

The Cost Components of Merchants in the Services Sector

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February 4, 2025

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Summary of the Report

Over the past two decades, there has been a major shift from the use of cash and checks to credit cards. Consumers across demographic and economic groups use credit cards for small and large purchases online as well as in-person transactions. Increased credit card usage benefits merchants, both small and large, in many ways, including higher sales, faster processing, and lower risk; all of which contribute to lower operational costs.

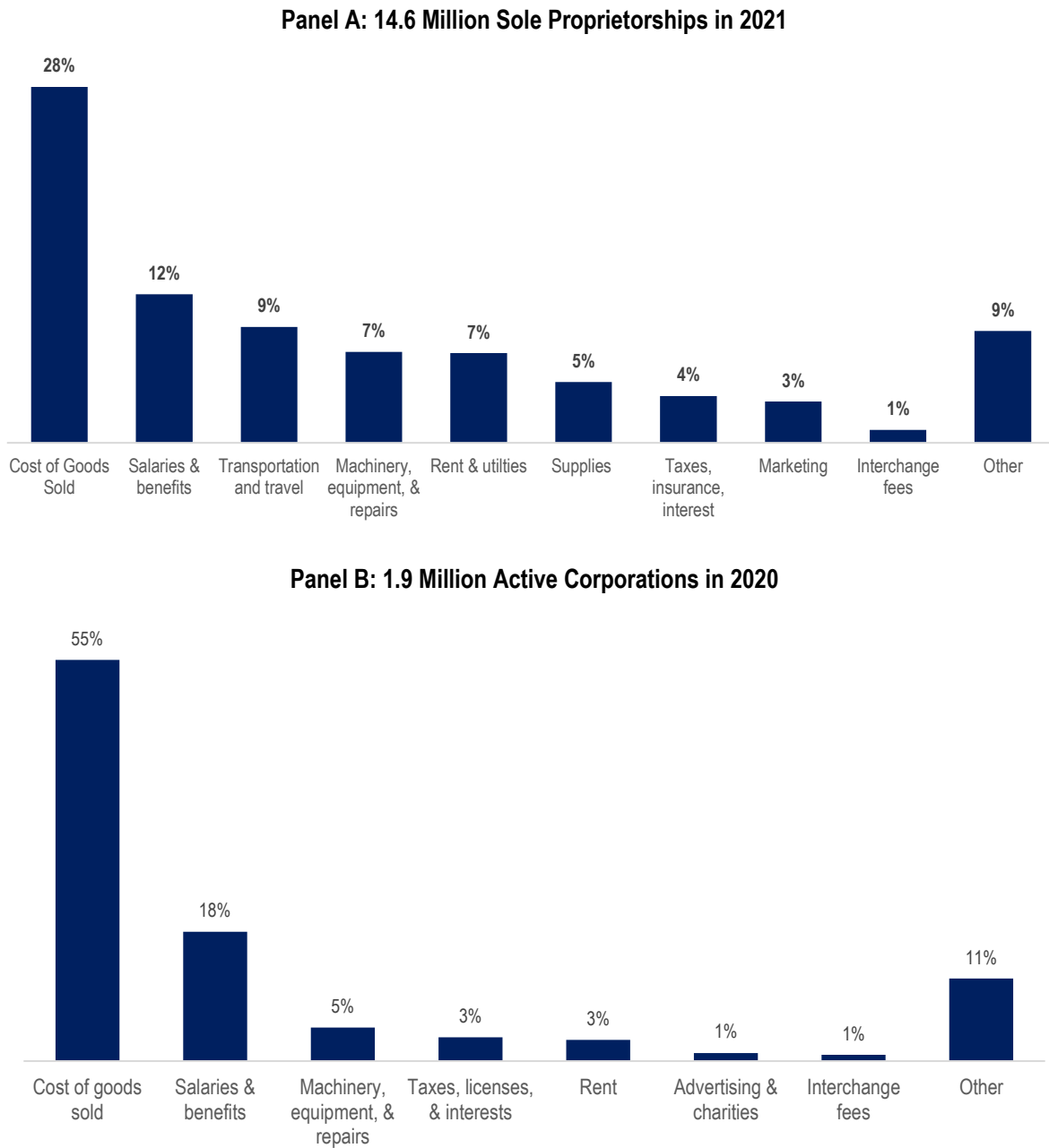
Credit card companies invest in top-tier technology to transfer funds efficiently and securely and to minimize fraud, identity theft, and error. While requiring a small fee to provide transaction services, credit card companies also compete among each other by offering reward and loyalty programs such as cash back and points. Some merchants, however, criticize the level of the interchange fees and have claimed that these fees are among their highest business expenses.

We use the latest official statistics of tax returns of sole proprietors and active corporations to compare credit card interchange fees, which ranged from 1.15% plus \$0.02 to 3.15% plus \$0.10 in 2024, and major cost components of merchants in the services sector. On average, 14.6 million sole proprietors spent 28% of sales on cost of goods sold in 2021, followed by salaries and wages (12%), transportation and travel (9%), machinery, equipment, and repairs (7%), rent and utilities (7%), office supplies (5%), taxes, insurance, and interest (4%), marketing (3%), interchange fees (1%), and 9% was spent on all other business expenses. Similarly, the greatest expense for 1.9 million corporations, on average, was cost of goods sold (55% of sales in 2020), followed by salaries and wages (18%), machinery, equipment, and repairs (5%), taxes, licenses, and interests (3%), rent (3%), advertising and charities (1%), interchange fees (1%), and 11% was spent on all other business expenses. (Figure 1)

The latest government statistics demonstrate that the claims by critics are unfounded. Unlike other cost components such as cost of goods sold, salaries and benefits, and machinery and equipment, interchange fees paid by merchants are not a major cost component. Official and financial accounting statistics therefore do not have a separate item to record interchange fees paid by merchants but rather include it in the catch-all line item of other business expenses. The latest government statistics show that interchange fees are a smaller cost of doing business compared to other expense categories. Although not separated out in the official statistics, interchange fees are certainly not among the top five cost components of merchants in the services sector.

¹ Nam D. Pham is Managing Partner at ndp | analytics. Stephanie Barello, Ilma Fadhil, and Jiemin Sheng provided research assistance. The Electronic Transactions Association provided financial support to conduct this study. The opinions and views expressed in this report are solely those of the author.

Figure 1.
Merchant Cost Components as % of Sales in the Services Sector²



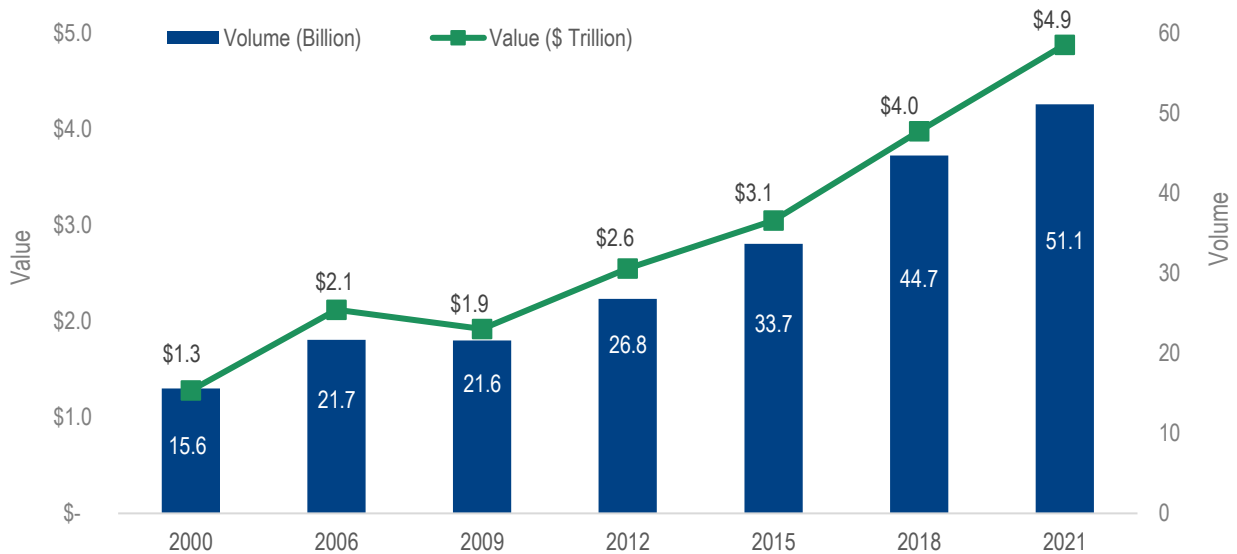
² [Nonfarm Sole Proprietorship Statistics, IRS and Corporation Income Tax Returns, IRS](#)

I. The Rise of Credit Card Payments in the United States

Consumers across demographic and economic groups have shifted from using cash and checks to credit cards. In the United States, 83% of adults currently have a credit card.³ American consumers value the use of credit cards and expect merchants to accept this payment method for small and large purchases online as well as in-person transactions.

Over the past two decades, the number of credit card transactions increased by more than 227% from 15.6 billion in 2000 to 51.1 billion in 2021. The value of these transactions increased 277% from \$1.3 trillion in 2000 to \$4.9 trillion in 2021. During this time, the dollar value per transaction remained relatively unchanged at \$82.05 in 2000 and \$95.05 in 2021. (Figure 2)

Figure 2.
Credit Card Payment Trends, 2000-21⁴

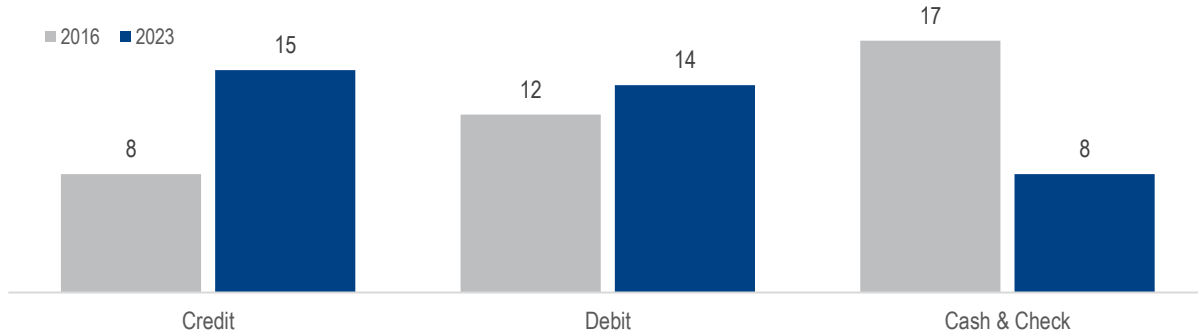


As the popularity of online shopping and electronic payments has increased, so has consumers' credit card usage. From 2016 to 2023, the average number of monthly credit card payments for consumers nearly doubled, from 8 times per month in 2016 to 15 times per month in 2023. During the same period, the average number of payments by cash and check dropped by more than half, from 17 to 8 times per month; debit card usage increased modestly, from 12 to 14 times per month. (Figure 3)

³ Economic Well-Being of U.S. Households in 2020- May 2021, Federal Reserve System.

⁴ The Federal Reserve Payments Study: 2022 Triennial Initial Data Release, Federal Reserve System.

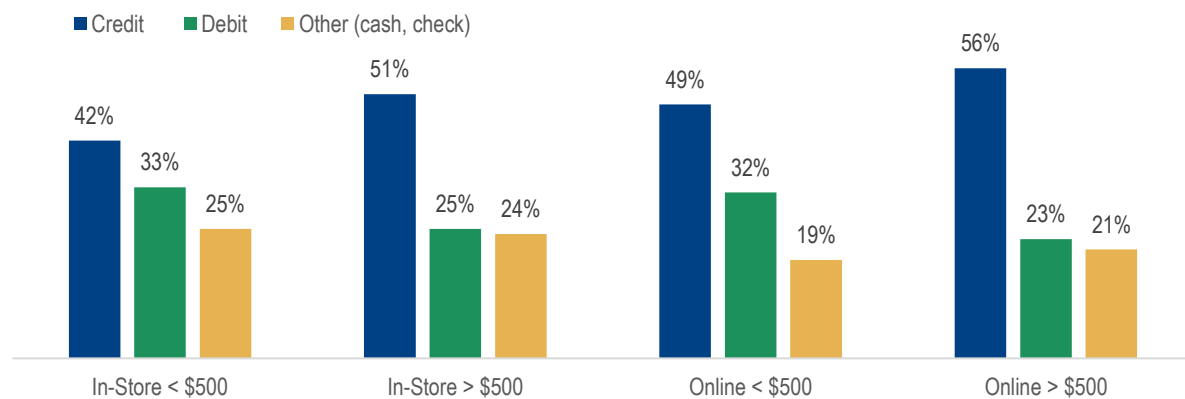
Figure 3.
Average Number of Monthly Payments by Payment Method, 2016 and 2023⁵



For consumers, credit cards companies offer the ability to optimize decisions by providing secure and immediate access to their full line of credit. The ability to purchase goods and services via credit card allows for consumption smoothing. In some cases, credit cards provide the ability to make a large purchase immediately and pay it off over time, rather than delaying the purchase. Furthermore, credit card services such as rewards and loyalty programs offer deals that consumers value.

Indeed, U.S. adults prefer to use credit card and debit cards over cash and check payment methods for both larger and smaller purchases, in-store and online. In 2021, the Harris Poll conducted a survey of over 3,000 consumers on payment methods. The research found that 56% of consumers preferred to use credit cards for online purchases above \$500, compared to only 21% who preferred cash and check. For in-store purchases below \$500, 42% of consumers preferred credit cards compared to 25% who preferred cash and check. (Figure 4)

Figure 4.
Consumers Preferred Payment Methods, 2021⁶



⁵ Diary of Consumer Payment Choice 2024, the Federal Reserve System.

⁶ Cards, Credit, and Consumer Control, April 2022, Fiserv.

II. Credit Card Services and Interchange Fees

The credit card industry has been evolving in response to the higher demand for safer and faster transactions. Companies invest in top-tier technology to transfer funds efficiently and securely and to minimize fraud, identity theft, and error. Meanwhile, market factors such as competition, market saturation, and changing consumer attitudes have prompted issuers to be innovative with their service offerings and to develop the appropriate customer selection and management methods.⁷ Most open credit card accounts offer reward and loyalty programs such as cash back, points, or airline miles.

Increased adoption of credit card payments benefits merchants in many ways. Electronic payments enhance transaction and data security, reduce the risk of fraud and nonpayment, and lower costs associated with handling cash and checks in the system. Credit card transactions are processed twice as fast as cash-based transactions and several times faster than checks, allowing for a faster check-out process for both merchants and consumers. Furthermore, the use of credit cards is often associated with higher transaction amounts than cash-based purchases.⁸

When a customer uses a credit card to make a purchase, the credit card issuer's bank sends the funds via a secured electronic transaction to the merchant's bank. The merchant's bank pays an interchange fee to the issuer's bank to process the transfer. Card networks set interchange fees which are typically a percentage of the transaction amount plus a flat fee. Credit card issuers can also set minimum and maximum fees.

In 2024, credit card interchange fees ranged between 1.15% plus \$0.02 and 3.15% plus \$0.10. The fees depend on many factors such as the type of card (award programs), the transaction type (card-presented or card-not-presented), the goods or services purchased (groceries, airlines, or gas), location (U.S. or international), and the size of transaction. Interchange fees are normally set higher to compensate potential fraud of card-not-presented transactions and international purchases. (Table 1)

Table 1.
Credit Card Interchange Fees, 2024⁹

	Minimum	Maximum
Mastercard	1.15% + \$0.02	3.15% + \$0.10
Visa	1.23% + \$0.02	3.15% + \$0.10
American Express	1.10% + \$0.10	3.15% + \$0.10
Discover	1.56% + \$0.10	2.30% + \$0.10

⁷ FDIC. (2007). Risk Management Examination Manual Credit Card Activities. FDIC - Division of Supervision and Consumer Protection.

⁸ American Bankers Association. 2021. The Benefits of Credit Card Rewards. ABA.

⁹ Mastercard 2023-24 U.S. Region Interchange Programs and Rates; Visa USA Interchange Reimbursement Fees 2024; [Helcim](#).

III. Cost Components of Merchants in the Services Sector

To assess the impact of interchange fees on merchants, we use data in the latest tax returns published by the Internal Revenue Service (IRS). Our analyses rely on sales and expenditure data for 14.6 million sole proprietorships in 2021 and 1.9 million active corporations in 2020 in the services sector. The sole proprietorship data is aggregated into 56 industries and 25 expenditure categories; the active corporation data includes 42 industries and 17 expenditure categories. (See Appendix 1 for data definitions)

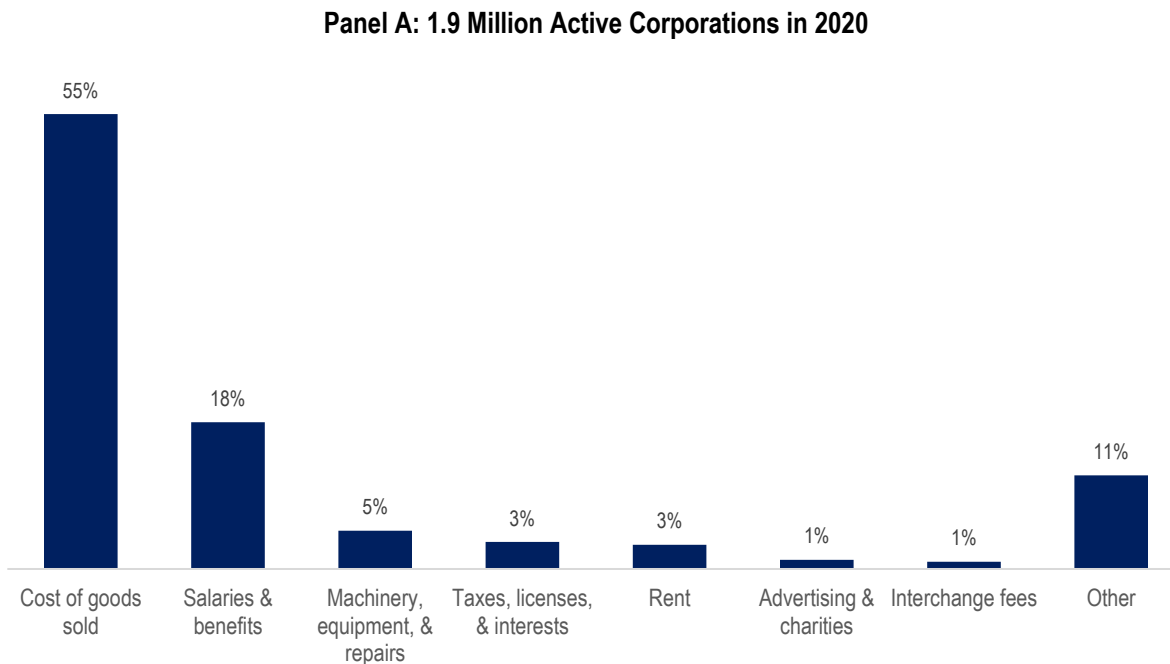
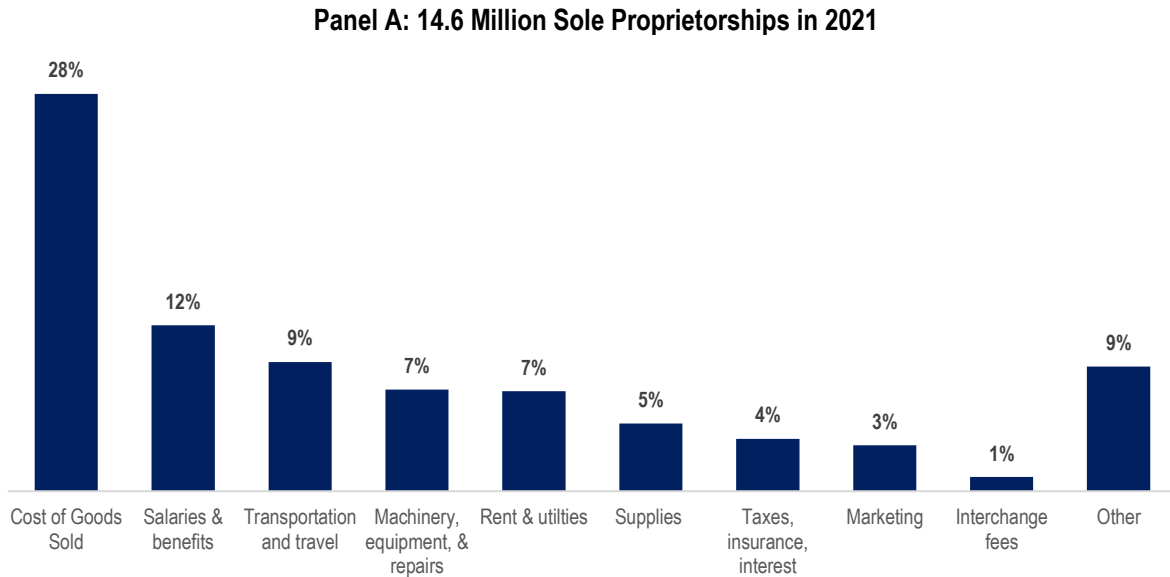
In our analysis, we consolidated the detailed expenditures of sole proprietorships into nine major cost components to gauge the burden of interchange fees which currently range between 1.10% plus \$0.02 and 3.15% plus \$0.10. Tax returns do not have a separate item for interchange fee paid but include interchange fee paid in the Other item. Using the Federal Reserve System and the IRS data, we estimated that proprietorships and corporations paid less than 1% of their total revenues on interchange fees.¹⁰ (See Appendix 1 for data definitions).

On average, these businesses spent 28% of sales on the cost of goods sold (COGS). The remainder of their operational cost components as percentage of sales are as follows: 12% on salaries and wages, 9% on transportation and travel, 7% on machinery, equipment, and repairs, 7% on rent and utilities, 5% on office supplies, 4% on taxes, insurance, and interests, 3% on marketing, 1% on interchange fees, and 9% on all other business expenses. (Figure 5; Panel A)

Since the active corporation data is less detailed, we aggregated those expenditures into seven major cost components. On average, corporations spent 55% of sales on cost of goods sold (COGS). Other operational cost components as percentage of sales are as follows: 18% on salaries and wages, 5% on machinery, equipment, and repairs, 3% on taxes, licenses, and interests, 3% on rent, 1% on advertising and charities, 1% on interchange fees, and 11% on all other business expenses. (Figure 5; Panel B)

The Fed estimated that credit cards accounted for 40% of consumers' monthly payments. The interchange fee rates range between 1.15% and 3.15% of consumer purchases, averaging 2.15%. Assuming credit card usages and interchange fee schedules are similar across industries, we estimate interchange fee paid accounted for 0.86% of merchants' total revenues. Diary of Consumer Payment Choice 2024, the Federal Reserve System and IRS and Corporation Income Tax Returns, IRS.

Figure 5.
Merchant Cost Components as % of Sales in Services Sector¹¹



¹¹ [Nonfarm Sole Proprietorship Statistics, IRS and Corporation Income Tax Returns, IRS](#)

The size of cost components varies by industry and business structure (sole proprietaries versus corporations). The top five cost components of major industry groups within the services sector are summarized below. (Table 3 summarizes cost components of major industries; Table A.2. in Appendix 2 provides data for all industries)

1. Retail trade

- a. Sole proprietorships: Cost of goods sold (61.2%), salaries and benefits (6.0%), rent and utilities (4.8%), office and business supplies (3.5%), and transportation and travel (3.1%).
- b. Corporations: Cost of goods sold (71.0%), salaries and benefits (11.0%), machinery, equipment, and repairs (2.3%), taxes, licenses, and interest (2.1%), and rent (1.8%).

2. Accommodation, food services, and drinking establishments

- a. Sole proprietorships: Cost of goods sold (37.3%), salaries and benefits (17.7%), rent and utilities (11.5%), machinery, equipment, and repairs (7.1%), and taxes, insurance, and interest (6.1%).
- b. Corporations: Cost of goods sold (35.9%), salaries and benefits (25.9%), rent (7.0%), taxes, licenses, and interest (6.8%), and machinery, equipment, and repairs (6.4%),

3. Art, entertainment, and recreation

- a. Sole proprietorships: Cost of goods sold (11.5%), salaries and benefits (11.0%), rent and utilities (8.9%), transportation and travel (7.4%), and machinery, equipment, and repairs (7.2%).
- b. Corporations: Salaries and benefits (34.4%), cost of goods sold (15.2%), machinery, equipment, and repairs (8.2%), taxes, licenses, and interest (7.1%), and rent (6.5%).

4. Rental and leasing

- a. Sole proprietorships: Machinery, equipment, and repairs (38.4%), cost of goods sold (32.6%), wages and benefits (10%), transportation and travel (5.3%), and tax, insurance, and interest (5.0%).
- b. Corporations: Machinery, equipment, and repairs (35.7%), cost of goods sold (17.8%), salaries and benefits (14.1%), tax, licenses, and interest (7.3%), and rent (4.5%).

5. Transportation and warehousing

- a. Sole proprietorships: Transportation and travel (24.8%), machinery, equipment, and repairs (14.4%), salaries and benefits (11.7%), cost of goods sold (9.1%), and tax, insurance, and interest (5.0%).

- b. Corporations: Cost of goods sold (30.1%), salaries and benefits (24.4%), machinery, equipment, and repairs (10.5%), tax, licenses, and interest (4.5%), and rent (4.5%).
- 6. Healthcare services**
- a. Sole proprietorships: Salaries and benefits (19.6%), rent and utilities (8.2%), office and business supplies (6.1%), cost of goods sold (4.5%), and transportation and travel (4.5%).
 - b. Corporations: Salaries and benefits (34.5%), cost of goods sold (25.6%), taxes, licenses, and interests (4.1%), rent (3.1%), and machinery, equipment, and repairs (2.7%).
- 7. Other services**
- a. Sole proprietorships: Cost of goods sold (20.4%), rent and utilities (11.5%), salaries and benefits (10.1%), office and business supplies (8.5%), and transportation and travel (7.4%).
 - b. Corporations: Cost of goods sold (37.6%), salaries and benefits (23.7%), rent (6.2%), machinery, equipment, and repairs (5.0%), and taxes, licenses, and interests (4.5%).

Table 2.
 Merchant Cost Components as % of Sales for Selected Services Industries¹²

Panel A: 14.6 Million Sole Proprietorships in 2021

	Cost of goods sold	Salaries & benefits	Rent & utilities	Machinery, equipment & repairs	Office & business supplies	Transportation & Travel	Marketing	Taxes, insurance, & interest	Interchange fees	Other
Retail trade	61.2%	6.0%	4.8%	2.8%	3.5%	3.1%	2.9%	2.3%	0.9%	6.0%
Misc. stores	50.8%	6.3%	7.0%	3.2%	4.2%	4.6%	3.1%	2.6%	0.9%	7.5%
Food & beverage stores	68.8%	8.8%	4.9%	2.5%	2.0%	1.3%	0.9%	2.9%	0.9%	4.1%
Non-store retailers	38.1%	4.9%	5.7%	4.1%	6.6%	9.3%	5.5%	2.2%	0.9%	7.6%
Elec. shopping & mail-order	51.1%	3.2%	3.6%	1.3%	7.1%	3.0%	9.2%	1.2%	0.9%	3.7%
Gasoline stations	82.7%	5.2%	2.5%	2.5%	0.4%	0.2%	0.2%	2.2%	0.9%	2.9%
Clothing stores	51.4%	6.7%	8.5%	2.2%	5.7%	2.8%	3.4%	2.4%	0.9%	8.4%
Sporting goods, books, & music	59.9%	5.7%	5.4%	3.4%	3.7%	2.2%	2.9%	3.0%	0.9%	6.3%
Accom., food & drinking places	37.3%	17.7%	11.5%	7.1%	4.5%	2.5%	2.2%	6.1%	0.9%	7.9%
Accommodation	11.8%	14.6%	23.0%	18.9%	4.0%	2.8%	3.2%	10.3%	0.9%	15.4%
Restaurants, bars	40.1%	18.0%	10.2%	5.8%	4.5%	2.5%	2.0%	5.6%	0.9%	7.1%
Art, entertainment, & recreation	11.5%	11.0%	8.9%	7.2%	6.4%	7.4%	5.2%	2.4%	0.9%	16.6%
Performing arts & spectator sports	7.8%	10.5%	8.1%	5.8%	6.9%	8.7%	5.8%	1.7%	0.9%	15.3%
Rental & leasing	32.6%	10.0%	3.8%	38.4%	3.1%	5.3%	2.5%	5.0%	0.9%	7.3%
Machinery rental & leasing	34.9%	10.0%	2.2%	45.8%	1.3%	2.9%	1.7%	6.0%	0.9%	7.1%
Auto equipment rental & leasing	22.0%	6.3%	4.1%	39.5%	2.4%	7.6%	4.0%	5.0%	0.9%	7.5%
All other consumer goods rental	33.0%	11.9%	6.8%	23.0%	7.9%	8.5%	2.8%	3.3%	0.9%	7.9%
Transportation & warehousing	9.1%	11.7%	3.1%	14.4%	2.3%	24.8%	4.7%	5.0%	0.9%	11.1%
Truck transportation	8.9%	14.6%	2.3%	16.6%	1.9%	22.0%	4.3%	5.7%	0.9%	9.3%
Taxi & ridesharing	1.4%	1.6%	4.2%	8.7%	2.7%	33.1%	8.5%	3.0%	0.9%	22.7%
Couriers & messengers	5.8%	7.1%	5.2%	6.3%	3.0%	42.5%	2.5%	2.5%	0.9%	4.2%
Healthcare services	4.5%	19.6%	8.2%	3.8%	6.1%	4.5%	2.4%	3.7%	0.9%	10.6%
Total ambulatory health care svcs	5.1%	19.6%	7.3%	3.7%	6.0%	4.1%	1.9%	3.8%	0.9%	10.6%
Hospitals	1.2%	43.4%	7.8%	3.1%	4.0%	1.5%	1.2%	6.1%	0.9%	16.5%
Other services	20.4%	10.1%	11.5%	6.3%	8.5%	7.4%	2.6%	3.2%	0.9%	7.0%
Auto repair & maintenance	32.3%	11.6%	9.2%	7.1%	7.8%	6.0%	1.8%	4.4%	0.9%	7.4%
Personal & laundry	12.6%	10.0%	13.8%	6.1%	9.3%	7.2%	3.0%	2.6%	0.9%	7.0%

¹² [Nonfarm Sole Proprietorship Statistics, IRS and Corporation Income Tax Returns, IRS](#)

Panel A: 1.9 Million Active Corporations in 2020

	Cost of goods sold	Salaries & benefits	Machinery, equipment, & repairs	Taxes, licenses, & interests	Rent	Advertising & charities	Interchange fees	Other
Retail trade	71.0%	11.0%	2.3%	2.1%	1.8%	1.3%	0.9%	5.5%
General merchandise	74.0%	12.1%	2.4%	2.0%	1.0%	0.9%	0.9%	2.8%
Food & beverage	73.8%	11.2%	2.7%	1.6%	1.8%	0.6%	0.9%	4.6%
Non-store retailers	50.7%	16.7%	3.4%	2.5%	1.1%	3.9%	0.9%	15.0%
Health & personal care	75.5%	8.6%	1.6%	2.6%	2.1%	0.7%	0.9%	4.6%
Gasoline stations	79.5%	5.9%	3.4%	1.6%	1.7%	0.2%	0.9%	3.7%
Home centers, paint, & wallpaper	63.5%	11.1%	2.3%	2.9%	1.0%	1.1%	0.9%	5.1%
Clothing	54.0%	16.9%	3.0%	3.4%	7.3%	2.9%	0.9%	11.9%
Transportation & warehousing	30.1%	24.4%	10.5%	4.5%	4.5%	0.4%	0.9%	23.2%
Air transportation	31.5%	37.5%	19.8%	4.6%	10.0%	0.5%	0.9%	12.6%
Truck transportation	36.5%	19.2%	9.1%	4.0%	4.4%	0.2%	0.9%	21.1%
Other transportation	26.5%	24.7%	6.8%	3.0%	2.7%	0.5%	0.9%	30.6%
Warehousing & storage	36.1%	23.0%	6.1%	4.1%	8.8%	0.3%	0.9%	17.4%
Rental & leasing	17.8%	14.1%	35.7%	7.3%	4.5%	0.5%	0.9%	10.1%
Auto equipment rental and leasing	12.8%	12.6%	37.9%	6.4%	4.2%	0.6%	0.9%	9.7%
Machinery & equipment rental	22.9%	14.5%	35.0%	8.9%	4.6%	0.3%	0.9%	10.3%
Health care & social assistance	25.6%	34.5%	2.7%	4.1%	3.1%	0.6%	0.9%	21.1%
Offices of physicians	9.7%	46.9%	1.6%	3.1%	3.4%	0.3%	0.9%	27.4%
Hospitals, nursing, & residential care facilities	4.2%	43.0%	4.9%	8.0%	4.1%	0.3%	0.9%	28.4%
Arts, entertainment, & recreation	15.2%	34.4%	8.2%	7.1%	6.5%	1.9%	0.9%	22.7%
Other arts, entertainment, & recreation	12.1%	43.7%	4.9%	3.6%	3.4%	1.7%	0.9%	26.1%
Amusement & recreation	18.4%	24.9%	11.7%	10.8%	9.6%	2.1%	0.9%	19.2%
Accommodation, food serv, & drinking places	35.9%	25.9%	6.4%	6.8%	7.0%	1.9%	0.9%	17.2%
Food & drinking services	40.9%	24.1%	5.3%	5.3%	6.7%	1.8%	0.9%	14.8%
Accommodation	9.7%	35.1%	12.4%	14.6%	8.8%	2.1%	0.9%	29.9%
Other services	37.6%	23.7%	5.0%	4.5%	6.2%	1.1%	0.9%	18.2%
Auto repair and maintenance	48.1%	21.5%	4.2%	4.3%	5.7%	0.9%	0.9%	12.0%
Personal & laundry services	23.9%	29.2%	5.8%	5.7%	9.3%	1.7%	0.9%	21.4%

IV. Final Remarks

There is no question that the ability to accept and process credit cards provides value to merchants. Nor is there any question that consumers also receive value from the use of credit cards. Still, some merchants criticize the level of the interchange fees and some have made claims that interchange fees are related to other costs of doing business.

Based on the latest government statistics, those claims are unfounded. Unlike other cost components such as cost of goods sold, salaries and benefits, and machinery and equipment, the amount of interchange fee paid by merchants is not a major cost component. Official and financial accounting statistics therefore do not have a separate item to record interchange fees paid by merchants; rather it is included in the catch-all line item of other business expenses. The latest government statistics demonstrate that interchange fees are a smaller cost of doing business compared to other expense categories. Although not individually reported in official statistics, interchange fees are certainly not among the highest cost components for merchants.

Appendix 1 Data Definitions

Major cost components of sole proprietors:

1. Cost of goods sold: cost of labor, purchases, materials, supplies, other costs, and change in inventory.
2. Salaries and benefits: salaries and wages, contract labor, legal and professional services, employee benefits programs, pension and profit-sharing plans.
3. Transportation and travel: car and truck expenses and travel.
4. Machinery, equipment, and repairs: depreciation, rental paid on machinery and equipment, and repairs.
5. Rent and utilities: rent paid on business property, mortgage interest, home office business deductions, and utilities.
6. Supplies: supplies and office expenses.
7. Taxes, insurance, and interests: tax paid, insurance, and other interest paid on business indebtedness.
8. Marketing: advertising expenses, commissions, and meals deducted.
9. Interchange fees: fee paid by merchants to credit card companies.
10. Other: all other business expenses, not elsewhere included, excluding interchange fees.

Major cost components of active corporations:

1. Cost of goods sold: cost of labor, purchases, materials, supplies, other costs, and change in inventory.
2. Salaries and benefits: salaries and wages, compensation of officers, employee benefits programs, pension and profit-sharing plans.
3. Machinery, equipment, and repairs: depreciation, amortization, and repairs and maintenance.
4. Taxes, licenses, and interests: taxes and license, and interest paid.
5. Rent: rent paid on business property.
6. Advertising and charities: advertising expenses and charitable contributions.
7. Interchange fees: fees paid by merchants to credit card companies.
8. Other: all other business expenses, not elsewhere included, excluding interchange fees.

Appendix 2

Detailed Data Tables

Table A.1.
 Number of Tax Returns and Sales of Sole Proprietorships by Industry, 2021¹³

	Number of Returns	Sales (\$000s)
Retail trade (13 industries)	2,687,846	220,111,358
Motor vehicle & parts dealers	134,142	46,636,373
Furniture & home furnishing stores	29,777	4,726,089
Electronic stores & household appliance stores	13,712	3,535,197
Building material, equipment, & supplies dealers	44,349	9,356,732
Food & beverage stores	103,209	26,461,721
Health & personal care stores	180,311	8,730,989
Gasoline stations	7,779	14,582,259
Clothing & accessories stores	189,049	13,815,167
Sporting goods, hobby, book, & music stores	121,490	9,939,058
General merchandise stores	34,592	4,447,468
Misc. store retailers	638,299	36,316,277
Elec. shopping & mail-order houses	333,119	17,594,505
Non-store retailers	858,021	23,969,521
Transportation & warehousing (10 industries)	3,671,901	174,314,107
Air & rail transportation	20,870	2,180,762
Water transportation	5,584	1,348,015
Truck transportation	813,975	111,227,810
Taxi & ridesharing	1,121,324	28,259,130
Other transit & ground transportation	131,754	5,179,638
Pipeline transportation	1,281	126,893
Scenic transportation	12,237	717,101
Support activities for transportation	88,721	7,282,195
Couriers & messengers	1,458,044	17,106,869
Warehousing & storage facilities	18,110	885,695
Rental leasing & services (6 industries)	82,265	7,448,971
Auto equipment rental & leasing	31,106	1,457,568
Consumer electronics & appliances rental	2,959	109,856
Recreational goods rental	5,381	293,895
All other consumer goods rental	16,504	1,121,841
General consumer goods rental	7,809	545,801
Machinery rental & leasing	18,507	3,920,010

¹³ [SOI Tax Stats - Nonfarm Sole Proprietorship Statistics, The Internal Revenue Service](#)

<i>Table A.1. Continued</i>	Number of Returns	Sales (\$000s)
Health care & social assistance (14 industries)	2,190,047	126,835,671
Total ambulatory health care services ¹	1,314,471	98,091,467
Offices of physicians	188,225	28,221,194
Offices of mental health specialists	48,887	5,928,885
Offices of dentists	60,440	19,726,322
Offices of chiropractors	27,146	3,269,006
Offices of optometrists	10,312	3,510,600
Offices of social therapists	262,776	13,677,379
Offices of podiatrists	4,553	1,173,242
Outpatient care centers & others	227,333	9,269,981
Medical & diagnostic labs	26,323	1,471,383
Home health care services	403,454	10,189,434
Other ambulatory health care services	55,022	1,654,041
Hospitals	5,032	1,525,009
Nursing & residential care	113,948	7,271,806
Social assistance	756,595	19,947,388
Arts, entertainment, & recreation (3 industries)	1,626,690	49,807,616
Performing arts & spectator sports	1,426,310	36,878,939
Museums & historical sites	6,853	181,792
Amusement, gambling, & rec.	193,527	12,746,885
Accommodation, food serv, & drinking places (4 industries)	609,185	76,796,012
Total accommodation ²	69,383	7,751,100
Travel accommodation	40,201	6,157,250
RV parks & recreational camps	9,795	917,690
Rooming & boarding houses	19,386	676,160
Restaurants & drinking places	539,802	69,044,912
Other services (6 industries)	3,704,281	135,294,026
Total auto repair & maintenance ³	449,749	33,583,209
Auto mechanical and electrical repair & maintenance	237,717	16,426,941
Auto body shops	85,262	8,659,769
Other auto repair & maintenance	126,770	8,496,499
Misc. repairs	420,346	20,949,785
Personal & laundry	2,603,391	77,193,886
Religious organizations	230,794	3,567,147

1. Sum of offices physicians, mental health specialists, dentists, chiropractors, optometrists, podiatrists, outpatients care centers, medical labs, home healthcare services, and other ambulance services.

2. Sum of travel accommodation, RV parks, and rooming & boarding houses.

3. Sum of auto mechanical & electrical repair & maintenance, auto body shops, and other auto repair and maintenance.

Table A.2.
Business Expenditures as % of Sales of Sole Proprietorships by Industry¹⁴

	Cost of goods sold	Salaries & benefits	Rent & utilities	Machinery, equipment, & repairs	Office & business supplies	Transportation & travel	Marketing	Taxes, insurance, & interest	Interchange fees	Other
Retail trade	61.2%	6.0%	4.8%	2.8%	3.5%	3.1%	2.9%	2.3%	0.9%	6.0%
Motor vehicle & parts dealers	77.7%	5.0%	2.5%	2.2%	1.5%	1.5%	1.4%	1.9%	0.9%	2.9%
Furniture & home furnishing stores	56.1%	6.1%	7.3%	2.9%	3.2%	2.1%	2.7%	3.5%	0.9%	6.8%
Electronic & household appliance stores	57.9%	9.4%	4.0%	4.8%	1.6%	3.1%	1.2%	2.2%	0.9%	3.7%
Building material, equipment, & supplies dealers	64.2%	8.2%	3.6%	4.2%	2.9%	2.7%	1.1%	2.8%	0.9%	3.3%
Food & beverage stores	68.8%	8.8%	4.9%	2.5%	2.0%	1.3%	0.9%	2.9%	0.9%	4.1%
Health & personal care stores	54.0%	8.8%	6.1%	2.2%	4.3%	3.7%	3.6%	2.3%	0.9%	7.4%
Gasoline stations	82.7%	5.2%	2.5%	2.5%	0.4%	0.2%	0.2%	2.2%	0.9%	2.9%
Clothing & accessories stores	51.4%	6.7%	8.5%	2.2%	5.7%	2.8%	3.4%	2.4%	0.9%	8.4%
Sport. goods, hobby, book, & music stores	59.9%	5.7%	5.4%	3.4%	3.7%	2.2%	2.9%	3.0%	0.9%	6.3%
General merchandise stores	67.1%	5.4%	4.6%	3.5%	1.1%	1.4%	1.8%	2.0%	0.9%	6.6%
Misc. store retailers	50.8%	6.3%	7.0%	3.2%	4.2%	4.6%	3.1%	2.6%	0.9%	7.5%
Elec. shopping & mail-order houses	51.5%	3.2%	3.6%	1.3%	7.1%	3.0%	9.2%	1.2%	0.9%	13.1%
Non-store retailers	38.1%	4.9%	5.7%	4.1%	6.6%	9.3%	5.5%	2.2%	0.9%	7.6%
Transportation & warehousing	9.1%	11.7%	3.1%	14.4%	2.3%	24.8%	4.7%	5.0%	0.9%	11.1%
Air & rail transportation	25.7%	13.7%	4.3%	38.3%	2.4%	5.6%	6.0%	5.4%	0.9%	19.2%
Water transportation	53.7%	13.8%	2.1%	22.5%	0.9%	2.0%	0.4%	4.3%	0.9%	7.9%
Truck transportation	8.9%	14.6%	2.3%	16.6%	1.9%	22.0%	4.3%	5.7%	0.9%	9.3%
Taxi & ridesharing	1.4%	1.6%	4.2%	8.7%	2.7%	33.1%	8.5%	3.0%	0.9%	22.7%
Other transit & ground transportation	5.6%	16.9%	3.4%	13.7%	3.0%	22.2%	4.2%	6.8%	0.9%	10.5%
Pipeline transportation	24.6%	0.3%	0.0%	2.6%	2.3%	0.0%	1.5%	0.9%	0.9%	5.0%
Scenic transportation	21.5%	7.0%	8.7%	47.7%	12.4%	3.7%	1.2%	9.9%	0.9%	12.0%
Support activities for transportation	34.9%	13.8%	3.6%	9.9%	3.4%	9.7%	2.4%	5.3%	0.9%	8.7%
Couriers & messengers	5.8%	7.1%	5.2%	6.3%	3.0%	42.5%	2.5%	2.5%	0.9%	4.2%
Warehousing & storage facilities	31.6%	15.4%	9.4%	12.8%	2.7%	9.0%	0.8%	4.0%	0.9%	10.5%

¹⁴ [SOI Tax Stats - Nonfarm Sole Proprietorship Statistics, The Internal Revenue Service](#)

Table A.2. Continued

	Cost of goods sold	Salaries & benefits	Rent & utilities	Machinery, equipment, & repairs	Office & business supplies	Transportation & travel	Marketing	Taxes, insurance, & interest	Interchange Fees	Other
Rental leasing & services	32.6%	10.0%	3.8%	38.4%	3.1%	5.3%	2.5%	5.0%	0.9%	7.3%
Auto equipment rental & leasing	22.0%	6.3%	4.1%	39.5%	2.4%	7.6%	4.0%	5.0%	0.9%	7.5%
Consumer elec & appliances rental	23.5%	2.4%	6.0%	29.3%	4.0%	28.0%	0.5%	2.5%	0.9%	10.7%
Recreational goods rental	65.8%	0.7%	2.5%	26.3%	9.1%	4.3%	1.5%	2.4%	0.9%	6.7%
All other consumer goods rental	33.0%	11.9%	6.8%	23.0%	7.9%	8.5%	2.8%	3.3%	0.9%	7.9%
General consumer goods rental	27.1%	21.6%	8.6%	23.0%	4.0%	6.1%	4.6%	3.2%	0.9%	6.2%
Machinery rental & leasing	34.9%	10.0%	2.2%	45.8%	1.3%	2.9%	1.7%	6.0%	0.9%	7.1%
Health care & social assistance	4.5%	19.6%	8.2%	3.8%	6.1%	4.5%	2.4%	3.7%	0.9%	10.6%
Total ambulatory health care svcs ¹	5.1%	19.6%	7.3%	3.7%	6.0%	4.1%	1.9%	3.8%	0.9%	10.6%
Offices of physicians	4.6%	18.3%	4.9%	2.7%	5.0%	2.0%	1.1%	3.7%	0.9%	13.0%
Offices of mental health specialists	1.2%	10.8%	7.4%	2.5%	3.4%	1.8%	1.4%	3.9%	0.9%	6.0%
Offices of dentists	5.9%	28.1%	6.4%	5.0%	7.6%	1.0%	1.9%	4.6%	0.9%	11.9%
Offices of chiropractors	2.8%	17.6%	14.3%	4.2%	11.1%	2.2%	2.7%	4.5%	0.9%	7.0%
Offices of optometrists	24.7%	25.9%	8.3%	4.3%	2.5%	1.2%	1.8%	3.9%	0.9%	8.4%
Offices of social therapists	1.1%	12.8%	10.3%	2.9%	4.5%	4.7%	1.7%	2.3%	0.9%	8.1%
Offices of podiatrists	4.6%	20.6%	8.2%	1.4%	6.0%	0.9%	1.4%	6.8%	0.9%	8.3%
Outpatient care centers & others	6.3%	12.8%	9.2%	4.4%	7.0%	6.1%	4.0%	3.7%	0.9%	11.5%
Medical & diagnostic labs	12.0%	24.3%	5.4%	4.3%	5.0%	4.7%	3.1%	2.8%	0.9%	11.4%
Home health care services	2.9%	25.4%	8.1%	4.9%	8.3%	15.4%	2.7%	4.0%	0.9%	8.5%
Other ambulatory health care services	14.2%	17.8%	5.2%	3.4%	3.7%	12.5%	2.7%	5.0%	0.9%	9.4%
Hospitals	1.2%	43.4%	7.8%	3.1%	4.0%	1.5%	1.2%	6.1%	0.9%	16.5%
Nursing & residential care	4.2%	27.8%	9.6%	3.7%	3.8%	6.3%	2.2%	5.7%	0.9%	20.8%
Social assistance	2.2%	14.6%	12.3%	4.3%	7.4%	6.0%	4.9%	2.5%	0.9%	6.5%
Art, entertainment & recreation	11.5%	11.0%	8.9%	7.2%	6.4%	7.4%	5.2%	2.4%	0.9%	16.6%
Performing arts & spectator sports	7.8%	10.5%	8.1%	5.8%	6.9%	8.7%	5.8%	1.7%	0.9%	15.3%
Museums & historical sites	22.6%	6.0%	17.2%	12.2%	8.0%	14.0%	1.9%	2.4%	0.9%	3.0%
Amusement, gambling, & rec.	22.3%	12.7%	11.1%	11.3%	5.1%	3.7%	3.4%	4.2%	0.9%	20.3%
Accommodation, food & drinking	37.3%	17.7%	11.5%	7.1%	4.5%	2.5%	2.2%	6.1%	0.9%	7.9%
Total accommodation ²	11.8%	14.6%	23.0%	18.9%	4.0%	2.8%	3.2%	10.3%	0.9%	15.4%
Travel accommodation	13.1%	14.9%	24.6%	18.3%	3.6%	2.0%	3.5%	10.1%	0.9%	15.4%
RV parks & recreational camps	6.5%	11.8%	16.8%	23.9%	4.3%	6.9%	2.0%	11.7%	0.9%	13.7%
Rooming & boarding houses	7.1%	15.9%	17.5%	17.2%	7.1%	5.1%	2.2%	10.1%	0.9%	18.1%
Restaurants & drinking places	40.1%	18.0%	10.2%	5.8%	4.5%	2.5%	2.0%	5.6%	0.9%	7.1%

Table A.2. Continued

	Cost of goods sold	Salaries & benefits	Rent & utilities	Machinery, equipment, & repairs	Office & business supplies	Transportation & travel	Marketing	Taxes, insurance, & interest	Interchange fees	Other
Other services	20.4%	10.1%	11.5%	6.3%	8.5%	7.4%	2.6%	3.2%	0.9%	7.0%
Total auto repair & maintenance ³	32.3%	11.6%	9.2%	7.1%	7.8%	6.0%	1.8%	4.4%	0.9%	7.4%
Auto mech. & elec. repair	32.1%	10.7%	9.6%	6.5%	8.6%	6.2%	1.8%	3.9%	0.9%	7.7%
Auto body shops	35.8%	11.5%	6.9%	5.2%	7.6%	4.7%	1.8%	4.3%	0.9%	6.6%
Other auto repair	28.9%	13.6%	10.6%	10.1%	6.5%	6.8%	1.9%	5.7%	0.9%	7.6%
Misc. repairs	32.8%	9.6%	7.1%	6.4%	7.2%	9.1%	2.4%	3.8%	0.9%	5.4%
Personal & laundry	12.6%	10.0%	13.8%	6.1%	9.3%	7.2%	3.0%	2.6%	0.9%	7.0%
Religious organizations	5.5%	1.7%	9.0%	2.3%	4.6%	14.3%	2.2%	0.9%	0.9%	14.4%

1. Sum of offices physicians, mental health specialists, dentists, chiropractors, optometrists, podiatrists, outpatients care centers, medical labs, home healthcare services, and other ambulance services.
2. Sum of travel accommodation, RV parks, and rooming & boarding houses.
3. Sum of auto mechanical & electrical repair & maintenance, auto body shops, and other auto repair and maintenance.

Table A.3.
Number of Tax Returns and Sales of Active Corporations by Selected Industries, 2020¹⁵

	Number of Returns	Sales (\$000s)
Retail trade (17 industries)	568,688	5,071,489,981
New & used car dealers	40,986	845,366,827
Other motor vehicle & parts	34,413	214,278,109
Furniture & home furnishings	25,330	98,976,886
Electronics and appliance	15,232	111,588,012
Home centers, paint, & wallpaper	2,647	242,223,871
Hardware stores	7,851	28,503,146
Other building materials dealers	13,145	85,998,661
Lawn & garden equip. & supplies	6,228	29,854,630
Food & beverage	80,327	763,511,753
Beer, wine, & liquor	18,611	39,119,860
Health & personal care	47,029	506,464,682
Gasoline stations	47,164	278,828,825
Clothing	43,979	181,316,958
Sporting goods, book, & music	23,565	73,092,777
General merchandise	6,505	836,859,366
Miscellaneous store retailers	71,900	166,380,236
Non-store retailers	83,775	569,125,384
Transportation & warehousing (8 industries)	300,692	941,466,935
Air transportation	5,272	125,680,675
Rail transportation	724	54,710,154
Water transportation	3,329	17,799,360
Truck transportation	195,390	306,760,800
Transit & ground passenger	35,410	23,686,116
Pipeline transportation	265	11,352,679
Other transportation	54,963	370,798,160
Warehousing & storage	5,338	30,678,991
Rental & leasing (3 industries)	34,237	164,046,070
Auto equip rental and leasing	5,359	87,123,286
Other rental centers	6,383	11,044,160
Machin & equip. rental	22,495	65,878,624

¹⁵ [Corporation Income Tax Returns, IRS](#)

<i>Table A.3. Continued</i>	Number of Returns	Sales (\$000s)
Health care & social assistance (6 industries)	524,727	1,196,467,433
Offices of physicians	153,568	343,130,747
Offices of dentists	94,050	92,917,430
Offices of others	161,340	373,486,120
Outpatient care centers	8,962	61,257,598
Miscellaneous health care and social assistance	85,506	150,246,601
Hospitals, nursing, & residential care facilities	21,302	175,428,936
Arts, entertainment, & recreation (2 industries)	151,165	119,330,552
Other arts, enter. & rec.	103,559	60,399,982
Amusement & recreation	47,606	58,930,570
Accommodation, food serv, & drinking places (2 industries)	322,364	492,405,847
Accommodation	32,694	78,272,231
Food & drinking services	289,670	414,133,616
Other services (4 industries)	432,203	252,050,924
Auto repair and maintenance	118,450	100,873,176
Other repair	64,748	48,903,959
Personal & laundry services	208,636	87,690,368
Religious organizations	40,368	14,583,421

Table A.4.
Business Expenditures as % of Sales of Corporations by Selected Industries¹⁶

	Cost of goods sold	Salaries & benefits	Machinery, equipment, & repairs	Taxes, licenses, & interests	Rent	Advertising & charities	Interchange fees	Other
Retail trade (17 industries)	71.0%	11.0%	2.3%	2.1%	1.8%	1.3%	0.9%	5.5%
New & used car dealers	84.6%	6.3%	0.9%	1.3%	1.0%	0.8%	0.9%	1.8%
Other motor vehicle & parts	67.1%	12.9%	2.1%	2.6%	2.5%	0.9%	0.9%	5.5%
Furniture & home furnishings	55.7%	15.2%	2.4%	2.7%	5.5%	3.4%	0.9%	10.7%
Electronics and appliance	74.7%	8.9%	1.3%	1.5%	1.9%	1.6%	0.9%	5.3%
Home centers, paint, & wallpaper	63.5%	11.1%	2.3%	2.9%	1.0%	1.1%	0.9%	5.1%
Hardware stores	64.7%	14.7%	2.8%	2.3%	3.2%	1.0%	0.9%	3.1%
Other building materials dealers	70.2%	12.2%	2.3%	2.2%	1.6%	0.4%	0.9%	4.8%
Lawn & garden equip. & supplies	65.2%	10.7%	2.9%	2.0%	3.1%	0.9%	0.9%	6.7%
Food & beverage	73.8%	11.2%	2.7%	1.6%	1.8%	0.6%	0.9%	4.6%
Beer, wine, & liquor	75.6%	7.5%	1.3%	2.5%	2.7%	0.5%	0.9%	4.1%
Health & personal care	75.5%	8.6%	1.6%	2.6%	2.1%	0.7%	0.9%	4.6%
Gasoline stations	79.5%	5.9%	3.4%	1.6%	1.7%	0.2%	0.9%	3.7%
Clothing	54.0%	16.9%	3.0%	3.4%	7.3%	2.9%	0.9%	11.9%
Sporting goods, book, & music	58.7%	13.6%	2.6%	2.6%	4.6%	2.2%	0.9%	7.2%
General merchandise	74.0%	12.1%	2.4%	2.0%	1.0%	0.9%	0.9%	2.8%
Miscellaneous store retailers	63.8%	13.8%	2.1%	3.1%	3.4%	1.9%	0.9%	7.5%
Non-store retailers	50.7%	16.7%	3.4%	2.5%	1.1%	3.9%	0.9%	15.0%
Transportation & warehousing (8 industries)	30.1%	24.4%	10.5%	4.5%	4.5%	0.4%	0.9%	23.2%
Air transportation	31.5%	37.5%	19.8%	4.6%	10.0%	0.5%	0.9%	12.6%
Rail transportation	11.6%	22.0%	21.2%	13.0%	2.4%	0.2%	0.9%	10.7%
Water transportation	43.5%	17.0%	16.2%	6.3%	3.9%	0.4%	0.9%	19.9%
Truck transportation	36.5%	19.2%	9.1%	4.0%	4.4%	0.2%	0.9%	21.1%
Transit & ground passenger	24.6%	36.0%	8.9%	6.2%	4.4%	0.4%	0.9%	21.0%
Pipeline transportation	19.3%	8.8%	21.0%	19.0%	0.5%	0.0%	0.9%	41.8%
Other transportation	26.5%	24.7%	6.8%	3.0%	2.7%	0.5%	0.9%	30.6%
Warehousing & storage	36.1%	23.0%	6.1%	4.1%	8.8%	0.3%	0.9%	17.4%

¹⁶ [Corporation Income Tax Returns, IRS](#)

Table A.4. Continued

	Cost of goods sold	Salaries & benefits	Machinery, equipment, & repairs	Taxes, licenses, & interest	Rent	Advertising & charities	Interchange fees	Other
Rental & leasing (3 industries)	17.8%	14.1%	35.7%	7.3%	4.5%	0.5%	0.9%	10.1%
Auto equip rental and leasing	12.8%	12.6%	37.9%	6.4%	4.2%	0.6%	0.9%	9.7%
Other rental centers	26.4%	23.4%	23.4%	4.5%	6.4%	1.3%	0.9%	12.3%
Machin & equip. rental	22.9%	14.5%	35.0%	8.9%	4.6%	0.3%	0.9%	10.3%
Health care & social assistance (6 industries)	25.6%	34.5%	2.7%	4.1%	3.1%	0.6%	0.9%	21.1%
Offices of physicians	9.7%	46.9%	1.6%	3.1%	3.4%	0.3%	0.9%	27.4%
Offices of dentists	4.7%	42.3%	4.3%	4.6%	5.6%	1.5%	0.9%	24.8%
Offices of others	58.9%	16.8%	1.4%	2.5%	1.5%	0.7%	0.9%	9.0%
Outpatient care centers	29.9%	24.2%	5.1%	4.4%	2.8%	0.7%	0.9%	25.2%
Miscellaneous health care and social assistance	15.8%	40.0%	4.1%	5.6%	3.4%	0.7%	0.9%	24.0%
Hospitals, nursing, & residential care facilities	4.2%	43.0%	4.9%	8.0%	4.1%	0.3%	0.9%	28.4%
Arts, entertainment, & recreation (2 industries)	15.2%	34.4%	8.2%	7.1%	6.5%	1.9%	0.9%	22.7%
Other arts, enter. & rec.	12.1%	43.7%	4.9%	3.6%	3.4%	1.7%	0.9%	26.1%
Amusement & recreation	18.4%	24.9%	11.7%	10.8%	9.6%	2.1%	0.9%	19.2%
Accommodation, food serv, & drinking places (2 industries)	35.9%	25.9%	6.4%	6.8%	7.0%	1.9%	0.9%	17.2%
Accommodation	9.7%	35.1%	12.4%	14.6%	8.8%	2.1%	0.9%	29.9%
Food & drinking services	40.9%	24.1%	5.3%	5.3%	6.7%	1.8%	0.9%	14.8%
Other services (4 industries)	37.6%	23.7%	5.0%	4.5%	6.2%	1.1%	0.9%	18.2%
Auto repair and maintenance	48.1%	21.5%	4.2%	4.3%	5.7%	0.9%	0.9%	12.0%
Other repair	49.3%	21.9%	3.2%	3.6%	3.5%	0.5%	0.9%	12.2%
Personal & laundry services	23.9%	29.2%	5.8%	5.7%	9.3%	1.7%	0.9%	21.4%
Religious organizations	7.5%	11.5%	11.8%	2.5%	0.9%	1.9%	0.9%	61.2%

ABOUT US

ndp | analytics is a strategic research firm that specializes in economic analysis of public policy and legal issues. Our services include economic studies, impact analyses, cost-benefit analyses, statistics, and data construction. Our analytical frameworks are data-driven and are robust, transparent, and supported by economic fundamentals. We excel in supporting organizations on advocacy, government and industry relations, public affairs campaigns, and strategic initiatives. Clients of ndp | analytics include trade associations, coalitions, financial institutions, law firms, U.S. and foreign corporations, and multinational organizations. Our work has been prominently cited in the Economic Report of the President to Congress, the media, reports from government agencies, Congressional testimonies, and by Congressional leaders.