
Educational services	23.98	15.52	10.25	10.46
Health care and social assistance	5.98	2.87	1.77	1.83
Arts, entertainment, and recreation	13.89	3.87	3.76	3.91
Accommodation and food services	6.75	3.36	2.66	2.64
Other services	11.27	7.63	5.80	5.78
Nature of business not allocable*	n/a	n/a	n/a	n/a

Item [1]	Coefficients of variation (continued)
	(5)
Number of partnerships	0.63
Number of partners	2.33
Total assets	0.13
Total income	0.26
Business receipts	0.26
Total deductions	0.28
Cost of goods sold	0.37
Interest paid	1.28
Taxes and licenses	0.81
Depreciation	1.47
Ordinary business income	0.67
Ordinary business loss	1.46
Interest income	1.1
Dividend income	1.2
Royalty income	4.21
Net long-term capital gain (loss)	1.24
Net rental real estate income	2.1
Net rental real estate loss	1.89
Other net rental income	4.76
Other net rental loss	7.55
Investment interest expense	1.28
Total net income (loss)	1.07
Total income (loss) minus total deductions available for allocation	1.71
Total receipts	0.35

\*For 2022, there were no returns classified as Nature of business not allocable.

[1] All items in this figure can be found in Table 1 except for Total receipts (Table 7).

SOURCE: IRS, Statistics of Income Division, Partnerships, April 2024.

not selected at the 100% rate, is indicated by an asterisk (\*) and 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 was determined separately from all other cells. Thus, it was possible for a total figure to be marked with an asterisk (\*), indicating statistical unreliability, while a subset of the total is not so marked. For example, a sector amount could be based on seven returns, three not sampled at the 100% rate. That amount would receive an asterisk. However, an industry amount, within the sector, may include all four returns sampled at the 100% rate and would not receive an asterisk.

The IRS issued requirements for safeguarding Federal Tax Information (FTI) in Tax Information Security Guidelines for Federal, State and Local Agencies (Publication 1075). While FTI is subject to Internal Revenue Code Section 6103(p)(4) safeguarding requirements, the increased availability of data on the internet and in the cloud creates greater challenges for government agencies responsible for protecting the confidentiality of FTI and preventing the commingling of FTI with other information. This article provides data tables that meet the requirements, with the understanding that periodic reviews could lead to further adjustments of content in future editions.

### Explanation of Selected Terms

**Assets and liabilities**—A partnership was not required to provide balance sheet information if it had total receipts of less than \$250, and had total assets of less than \$1,000,000, filed and provided Schedules K-1 timely, and was not required to file Net Income (Loss) Reconciliation for Certain Partnerships (Schedule M-3, Form 1065). SOI did not estimate the assets and liabilities of partnerships that did not provide this information. In addition, for returns with accounting periods ending after December 31, 2005, total assets should have been determined without offset by liabilities and not reported as a negative amount. If, however, the partnership continued to report negative total assets, no effort was made during data collection to change the amount.

**Business receipts**—Business receipts represent the gross receipts or sales less returns and allowances from trade or business income. Business receipts are typically the largest component of gross receipts for industry groups such as Manufacturing. SOI did not adjust business receipts to include rental real estate activity, which was reported separately on the partnership's return.

**Electronically filed (ELF) partnerships**—Certain partnerships with more than 100 partners were required to file their returns electronically. Other partnerships could volunteer to file electronically. Partnerships submitting returns electronically submitted them in lieu of paper returns.

**Foreign partnerships**—A foreign partnership that has gross income effectively connected with the conduct of a trade or business within the United States or has gross income derived from sources in the United States must file a Form 1065, even if its principal place of business was outside the United States or all its partners were foreign persons.

**Historical total net income (loss)**—Through Tax Year 1986, partnerships reported the amounts for total net income (loss)

as ordinary income (loss) on Form 1065. After the tax law changes and tax form revisions in 1987, Statistics of Income studies began computing a similar total figure as the sum of the following:

- ordinary business income (loss)
- interest income
- dividend income
- royalties
- net rental real estate income (loss) from Form 8825
- other net rental income (loss)

The sum of these components is a measure of overall partnership profit or loss, which allows for comparisons with total net income (loss), reported for the years before 1987. The profit status of a partnership is determined based on the sum of these six amounts. Partnerships for which the sum of these six amounts equals zero are included with loss partnerships. For 2004, the definition of total net income (loss) was revised because other portfolio income (loss) was excluded since it was no longer reported separately on Partners' Distributive Share Items (Schedule K), but was included on Schedule K, line 11, "Other income (loss)." Beginning in 2021, the title of this term became "Historical Net Income (loss)" based on its pre-1987 definition.

**Limited liability companies (domestic)**—An LLC is an entity formed under state law by filing articles of organization as an LLC. Limited liability companies that choose to be classified as partnerships file U.S. Partnership Return of Income (Form 1065). SOI identified LLCs by their response to a question on Other Information (Schedule B, Form 1065). Limited liability companies combine the corporate characteristics of limited liability for all members with the pass-through income treatment of a partnership. (The owners of an LLC are called members,

not partners.) These businesses offer more organizational flexibility than do S corporations. (S corporations pass through their income, gains and losses, deductions, and credits to their shareholders for tax purposes, like partnerships.) For example, unlike S corporations, LLCs are not limited in the number and type of owners. Unlike partners in limited partnerships, all members of LLCs have limited liability protection, even if they actively participate in the management of the business. In some cases, LLCs file as sole proprietorships on individual income tax returns or as corporations on corporation income tax returns. LLC data reported on these returns were not included in this article.

Figure M provides more detail about the members of LLCs. Members of an LLC choose a manager, who is like a general partner of a partnership or a director of a corporation. The manager may be one of the members. Figure M data are based on an examination of unedited IRS administrative records.

**Limited liability partnerships (domestic)**—An LLP is formed under a state limited liability partnership law. Limited liability partnerships file U.S. Partnership Return of Income (Form 1065). SOI identified LLPs by response to a question on Other Information (Schedule B, Form 1065). Organizationally, LLPs are available in some states only for professional partnerships, such as law firms or accounting firms. A partner in an LLP receives liability protection from the actions of other partners but is liable for the partnership debts as well as the consequences of his or her own actions.

Figure N provides more detail about the partners of LLPs. Figure N data are based on an examination of unedited IRS administrative records.

**North American Industry Classification System**—Starting with the 1998 partnership study, SOI classified data using NAICS, which replaced the Standard Industry Classification system (SIC). NAICS is a hierarchical system that classifies businesses,

**Figure M**

### Number of Members of Limited Liability Companies (LLCs), by Member and Entity Types, Tax Year 2022

Type and number of members	All entities	Corporations	Individuals	Partnerships	Limited liability companies	Exempt organizations	Nominees	Other entities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total LLC Members [1]:</b>								
Number of members	15,292,600	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent of total	100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>LLC Members-Managers:</b>								
Number of members	4,230,600	159,600	3,600,400	278,300	32,800	6,300	4,100	149,100
Percent of total	100.00	3.77	85.10	6.58	0.78	0.15	0.10	3.52
<b>LLC Members:</b>								
Number of members	10,655,700	370,400	7,395,900	1,165,800	119,500	69,600	29,700	1,504,800
Percent of total	100.00	3.48	69.41	10.94	1.12	0.65	0.28	14.12
<b>Unallocable LLC Members:</b>								
Number of members	406,300	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent of total	100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A—Not available.

[1] Limited liability companies were identified by checkbox "c" on the Form 1065, Schedule B, Line 1.

NOTES: Detail may not add to totals because of rounding; Frequencies are rounded to the nearest hundred. The checkboxes on the Schedule K-1, Item G, were used to distinguish between LLC members-managers and the LLC members. No distinction was made between managers-managed LLCs and members-managed LLCs.

SOURCE: IRS, Unedited administrative records, September 2024.

Figure N

## Number of Partners of Limited Liability Partnerships (LLPs), by Partner and Entity Types, Tax Year 2022

Type and number of partners	All entities	Corporations	Individuals	Partnerships	Limited liability companies	Exempt organizations	Nominees	Other entities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total LLP Partners [1]:</b>								
Number of partners	644,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent of total	100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>LLP General Partners:</b>								
Number of partners	324,100	12,500	293,200	10,700	1,000	400	300	6,000
Percent of total	100.00	3.86	90.47	3.30	0.31	0.12	0.09	1.85
<b>LLP Limited Partners:</b>								
Number of partners	319,300	12,000	253,700	19,300	1,300	1,200	900	30,900
Percent of total	100.00	3.76	79.46	6.04	0.41	0.38	0.28	9.68
<b>Unallocable LLP Partners:</b>								
Number of partners	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percent of total	100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A—Not available.

[1] Limited liability partnerships were identified by checkbox "d" on the Form 1065, Schedule B, Line 1.

NOTES: Detail may not add to totals because of rounding; Frequencies are rounded to the nearest hundred. The checkboxes on the Schedule K-1, Item G, were used to distinguish between LLP general partners and the LLP limited partners.

SOURCE: IRS, Unedited administrative records, September 2024.

including partnerships, into sectors, subsectors, industry groups, and industries. Although the complete NAICS uses 20 sectors, SOI grouped the partnership data into 20 industrial divisions in Tax Year 1998 through Tax Year 2001 *SOI Bulletin* articles for presentation purposes and easier comparison between NAICS and SIC data. SOI dropped the industrial division for the Tax Year 2002 article and grouped the partnership data into the same 20 industrial sectors used in NAICS, except for: excluding "Public administration," and adding "Nature of business not allocable." Businesses are only classified in the Nature of business not allocable sector when a more specific activity cannot be identified from the return. SOI classified data within these industrial sectors in industrial groups. The most detailed classification in this article and related data tables is the "industry." The 20 sectors used in this article are:

- Agriculture, forestry, fishing, and hunting
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Transportation and warehousing
- Information
- Finance and insurance
- Real estate and rental and leasing
- Professional, scientific, and technical services
- Management of companies (holding companies)

- Administrative and support and waste management and remediation services
- Educational services
- Health care and social assistance
- Arts, entertainment, and recreation
- Accommodation and food services
- Other services
- Nature of business not allocable

Detail of the activities included in each classification is available at [North American Industry Classification System \(NAICS\) U.S. Census Bureau](#). NAICS is updated every fifth year. This website also contains descriptions of the relationships between various classification system updates.

SOI determined a partnership industry based on the activity from which the business derived the largest percentage of its total receipts. For industry coding purposes only, SOI defined total receipts as the sum of:

- Gross receipts or sales less returns and allowances (i.e., business receipts in the statistics)
- Ordinary income from other partnerships, estates, and trusts
- Net farm profit
- Net gain from Form 4797 (Sale of Business Property)
- Other income (Form 1065, page 1, line 7)
- Other gross rental income
- Interest income
- Dividend income
- Royalties



- Net short-term capital gain
- Net long-term capital gain
- Net Section 1231 gain
- Other income (Form 1065, page 4, line 11)
- Gross rents from rental real estate
- Net gain from the disposition of property from rental real estate activities
- Net income from rental real estate activities from partnerships, estates, and trusts in which the partnership is a partner or beneficiary

“Total receipts” for partnership industry coding purposes differs from “total receipts” used elsewhere in this article (see “Total receipts” in this section).

**Partner**—Partners can be individuals, corporations, other partnerships, or any other legal entity. One partner may be part of multiple partnerships. Partners are classified as either general or limited. General partners are those who assume liability for the partnership’s debts and losses. Limited partners are those whose liability in the partnership is limited to their investment. A partnership must have at least two partners, at least one of which must be a general partner. A general partnership is composed entirely of general partners. A limited partnership has at least one general partner and one or more limited partners.

**Partnership**—A partnership is the relationship between two or more persons who join to carry on a trade or business. Each partner contributes money, property, labor, or skill with the expectation of sharing in the profits and losses of the business, regardless of whether a formal partnership agreement was made. Every partnership that engages in a trade or business or has income from sources in the United States must file an annual information return with the IRS, U.S. Partnership Return of Income (Form 1065), showing the partnership’s income or loss for the year. A partnership must file this return even if its principal place of business is outside the United States and even if all its members are nonresident aliens.

**Total income (loss) minus total deductions**—Total income minus total deductions represents the entire amount a partnership passes through to its partners. It is shown on the return on Form 1065, Page 5, Line 1.

**Total receipts**—Total receipts are computed for the statistics to reflect similar computations published in other SOI studies.

Total receipts are the sum of positive income received by partnerships for the specific items listed below (*note that negative amounts or losses are included in the statistics as deduction items and guaranteed payments are not included in this amount*):

- Gross receipts or sales less returns and allowances (i.e., business receipts in the statistics)
- Ordinary income from other partnerships, estates and trusts
- Net farm profit
- Net gain from Form 4797
- Other income (Form 1065, page 1, line 7)
- Net rental real estate income
- Other net rental income
- Interest income
- Dividend income
- Royalties
- Net short-term capital gain
- Net long-term capital gain
- Net Section 1231 gain
- Other income (Form 1065, page 4, line 11)

Total receipts in Table 7 differ from total receipts presented in Table 11 in the Selected Historical and Projected Data accessible online at <https://www.irs.gov/statistics/soi-tax-stats-historical-table-11>. Table 11 excludes certain income items allocated directly to partners (such as net short-term and long-term capital gains, net gain under Internal Revenue Code Section 1231, and other income (Schedule K, line 11)).

### Additional Tabular Data on Tax Stats Website

For additional partnership tabular data, see the Partnership section on the IRS’s Tax Stats website at [www.irs.gov/statistics/soi-tax-stats-partnership-statistics](http://www.irs.gov/statistics/soi-tax-stats-partnership-statistics). This site contains tabular data including partnership returns by size of total assets, returns with foreign transactions, and data for prior years.

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