COMMONLY ASKED QBR USER QUESTIONS

Why are statewide taxable retail sales considerably less than gross retail sales?

Taxable retail sales reflect only those sales subject to retail sales tax. A substantial portion of retail sales are not subject to retail sales tax and such exempt sales are not reflected in these data. Thus, the level of retailing activity shown is understated due to exempt sales. Examples of exempt sales include food for off-premises consumption, sales on which the value of like kind good trade-ins have been deducted from the selling price (e.g., autos, appliances, etc.), motor vehicle fuel, prescription drugs and medical appliances and lenses, interstate sales and sales to nonresidents, sales to the federal government and sales to Native Americans for use on the reservation. Statewide, exempt sales may understate the true level of retail sales by as much as 25-30 percent; however, this percentage can vary substantially in specific locations throughout the state and for particular industries.

What does the letter "D" indicate?

The letter "D" indicates that data have been withheld to avoid disclosure of information for individual firms, as required by the excise tax secrecy statute. Data on fewer than three firms in a particular Standard Industrial Classification (SIC) category are included in the miscellaneous or "other" categories. Taxable retail sales on a quarterly basis for some SIC groups within certain cities and counties are frequently indicated by such "Ds". Annual data for such locations may have sufficient firms reporting in those specific SIC groups to disclose taxable retail sales; however, this can reduce the taxable sales amounts on an annual basis for the miscellaneous and "other" categories. Therefore, adding all four quarters together for a specific SIC in a city or county and comparing the total with published annual data may result in discrepancies.

Why are annual taxable retail sales for cities and counties not always the same as the sum of the individual quarters?

Total taxable retail sales for individual cities and counties on a quarterly basis will be comparable to total taxable retail sales for individual cities and counties in the annual report. However, discrepancies may occur in individual SIC groups where a disclosure problem (see question regarding "D" above) in one quarter has forced taxable retail sales data into the "other" category. This disclosure data may then reappear in its proper SIC group in the annual QBR. This results from the fact that the disclosure problem that occurred during an individual quarter was avoided when the annual data for all four quarters was accumulated. Therefore, adding together data by specific SIC for individual quarters may result in a different number than the number shown in the annual report.

Why are unit counts in some cities and counties so much higher in the annual QBR compared to individual quarters?

This problem is more prevalent in smaller cities and counties but does exist in all statewide and county and city tables where unit counts are shown. The main reason for this is that many smaller taxpayer accounts report only annually and therefore only appear in the fourth quarter and annual QBR reports. However, most unit count differences occur because of businesses that report seasonally (e.g., several months or one or two quarters) and new businesses that started during the year or businesses that ceased activity during the year. All such businesses would appear in the annual QBR report but may only appear in one or two QBRs during the year. Thus, individual quarters do not accurately indicate the total number of businesses that may have reported to the Department during the entire year.

How do Tables 1 and 5 differ?

Table 1 shows total (gross) income reported to the Department reflecting all business activity for all tax lines of the excise tax return, business taxes, utility taxes and other taxes. Table 5, on the other hand, shows only that income (gross, taxable and tax due) for the business and occupation tax lines. The business and occupation tax lines are shown on the first page of Table 2 (tax line numbers 1-20) and are the primary business taxes paid by businesses throughout the state according to the differential rates shown on page one of Table 2.

SIC Code Changes in 1989

In 1989 the Department of Revenue incorporated the new (1987) SIC codes into its data to reflect changes adopted by the federal government. These new codes redefined some business activities and regrouped some types of business activity into new SIC groups. All of these changes may have altered income data or taxpayer counts when compared to data published prior to 1989. Therefore, QBR data for the years 1989 and on may not be comparable to earlier years. (For further discussion of these changes, please see our 1989 publication, "Standard Industrial Classification Code Bridge Tables.")

Timing of Reports - Lag in Data

There may typically be a lag of six months or longer in the publication of QBR data from the close of the quarterly period to the actual distribution of the QBR. This lag occurs for a number of reasons: first of all, two additional months of tax returns are keyed for the three-month period under review in order to include auditor adjustments and most late returns. Thus, for example, first quarter QBR data will include data keypunched for the months of January-May. Because returns are not actually due until the 20th of the month, this means that detail information to run first quarter data is not completed until early July. Once the detail information is available, the statewide data are analyzed for irregularities or inconsistencies and compared with the same quarter for the previous year. One type of data problem frequently found is taxpayers reporting their income on the wrong tax line. Any necessary corrections are made to the statewide data at this time and then the statewide QBR tables are created using the corrected data. Depending on the magnitude of these corrections, they typically delay the report two to six weeks. An additional three to four weeks are necessary for printing and distribution of the report.