## Statistics of Income

# Compendium of Studies of International Income and Taxes

# 1984 - 1988

Department of the Treasury
**Internal Revenue Service**
Publication 1267 (Rev. 9-91)

Catalog Number 63161U

## Statistics of Income

# Compendium of Studies of International Income and Taxes

# 1984 - 1988

Department of the Treasury
Internal Revenue Service

Publication 1267 (Rev. 9/91)

Catalog Number 63161U



This report presents information from studies in the international area. This information includes the foreign activity of U.S. corporations and the activity of foreign corporations in the United States and foreign interests in U.S. corporations. In addition, statistics related to individuals, partnerships, trusts, and estates are included. Data are presented by geographical location, industrial activity, and other classifiers.

Additional unpublished information for the studies is available on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income, 1111 Constitution Ave., NW, Washington, DC 20224.

DeWitt R. Long, Kimberly A. Veletto, and Robert A. Wilson were the technical editors for this report and were assisted by Clementine Brittain and John Glynn. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Department of the Treasury.

**Suggested Citation**
Internal Revenue Service
Statistics of Income
Compendium of Studies of International Income and Taxes
U.S. Government Printing Office
Washington, DC 20402

# Preface

The purpose of this compendium is to assemble in one volume results from all of the recent studies conducted in the international income and taxes area by the Statistics of Income Division, Internal Revenue Service. The majority of data presented here are for Tax Years 1984 through 1988. The material selected for this compendium is comprised chiefly of articles, tabulations of data, and facsimiles of tax forms and instructions. This material is intended as a reference source for economists, statisticians and other researchers with interests and responsibilities in the international area. However, the reader unfamiliar with these studies can also gain an understanding of them from the articles.

As briefly mentioned above, this compendium contains a variety of material. It begins with a paper that provides an overview of the studies conducted by the Statistics of Income Division in the international area. There are also twelve articles which were previously published in the Statistics of Income Bulletin. (For citation purposes, these Statistics of Income Bulletin articles are listed separately as part of this preface.) Several articles and tabulations of data are presented for the first time in this compendium. Finally, there is a section showing facsimiles of the forms and schedules filed with the Internal Revenue Service and used as bases for the studies. This section also contains facsimiles of selected instructions for the forms and schedules.

With the exception of the Overview (Section 1) and the Forms and Instructions (Section 15), the Compendium of Studies of International Income and Taxes is organized such that each section contains information on a specific topic. The topics covered include:

1. Corporate foreign tax credit
2. Controlled Foreign Corporations
3. Foreign Sales Corporations
4. Interest Charge-Domestic International Sales Corporations
5. Domestic corporations with 50 percent or more ownership by a foreign entity
6. Foreign corporations with income derived from U.S. sources
7. U.S. possessions corporations
8. International boycotts
9. Individual foreign tax credit and foreign earned income
10. Foreign recipients of U.S. income
11. U.S. partnership income of foreign partners
12. Foreign trusts
13. Nonresident alien estates

It is suggested that readers using this compendium begin by looking at the overview and then the introductions at the beginning of each section. Each introduction includes a table of contents for that section.

Specific information for a given topic on sample selection and variability and nonsampling data limitations is included in the "Data sources and Limitations" section of the articles contained in this compendium. In addition to this information, a general description of Statistics of Income (SOI) sampling procedures and data limitations is available in the Appendix of the Statistics of Income Bulletin.

The current volume represents only a sampling of the statistical information that might be of value to practitioners and researchers. The Statistics of Income Division also produces other tabulations of data that are not published due to space limitations. In addition, because of disclosure considerations, no microdata public use tape files can generally be released. However, special tabulations not included in this compendium can be produced, using SOI data, upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, R:S:F, Internal Revenue Service, Washington, DC 20224.

## Contents

Reprints of Statistics of Income Bulletin Articles

| ARTICLE | REFERENCE |
|---|---|
| "Foreign Income and Taxes Reported on U.S. Individual Tax Returns, 1983: An Overview" | Summer 1987<br>Vol. 7, No. 1<br>Pages 69-74 |
| "Foreign Trusts, 1986" | Spring 1988<br>Vol. 7, No. 4<br>Pages 47-53 |
| "Foreign Corporate Investment and Activity in the U.S., 1984 and 1985" | Spring 1989<br>Vol. 8, No. 4<br>Pages 75-91 |
| "Controlled Foreign Corporations, 1984: An Industry Focus" | Fall 1989<br>Vol. 9, No. 2<br>Pages 31-52 |
| "Corporate Foreign Tax Credit, by Industry, 1984" | Winter 1989-90<br>Vol. 9, No. 3<br>Pages 57-90 |
| "Controlled Foreign Corporations, 1984: A Geographic Focus" | Spring 1990<br>Vol. 9, No. 4<br>Pages 115-34 |
| "Domestic Corporations Controlled by Foreign Persons, 1987" | Summer 1990<br>Vol. 10, No. 1<br>Pages 73-90 |
| "Corporate Foreign Tax Credit, 1986: An Industry Focus" | Fall 1990<br>Vol. 10, No. 2<br>Pages 65-83 |
| "Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987" | Winter 1990-91<br>Vol. 10, No. 3<br>Pages 7-18 |
| "Foreign Recipients of U.S. Income, 1988" | Winter 1990-91<br>Vol. 10, No. 3<br>Pages 19-30 |
| "1986 Corporation Foreign Tax Credit, A Geographic Focus" | Winter 1990-91<br>Vol. 10, No. 3<br>Pages 31-46 |
| "Controlled Foreign Corporations, 1986" | Summer 1991<br>Vol. 11, No. 1<br>Pages 29-50 |
| "U.S. Possessions Corporation Returns, 1987" | Summer 1991<br>Vol. 11, No. 1<br>Pages 51-60 |



# Section 1 Overview of Studies of International Income and Taxes

Contents



This section is designed to provide the reader with an introduction to the various foreign and international area studies conducted by the Statistics of Income (SOI) Division of the Internal Revenue Service. The paper contained in this section is divided into two parts. The first part deals with those studies that pertain to the activities of U.S. persons abroad; the second deals with studies that pertain to the activities of foreign persons within the United States. Within the two parts are sections dealing with each study. These sections include a brief explanation of the applicable tax law and some selected data.

The reader is referred to Sections 2 through 14 for more complete discussions and data presentations of each SOI study. Copies of tax forms and instructions related to the studies are contained in Section 15 of this compendium.

# Statistics Of Income Studies Of International Income And Taxes

By DeWitt R. Long

I. INTRODUCTION

The Statistics of Income Division of the Internal Revenue Service conducts a number of studies dealing with international income and taxes. These studies can be divided into two broadly-defined groups. One group includes studies dealing with the foreign activities of U.S. persons. The other group deals with the activities of foreign persons within the United States.

In general, the nature of the U.S. tax system that a taxpayer faces depends upon the identity of the taxpayer. The United States generally taxes U.S. persons on their worldwide income or property (in the case of estate taxation), regardless of where the income is earned or where the property is located. On the other hand, the United States usually taxes persons who are not U.S. persons (i.e., foreign persons) only on the portion of their income or property that is in someway related or connected to the United States. Therefore, the determination of whether a taxpayer is a U.S. or foreign person is critical to determining the nature of the U.S. tax system that the taxpayer faces. A U.S. person is any citizen or resident of the United States, a domestic partnership or corporation, and any estate or trust that is not considered foreign. A foreign person is any person who is not a U.S. person.[1]

Part II of this article, Foreign Activity of U.S. Persons, describes those studies that deal with the international activity of U.S. persons. These studies include the following: Corporate Foreign Tax Credit, Controlled Foreign Corporations, Foreign Sales Corporations, Interest Charge-Domestic International Sales Corporations, U.S. Possessions Corporations, International Boycotts, Individual Foreign Tax Credit and Foreign Earned Income, and Foreign Trusts. Part III of this article, Activity of Foreign Persons in the United States, describes those studies that deal with activity conducted within the United States by foreign persons. These studies include the following: Domestic Corporations Controlled by Foreign Persons, Foreign Corporations With Income Derived from U.S. Sources, Foreign Recipients of U.S. Income, U.S. Partnership Income of Foreign Partners, and Nonresident Alien Estates. Part IV, Plans for Future Studies, describes the plans for the studies of international income and taxes for the period between 1988 and 1993. This section also describes several other studies for which data will be available in the future.

II. FOREIGN ACTIVITY OF U.S. PERSONS

Corporate Foreign Tax Credit

One problem faced by U.S. corporations engaged in business activity outside the United States is the double taxation of income. Double taxation usually results when the foreign-source income of a U.S. person is taxed both by the foreign country where the income is earned and by the United States. The foreign tax credit was enacted in 1918 to alleviate the problem of conflicting tax burdens imposed on U.S. taxpayers.[2] The United States allows U.S. taxpayers a credit against their U.S. tax liability for income, war profits and excess profits taxes paid or deemed to have been paid to foreign countries and U.S. possessions.[3] The taxpayer may instead deduct its foreign taxes from its gross income under section 164 of the Internal Revenue Code. However, if a deduction is chosen, the taxpayer is not allowed to credit any foreign taxes. A credit is allowed for both taxes paid or accrued directly by the taxpayer and taxes paid by a foreign subsidiary of the taxpayer when the subsidiary makes a distribution to the taxpayer.

Prior to calculating the actual foreign tax credit, the taxpayer must determine its creditable foreign taxes.[4] This determination requires an analysis of each separate levy imposed by a foreign country to determine whether the levy is an income tax in the U.S. sense.[5] Also, the taxpayer must determine the amount of the tax that is actually creditable, because certain tax payments, such as foreign taxes reasonably certain to be refunded, can not be credited. However, even if the levy is not considered a creditable income tax, it may still be creditable as a tax in lieu of an income tax. A levy is a tax in lieu of an income tax if the levy is a tax and it is imposed in substitution for, and not in addition to, a generally imposed income tax.

As noted above, a domestic corporation receiving a dividend from a foreign subsidiary can claim a credit for foreign taxes actually paid by the subsidiary. Such taxes are deemed to have been paid by the domestic corporation receiving the dividend. For a U.S. corporation to claim a credit for taxes deemed paid, it must own at least ten percent of the foreign corporation's voting stock. Also, credit may be taken for taxes paid by second- and third-tier foreign subsidiaries, provided that the product of each tier's ownership level is at least five percent. The allowable credit for foreign taxes deemed paid is equal to the foreign taxes paid by the foreign subsidiary multiplied by the ratio of the dividend paid to the foreign subsidiary's earnings and profits.

Once creditable foreign taxes, both paid or accrued and deemed paid, have been determined, the taxpayer must compute the limitation on the allowable credit. The foreign tax credit limitation limits the foreign tax credit to what the U.S. tax would be on foreign-source income. The foreign tax credit limitation must be computed separately for different types of income. For tax years beginning prior to 1987, the credit was computed separately for five types or "baskets" of income. These baskets were Section 904(d) interest income, dividends from a Interest Charge-Domestic International Sales Corporation (IC-DISC) or former DISC, taxable income attributable to the foreign trade income of a Foreign Sales Corporation (FSC), distributions from a FSC out of earnings and profits attributable to foreign trade income, and all other income.[6] For tax years ending after 1987, a taxpayer must compute the foreign tax credit limitation separatelyfor nine types of income. The post-1986 baskets are passive income, financial services income, high withholding tax interest, shipping income, dividends from each noncon- trolled Section 902 corporation, dividends from an IC-DISC or former DISC, taxable income attributable to the foreign trade income of a FSC, distributions from a FSC out of earnings and profits attributable to foreign trade income, and all other income.[7] When computing the foreign tax credit limitation, the taxpayer must determine gross foreign-source income, reduced by deductions that are properly allocable to foreign-source income and the ratable part of any deductions not definitely allocable to any particular income. In addition, income, deduc tions and taxes must be allocated to the approp riate income basket. If a taxpayer has creditable foreign taxes in excess of the foreign tax credit limitation, the taxpayer may be able to credit the taxes in another year. The taxpayer can carry the taxes back to two prior years or forward to up to five succeeding years.

A corporation that chooses to claim a foreign tax credit must file a Form 1118, Computation of Foreign Tax Credit - Corporations, with its corporate income tax return. A separate Form 1118 must be filed for each income basket. On the Form 1118, the taxpayer must report all foreign-source income and deductions and foreign taxes for each foreign country in which income was earned or taxes paid. The corporation must calculate the foreign tax credit limitation for each income basket. The foreign tax credit for each basket is the lesser of creditable foreign taxes or the foreign tax credit limitation. The total foreign tax credit is the sum of the credits for each income basket.

Figure A contains selected foreign income and tax data reported on Forms 1118 filed for selected years between 1976 and 1988. The substantial drop in the foreign tax credit between 1980 and 1982 was the result of the worldwide recession that occurred in the early 1980's.[8] Since 1982, foreign income and taxes have increased to pre-1982 levels. By 1988, foreign-source taxable income had surpassed the 1980 level and total foreign taxes were nearly equal to the 1980 amount.

**Figure A.--Foreign Tax Credit Claimed on Corporation Income Tax Returns, 1976-1988**
[Money amounts in millions of dollars]

| Tax Year | All Returns | | Returns with Form 1118 Filed | | | |
|---|---|---|---|---|---|---|
| | Number of Returns | Foreign Tax Credit Claimed | Number of Returns | Foreign Taxable Income | Total Foreign Taxes* | Foreign Tax Credit Claimed |
| 1976 | 6,513 | $23,579 | 6,136 | $55,414 | $43,863 | $23,547 |
| 1978 | 6,039 | 26,358 | 5,219 | 65,150 | 59,912 | 26,344 |
| 1980 | 6,199 | 24,880 | 6,046 | 70,541 | 34,207 | 24,867 |
| 1982 | 4,941 | 18,932 | 4,931 | 59,482 | 40,265 | 18,932 |
| 1984 | 4,841 | 21,420 | 4,809 | 63,588 | 28,605 | 21,407 |
| 1986 | 4,506 | 22,261 | 4,409 | 65,809 | 28,467 | 22,258 |
| 1988 | 4,787 | 27,119 | 4,230 | 99,865 | 33,358 | 27,111 |

*Total foreign taxes available for credit (including carryover of prior year taxes) before reduction for certain foreign taxes.



Controlled Foreign Corporations

A corporation is generally treated as a legal entity separate and distinct from its shareholders. Given this separate status, a corporation is generally taxed separately from its shareholders. The corporation usually has an effect on a shareholder's taxation only when the corporation actually distributes its earnings to the shareholder, such that if no distribution occurs, the earnings of the corporation are only taxed at the corporation's level.[9] When the corporation exists in a different country than its shareholders, differing tax rules may create incentives for shareholders who control the corporation to shift income to the corporation.[10] Since the United States usually does not tax a foreign corporation that has no contacts to the United States (other than the fact that its shareholders reside in the United States), controlling U.S. shareholders of the foreign corporation may wish to accumulate income in the foreign corporation. Prior to 1962, this income could indefinitely avoid U.S. taxation. The Subpart F provisions of the Internal Revenue Code were enacted in 1962 to address this problem.[11] Under Code section 951, a U.S. shareholder of a Controlled Foreign Corporation (CFC) must include in gross income the shareholder's pro rate share of certain income of the CFC. This includable income includes the CFC's Subpart F income, the CFC's increase in earnings invested in U.S. property, any previously excluded Subpart F income withdrawn from qualified investments in less developed countries and in foreign base company shipping operations, any previously excluded export trade income withdrawn from investments in qualified export assets, and factoring income.

The main requirement for the application of this tax system is that the foreign subsidiary must be a Controlled Foreign Corporation (CFC). In general, a CFC is any foreign corporation with more than fifty percent of either the total combined voting power or the total value of its stock owned or considered to be owned by U.S. shareholders. A U.S. shareholder is a U.S. person who owns at least ten percent of the foreign corporation's combined voting power of all classes of stock entitled to vote. If a foreign corporation is a CFC for an uninterrupted period of thirty days, then the inclusion noted above is required.

The Subpart F income of a CFC includes the following: (1) insurance income; (2) foreign base company income; (3) international boycott participation income; (4) the sum of illegal bribes and other payments made to government officials that would be unlawful under the Foreign Corrupt Practices Act of 1977; and (5) income derived from a country which is not recognized by the United States, with which the United States does not conduct or has severed diplomatic relations, which repeatedly provides support for acts of international terrorism, or, for tax years beginning after January 1, 1988, the Republic of South Africa.[12]

If a foreign corporation is a CFC for thirty uninterrupted days, every United States shareholder on the last day of the CFC's tax year must include its pro rata share of the CFC's includable income in the shareholder's gross income. To fulfill this requirement, the taxpayer must file a Form 5471, Information Return With Respect to a Foreign Corporation, for all foreign corporations in which the person owns more than fifty percent of the stock.[13] This information return is filed as part of the U.S. corporate return. On the Form 5471, the taxpayer must report certain identifying information; the income, assets, and liabilities of the CFC; distributions made by the CFC; and the CFC's transactions with related parties. This information serves as the basis for the CFC data.

Figure B contains data for CFC's for selected years between 1976 and 1988. Data for

**Figure B.--Controlled Foreign Corporations, 1976-1988**
[Money amounts in millions of dollars]

| Tax year | Number of returns | Controlled Foreign Corporations | | | | | |
|---|---|---|---|---|---|---|---|
| | | Number of CFC's | Total assets | Business receipts | Current E&P before taxes* | Foreign income taxes | Total distributions |
| 1976 | 757 | 21,071 | $285,442 | $342,777 | $23,479 | $8,630 | $6,569 |
| 1980 | 951 | 24,138 | 477,828 | 652,490 | 44,502 | 15,316 | 13,421 |
| 1982 | 1,034 | 26,993 | 557,209 | 647,877 | 36,696 | 14,077 | 14,650 |
| 1984 | 1,103 | 27,003 | 595,406 | 624,530 | 48,592 | 19,663 | 17,429 |
| 1986 | 714 | 7,500 | 740,396 | 589,885 | 56,591 | 19,035 | 21,731 |
| 1988** | 751 | 7,500 | 953,787 | 817,309 | 78,920 | 23,663 | 45,386 |

*Current earnings and profits (less deficit) before taxes.
**Preliminary data.
Note: Data for Tax Years 1976 through 1986 are for U.S. corporations with total assets of at least $250 million. Data for 1988 include U.S. corporations with total assets of $500 million or more. Data for 1986 and 1988 include only the 7,500 CFC's with the largest amount of total assets.

1986 and 1988 are only for the 7,500 CFC's with the largest amount of total assets. Historically, these CFC's have accounted for over ninety percent of the total amount for all CFC's for most financial items. Particularly noteworthy is the large increase in distributions made by CFC's during recent years. Between 1986 and 1988, current earnings and profits of CFC's before taxes increased by about forty percent. During this same period, total distributions of CFC's increased by 109 percent.

## Foreign Sales Corporations

A Foreign Sales Corporation (FSC) is a foreign corporation formed in certain foreign countries and U.S. possessions for the purpose of exporting U.S. products. The FSC provisions of the Internal Revenue Code provide a partial corporate tax exemption for certain income earned by the FSC. The FSC was created by the Deficit Reduction Act of 1984 to replace the Domestic International Sales Corporation (DISC). The DISC was a domestic corporation whose qualifying export income was not subject to U.S. income taxation until the income was distributed or deemed to be distributed to the DISC's shareholders. The DISC was the subject of proceedings in the General Agreement on Tariffs and Trade (GATT) following allegations by other signatories of the GATT that the DISC was an illegal export subsidy because it received an indefinite deferral of direct taxes on income earned in the United States from exports. To resolve the dispute, the United States replaced the DISC with the FSC and the Interest Charge-Domestic International Sales Corporation.[14]

To be eligible for FSC status and the resultant tax benefits, a corporation must fulfill certain organizational and foreign presence requirements. The foreign presence requirements include requirements that certain management and economic process activities of the corporation must be performed outside the United States.[15]

The major tax benefit available to a FSC is the exemption from tax of a portion of the FSC's foreign trade income. The rest of the FSC's income is subject to U.S. tax. Foreign trade income is the gross income of the FSC attributable to foreign trading gross receipts.[16] For transactions between a FSC and a related party, the FSC must calculate its foreign trade income using the transfer pricing rules.[17] These pricing rules are the combined taxable income method, the percentage of gross receipts method, and the arms length pricing method. Under the combined taxable income and the gross receipts methods, a certain portion of the income derived from a transaction with a related party is allocated to the FSC. Under the arms length income method, the FSC's income is equal to the amount that the FSC could independently justify on the basis of its sales activity.

Once the FSC has determined its foreign trade income, it must calculate the portion of foreign trade income that is tax-exempt. For a FSC with corporate shareholders, the exempt portion of foreign trade income is either fifteen twenty-thirds of foreign trade income (if foreign trade income is determined under either the combined taxable income or percentage of gross receipts methods) or thirty percent of foreign trade income (if foreign trade income is determined under the arms length pricing method). For a FSC with all noncorporate shareholders, the exempt portion of foreign trade income is either sixteen twenty-thirds of foreign trade income (if foreign trade income is determined under either the combined taxable income or percentage of gross receipts methods) or thirty-two percent of foreign trade income (if foreign trade income is determined under the arms length pricing method). The exempt portion of foreign trade income is excluded from the taxable income of the FSC. All other foreign trade income is treated as nonexempt income and is subject to taxation at U.S. corporate tax rates. In addition, all income of the FSC that is not foreign trade income (e.g., investment income) is subject to tax.

Small exporters have the option of electing small FSC status. A small FSC does not need to meet the foreign presence requirements noted above. However, the small FSC's foreign trading gross receipts may not be greater than $5 million. If foreign trading gross receipts are greater than $5 million, the small FSC must either elect regular FSC status or select those transactions to include in foreign trading gross receipts.

A FSC must file a Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation. On the Form 1120-FSC, the FSC must report its foreign and nonforeign trade income calculations, tax computations, assets and liabilities, and certain other information. The information reported on the Form 1120-FSC is the basis for the data provided in this compendium for FSC's. The Statistics of Income Division conducted studies for FSC returns filed for 1985, 1986, and 1987. The next study will include returns filed for 1991.

Figure C contains selected financial data for all FSC's and regular FSC's for 1987. Although regular FSC's included only thirty-nine percent of all FSC returns filed, they accounted for over ninety-five percent of gross receipts, ninety-two percent of foreign trade income, ninety-three percent of taxable income and about ninety-five percent of the total tax. The remaining amounts are attributed to small FSC's.



**Figure C.--Foreign Sales Corporations, 1987**

[Money amounts in millions of dollars]

| Item | All Foreign Sales Corporations | Regular Foreign Sales Corporations |
|---|---|---|
| Number of returns | 2,613 | 1,016 |
| Total assets | $5,563 | $5,017 |
| Gross receipts | 84,280 | 80,205 |
| Total income | | |
| Foreign trade | 20,287 | 18,748 |
| Non-foreign trade | 207 | 15 |
| Net income (less deficit) | 1,294 | 1,213 |
| Taxable income | 1,292 | 1,210 |
| Total tax | 507 | 479 |

## Interest Charge-Domestic International Sales Corporations

An Interest Charge-Domestic International Sales Corporation (IC-DISC) is a domestic corporation that exports U.S. products. The IC-DISC was created in 1984 through amendments to the DISC provisions of the Internal Revenue Code to make them compatible with the requirements of the General Agreement on Tariffs and Trade. The IC-DISC is primarily intended to provide incentives to small exporters.[18]

To qualify to be an IC-DISC, at least ninety-five percent of a domestic corporation's assets must be qualified export assets and at least ninety-five percent of its gross receipts must be qualified export receipts.[19] Qualified export assets include export property and various other property related to exporting. Qualified export receipts include gross receipts from the sale of qualified export assets and various other income related to exporting.

In general, the IC-DISC is exempt from taxation. However, certain income of the IC-DISC is taxed to its shareholders. There are two components to the taxation of the shareholders of an IC-DISC. First, the shareholder is deemed to receive an annual taxable distribution from the IC-DISC equal to the shareholder's pro rata share of various income earned by the IC-DISC.[20] Second, with respect to income of an IC-DISC that is not deemed distributed, the shareholder of an IC-DISC must pay an interest charge on the shareholder's DISC-related deferred tax liability. This tax liability equals the shareholder's tax liability if deferred DISC income were included in the shareholder's gross income minus the actual tax liability of the shareholder. In essence, the shareholder must pay interest on the tax liability that is being deferred because the IC-DISC's income is not being distributed to shareholders, and therefore, is not being taxed.

An IC-DISC must file a Form 1120-IC-DISC, Interest Charge Domestic International Sales Corporation Return. On the Form 1120-IC-DISC, the IC-DISC must report its income and deductions, tax computation, assets and liabilities, deemed and actual distributions to shareholders, and certain other information. The information reported on the Form 1120-IC-DISC is the basis for the data provided for IC-DISC's in this compendium. The Statistics of Income Division conducted a study of IC-DISC returns filed for 1985, 1986, and 1987. The next study will be for returns filed for 1991. Figure D contains selected data for IC-DISC returns for 1987.

**Figure D.--Interest Charge-Domestic International Sales Corporations, 1987**

[Money amounts in millions of dollars]

| Item | 1987 |
|---|---|
| Number of returns | 1,185 |
| Total assets | $911 |
| Total export gross receipts | 3,623 |
| Total qualified export and nonqualified receipts | 1,829 |
| Net income (less deficit) | 257 |
| Taxable income | 258 |
| Total amount deemed distributed | 49 |

## U.S. Possessions Corporations

Since the 1920's, the United States has provided incentives to U.S. corporations to encourage them to make employment-producing investments in U.S. possessions.[21] The Revenue Act of 1921 provided a tax exemption for all foreign-source income earned by certain eligible corporations. The Tax Reform Act of 1976 removed the exemption for income derived outside possessions in order to prevent the avoidance by possessions corporations of U.S. taxation on income from foreign countries. Rules for the treatment of income from intangible property were added to the Internal Revenue Code by the Tax Equity and Fiscal Responsibility Act of 1982.[22]

A possessions corporation may credit that portion of its U.S. tax attributable to the sum of (1) taxable income from sources outside the United States from the active conduct of a business in a U.S. possession and (2) qualified possessions-source investment income.[23] To be eligible for the credit, a corporation must meet two requirements. First, at least eighty percent of the corporation's gross income over the eligible period must be from sources within a U.S. possession.[24] Second, at least seventy-five percent of the corporation's gross income must be from the active conduct of a trade or business in a U.S. possession.[25] If these requirements are met, the corporation may file a Form 5712, Election To Be Treated as a Possessions Corporation Under Section 936, electing to be treated as a possessions corporation.

A possessions corporation may credit the portion of its U.S. tax on possessions-source income. Possessions-source income includes income from the active conduct of a business in a U.S. possession and qualified possessions-source investment income. Qualified possessions-source investment income is generally gross income, net of properly allocable deductions, attributable to investments within a U.S. possession of funds derived from the active conduct of business in the same possession.

The Tax Equity and Fiscal Responsibility Act of 1982 added Code section 936(h) dealing with income from intangible property to the Internal Revenue Code. As a general rule, this section provides that income from intangible property is taxed on a pro rata basis to the U.S. shareholders of the possessions corporation, after the possessions corporation has received a reasonable profit for its costs attributable to the income from the intangible property.[26] The possessions corporation can elect out of this general rule and use an alternative method for allocating income from intangible property between the possessions corporation and related persons, provided that the possessions corporation maintains a significant business presence in a U.S. possession. The alternative methods are the cost-sharing method and the profit-split method. Under the cost-sharing method, the possessions corporation pays part of the cost of product area research incurred by the affiliated group.[27] Under the profit-split method, the possessions corporation's taxable income is equal to fifty percent of the affiliated group's combined taxable income derived from certain types of sales.

A possessions corporation that claims a possessions tax credit must file a Form 1120, U.S. Corporation Income Tax Return, along with an attached Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936. On the Form 5735, the possessions corporation determines its eligibility for the possessions tax credit and computes the actual amount of the credit. On Schedule P of the Form 5735, the possessions corporation calculates its intangible income if it uses either of the two alternative methods noted above. Of the 516 possessions corporation returns filed for 1987, 233 returns included a Schedule P. The information provided on the Forms 1120 and 5735 forms the basis of the possessions corporation data. In addition, data from Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, filed by possessions corporations, are collected.

Figure E contains possessions corporation data for selected years between 1983 and 1987. Although the number of possessions corporations has decreased by over seventeen percent between 1983 and 1987, the total assets reported by these corporations has increased by over thirty-nine percent and total receipts has increased by forty-six percent. The income tax liability of possessions corporations increased by forty percent since 1983 and the possessions tax credit claimed has increased by about forty-two percent.

**Figure E.--U.S. Possessions Corporations, 1983-1987**

[Money amounts in millions of dollars]

| Item | 1983 | 1985 | 1987 |
|---|---|---|---|
| Number of returns | 625 | 594 | 516 |
| Total assets | $22,205 | $27,735 | $33,184 |
| Total retained earnings | 14,134 | 17,102 | 19,678 |
| Total receipts | 13,716 | 16,230 | 20,024 |
| Business receipts | 12,025 | 13,179 | 16,499 |
| Net income (less deficit) | 4,396 | 5,359 | 7,068 |
| Income subject to tax | 4,376 | 5,336 | 7,075 |
| Total income tax | 2,008 | 2,455 | 2,820 |
| Possessions tax credit | 1,966 | 2,429 | 2,785 |

International Boycotts

U.S. persons who participate in certain international boycotts are denied various tax benefits that would otherwise be available to them. The purpose of the boycott provisions is to discourage U.S. persons from engaging in certain boycotts, such as the Arab League boycott against Israel.[28]

Extensive reporting requirements are imposed upon U.S. persons with operations in certain countries.[29] In general, a U.S. person must report on all operations located in or related to countries requiring participation in an international boycott, and countries which the person knows (or has reason to know) require participation in or cooperation with a boycott as a condition of doing business. Also, a U.S. person must report on any operations that take part in or that are requested to take part in an international boycott. If a person takes part in an international boycott, all of that person's operations in the country requiring participation in the boycott are treated as connected to the person's participation in the boycott, unless the U.S. person can clearly demonstrate that a particular operation is a clearly separate and identifiable operation that is not connected with the boycott.

If a person is involved in an international boycott, that person may lose certain tax benefits ordinarily available to the taxpayer under the Internal Revenue Code. The taxpayer may choose between either of two benefit reduction methods: specifically attributable taxes and income method, and international boycott factor method. If the taxpayer can clearly identify the income and taxes related to specific operations, then the taxpayer can use the specifically attributable taxes and income method. With this method, tax benefits are reduced by the amount specifically attributable to operations participating in the international boycott. If the taxpayer is unable to specifically attribute income and taxes, it must use the international boycott factor method. The international boycott factor is the ratio of operations associated with carrying out a boycott in which the taxpayer participated to the worldwide operations of the taxpayer. This ratio is then used to reduce the tax benefits noted below.

The tax benefits affected by participation in an international boycott include a reduction in the foreign tax credit (if the international boycott factor method is used) or a reduction in foreign taxes eligible for credit (if the specifically attributable income and taxes method is used); a reduction in the deferral of income of a CFC (by increasing Subpart F income); a reduction in the exemption for the foreign trade income of a FSC; and a reduction in the deferral of income of an IC-DISC.

U.S. persons subject to the international boycotts provisions must file a Form 5713, International Boycott Report. On the Form 5713, the U.S. person must report its operations in boycotting countries, and any requests for, and acts of, participation in a boycott. If the person uses the international boycott factor method, it must compute the factor on Schedule A of the Form 5713. If the specifically attributable taxes and income method is used, the U.S. person must identify the specific income and tax amounts on Schedule B. Schedule C is used to compute the reduction in tax benefits. The information provided on Form 5713 is the basis of the international boycott data contained in this compendium. The Statistics of Income Division conducts a study of all Forms 5713 once every four years. Data for the most recent study, 1986, is included in this compendium. During intervening years, small studies including only those returns showing tax effects are conducted.

Figure F contains international boycott data for 1982 and 1986. Corporations filed the great majority of the information reports. Further, corporations bore all of the tax effects of international boycotts provisions. However, as the amounts in the Figure F indicate, the magnitude of the reduction in tax benefits has been declining.

**Figure F.--International Boycott Participation, 1982, 1986**

[Money amounts in thousands of dollars]

| Item | 1982 | 1986 |
|---|---|---|
| Number of boycott reports filed | | |
| All persons, total | 2,822 | 2,104 |
| Corporations | 2,583 | 1,900 |
| Individuals | 118 | 100 |
| Partnerships | 95 | 83 |
| Trusts and other persons | 26 | 21 |
| Number of returns with tax effect | 87 | 40 |
| Reduction in foreign taxes eligible for a foreign tax credit* | $2,001 | $432 |
| Reduction of foreign tax credit** | 1,343 | 687 |
| Subpart F boycott income | 4,073 | 4,702 |
| DISC boycott income | 1,093 | -- |
| FSC boycott income | n/a | 173 |

*Represents the reduction in foreign taxes eligible for a foreign tax credit computed using the specifically attributable taxes and income method.
**Represents the reduction in foreign tax credit computed using the international boycott factor method.
Note: All the returns with tax effects from international boycott participation were filed by corporations.

Individual Foreign Tax Credit and Foreign Earned Income Exclusion

Since the 1920's, the United States has provided certain tax benefits to U.S. citizens who earn income abroad. The foreign tax credit has been available to individuals since 1918. In 1926, the United States granted exclusions for all foreign income of U.S. citizens spending six months or more outside the United States. Numerous changes were subsequently made to the exclusion limiting its availability.[30] The purpose of the exclusion was to promote U.S. exports and encourage a U.S. presence abroad. The Foreign Earned Income Act of 1978 limited the exclusion to U.S. citizens residing in camps in hardship areas. Other individuals were only allowed a deduction for excess costs of working abroad. In 1981, the law was changed to allow individuals to exclude a portion of income earned overseas.[31]

Presently, a taxpayer can exclude foreign earned income up to a specific limitation. Also, the taxpayer can exclude employer-provided housing costs or deduct housing costs that are not provided by an employer. In addition, a taxpayer can either credit foreign taxes against the U.S. tax liability or deduct foreign taxes from gross income. However, a taxpayer can not credit or deduct foreign taxes paid on income that was excluded from gross income.

Qualifying U.S. taxpayers can elect to exclude their foreign earned income and housing costs from foreign-source income.[32] To qualify for the exclusions, a U.S. taxpayer must meet two requirements. First, the taxpayer must have a tax home in a foreign country.[33] Second, the taxpayer must be either a U.S. citizen and a bona fide resident of a foreign country, or a U.S. citizen or resident and be physically present in a foreign country for 330 days in twelve consecutive months. A qualifying U.S. taxpayer may exclude any income that is both earned income and foreign-source. The foreign earned income exclusion is limited to the lesser of (1) foreign income earned during the appropriate period and (2) the exclusion limitation of $70,000. In addition, an eligible U.S. taxpayer is entitled to exclude amounts paid by, or on behalf of, the taxpayer for housing costs, over a base housing amount. The base housing amount is sixteen percent of the salary of a GS-14 computed daily.[34] Also, a taxpayer who personally pays housing costs can take a housing cost deduction. This deduction may only be taken against self-employment income.

U.S. citizens and residents can either credit foreign taxes against their U.S. tax liability or deduct foreign taxes from their gross income. A taxpayer can only credit foreign income taxes or foreign taxes in lieu of income taxes. In addition, a taxpayer can not credit taxes on income excluded under the foreign earned income or foreign housing exclusions. A taxpayer must compute a limitation on the allowable foreign tax credit. The limitation is equal to the taxpayer's U.S. tax liability multiplied by the ratio of foreign-source taxable income to worldwide taxable income. The limitation must be computed separately for the following types of income: passive income, high withholding tax interest, financial services income, shipping income, dividends from an Interest Charge-Domestic International Sales Corporation (IC-DISC) or former DISC, distributions from a Foreign Sales Corporation (FSC) or former FSC, and all other income.[35] Also, foreign taxes not allowed as a credit in one year can be carried back to two prior years or forward to up to five subsequent years.

An individual who excludes foreign earned income and housing costs must file a Form 2555, Foreign Earned Income, with the taxpayer's Form 1040, U.S. Individual Income Tax Return. An individual who claims a foreign tax credit must file a Form 1116, Computation of Foreign Tax Credit - Individual, Fiduciary, or Nonresident Alien Individual, with the taxpayer's Form 1040. The data contained on Forms 1040, 1116 and 2555 form the basis for the individual foreign tax credit and foreign earned income data. The Statistics of Income Division conducts a study of the individual foreign tax credit and foreign earned income once every four years. Data for the last two studies (for returns filed for 1983 and 1987) are contained in this compendium. The next study will include returns filed for 1991.

Figure G contains foreign earned income data for selected years between 1979 and 1987. Between 1983 and 1987, the total amount of exclusions and deductions for foreign earned income and foreign housing costs increased by about seven percent. However, an increase in the number of returns claiming an exclusion or deduction resulted in the average exclusion per return remaining about the same.

**Figure G.--Foreign Earned Income, 1979-1987**

[Money amounts in millions of dollars]

| Item | 1979 | 1983 | 1987 |
|---|---|---|---|
| Number of returns | 91,966 | 159,194 | 170,774 |
| Adjusted gross income | $3,220 | $2,612 | $4,581 |
| Taxable income | 2,817 | 2,121 | 3,423 |
| Foreign earned income | 3,710 | 7,186 | 8,190 |
| Foreign earned income exclusion* | 288 | 5,707 | 5,982 |
| Foreign housing exclusion* | n/a | 315 | 468 |
| Foreign housing deduction* | n/a | 13 | 17 |

*For 1979, the foreign earned income exclusion was only available for persons living in a hardship area camp. No foreign housing exclusion or deduction was available.

Figure H contains individual foreign tax credit data for selected years between 1979 and 1987. Foreign-source income declined as a percentage of total taxable income during this period, decreasing from 26.7 percent for 1979 to 9.8 percent for 1987. Correspondingly, the foreign tax credit claimed declined as a percentage of the U.S. income tax, decreasing from 14.3 percent for 1979 to 6.1 percent for 1987.



**Figure H.--Foreign Tax Credit Claimed on Individual Income Tax Returns, 1979-1987**

[Money amounts in millions of dollars]

| Item | 1979 | 1983 | 1987 |
|---|---|---|---|
| Number of returns | 287,508 | 371,945 | 561,109 |
| Adjusted gross income | $18,815 | $30,234 | $72,483 |
| Taxable income | | | |
| Total | 15,019 | 23,523 | 56,682 |
| Foreign-source | 4,011 | 3,246 | 5,535 |
| Foreign taxes available for credit | 1,235 | 1,141 | 1,806 |
| U.S. income tax before credits | 5,905 | 8,217 | 16,996 |
| Foreign tax credit claimed | 842 | 617 | 1,036 |

Foreign Trusts

A trust is an arrangement whereby a trustee takes title to property for the purpose of protecting or conserving it for beneficiaries. A foreign trust is a trust the income of which, from foreign sources, is not includible in gross income under Subtitle A of the Internal Revenue Code. The criteria used to determine whether a trust is foreign include the residence of the trustee, the place where the trust is formed, the place of administration of the trust, the governing law (if the trust instrument designates governing law), and the nationality of the grantor and beneficiary.

Whether a foreign trust is subject to U.S. taxation depends upon the type of trust involved. If the foreign trust is a grantor trust, the grantor is considered the owner of the corpus of the trust and the trust's income is included in the grantor's taxable income.[36] The grantor is treated as the owner of the trust corpus in situations where the grantor retains certain powers over, or interests in, the trust. In addition, a foreign trust is treated as a grantor trust if it has a U.S. beneficiary.

If the foreign trust is a non-grantor trust, then the income of the foreign trust is taxed under the general rules applicable to nonresident aliens.[37] If the foreign trust is not engaged in a trade or business within the United States, it is subject to the thirty percent withholding tax on fixed or determinable, annual or periodical income. Also, the trust is subject to the ten percent tax on the gain from the sale or exchange of a U.S. real property interest. If the trust is engaged in a trade or business within the United States, it is taxed at regular U.S. rates on income effectively connected with the U.S. trade or business.

In addition, transfers by a U.S. person to a foreign trust are subject to an excise tax under Code section 1491. A thirty-five percent tax is imposed on the excess of the fair market value of transferred property over the sum of the adjusted basis plus the gain recognized at the time of the transfer by the transferor. However, certain transfers are not subject to the excise tax.

In general, a U.S. person who creates, or transfers property to, a foreign trust must file a Form 3520, Creation of or Transfers to Certain Foreign Trusts. On the Form 3520, the U.S. person must provide information regarding the nature of the foreign trust, the identity of the beneficiary, and the value of the property transferred. Every year thereafter, the U.S. person must file a Form 3520-A, Annual Return of Foreign Trust With U.S. Beneficiaries, as long as the trust has at least one U.S. beneficiary. On the Form 3520-A, the U.S. person must provide information regarding the income, expenses, assets, and liabilities of the foreign trust. Once every four years, the Statistics of Income Division conducts a study of Forms 3520 and 3520-A filed for the year at the Philadelphia Service Center. The last study included returns filed during 1986. The next study will be conducted for returns filed for 1990.

Figure I contains data for foreign trusts for selected years between 1978 and 1986. The number of transfers to foreign trusts decreased by 34.6 percent between 1978 and 1986. However, the average value of assets transferred increased by 36.0 percent during this same period.

III. ACTIVITY OF FOREIGN PERSONS IN THE UNITED STATES

Domestic Corporations Controlled by Foreign Persons

One means for a foreign person to establish a business within the United States is to acquire an interest in a domestic U.S. corporation. This acquisition can be in the form of an acquisition of the stock of an existing domestic corporation or the formation of a new domestic corporation.

Foreign-owned domestic corporations are subject to the corporate tax rules that apply to all domestic corporations. Foreign-owned corporations are subject to U.S. tax, along with all domestic corporations, under Code section 11. The tax rates imposed are graduated up to forty-six percent (for taxable income over $100,000) for taxable years beginning before July 1, 1987, and thirty-four percent (for

**Figure I.--Foreign Trusts: Transfer Activity, 1978-1986**

[Money amounts in thousands of dollars]

| Item | 1978 | 1982 | 1986 |
|---|---|---|---|
| Number of Forms 3520 filed | 390 | 338 | 255 |
| Number individuals filing | | | |
| Total | 390 | 324 | 255 |
| Grantor | 334 | 216 | 182 |
| Transferor | 56 | 63 | 69 |
| Other* | -- | 35 | 4 |
| Value of assets transferred | $18,998 | $9,756 | $16,892 |

*Includes returns indicating filer was both grantor and transferor.

taxable income over $75,000) for taxable years beginning after July 1, 1987.[38]

All domestic corporations must file a Form 1120, U.S. Corporate Income Tax Return. On the Form 1120, the corporation must indicate whether any person owned at least fifty percent of the corporation's stock. In addition, the corporation must indicate whether the fifty percent or more owner is a foreign person, and, if so, provide the country of the foreign person and the percent of stock owned by the foreign person. The data included in this compendium are for corporations that indicated fifty percent or more foreign ownership.

Figure J contains data for the returns of foreign-controlled domestic corporations filed for 1983 through 1987. The number of foreign-controlled domestic corporations increased by over thirty-three percent between 1983 and 1987. Assets and receipts increased by over seventy-five percent. However, taxable income of foreign-controlled domestic corporations increased by only thirty-five percent and the income tax liability of these corporations increased by only seventeen percent.

## Foreign Corporations With Income Derived From U.S. Sources

A foreign person can engage in business activity within the United States through a branch of a foreign corporation. A foreign corporation engaged in a U.S. trade or business through branch operations is taxed in manner similar to a U.S. person on all income that is effectively connected with the conduct of the U.S. trade or business.[39] For income to be taxed in this manner, the foreign corporation must engage in an activity which constitutes a business and the income taxed must be effectively connected with the conduct of the business. Effectively connected income can be either U.S. or foreign-source. Effectively connected income generally includes all U.S.-source income regardless of whether it is in fact attributable to the U.S. business. Effectively connected income can also include certain types of foreign-source income, including certain rents and royalties for the use of, and gains on the sale of, intangible intellectual property derived from the U.S. trade or business. However, in order for foreign-source income to be effectively connected income, the foreign corporation must have an office or fixed place of business within the United States to which the foreign income is attributable.

A foreign corporation engaged in a U.S. trade or business must file a Form 1120F, U.S. Income Tax Return of a Foreign Corporation. On the Form 1120F, the foreign corporation must report its effectively connected income, income that is not effectively connected, assets and liabilities, and the computation of the corporation's regular income tax and branch profits tax. The Statistics of Income Division conducts an annual study of all Forms 1120F filed as part of the study conducted for regular corporate income tax returns.

**Figure J.--Domestic Corporations Controlled by Foreign Persons, 1983-1987**

[Money amounts in millions of dollars]

| Item | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| Number of returns | 33,622 | 37,401 | 36,677 | 36,778 | 44,862 |
| Total assets | $530,334 | $552,598 | $655,696 | $840,983 | $959,394 |
| Total receipts | 389,909 | 459,162 | 513,778 | 542,695 | 686,786 |
| Business receipts | 359,793 | 423,602 | 473,893 | 497,304 | 632,731 |
| Total deductions | 387,981 | 454,642 | 510,955 | 544,273 | 681,349 |
| Cost of sales and operations | 271,373 | 320,857 | 357,520 | 370,779 | 481,645 |
| Net income (less deficit) | 1,849 | 4,528 | 2,978 | (1,519) | 5,608 |
| Income subject to tax | 10,707 | 13,411 | 11,428 | 9,370 | 14,477 |
| Income tax before credits | 4,849 | 6,050 | 5,152 | 4,070 | 5,676 |
| Foreign tax credit | 671 | 788 | 725 | 484 | 660 |
| Distributions to stockholders | 4,327 | 3,322 | 3,529 | 5,819 | 12,484 |



**Figure K.--Foreign Corporations With Income Derived from U.S. Sources, 1983-1987**

[Money amounts in millions of dollars]

| Item | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| Number of returns | 8,001 | 10,905 | 11,693 | 11,342 | 10,478 |
| Total receipts | $20,794 | $43,656 | $50,909 | $43,626 | $61,004 |
| Business receipts | 5,477 | 15,446 | 20,275 | 15,752 | 19,971 |
| Interest | 13,567 | 25,939 | 27,199 | 24,293 | 37,934 |
| Dividends from domestic corporations | 65 | 65 | 87 | 66 | 43 |
| Total deductions | 21,882 | 45,004 | 51,928 | 43,739 | 61,130 |
| Cost of sales and operations | 3,723 | 12,552 | 15,032 | 11,802 | 11,728 |
| Taxes paid | 272 | 466 | 514 | 493 | 608 |
| Interest paid | 13,460 | 24,791 | 25,719 | 23,562 | 36,611 |
| Net income (less deficit) | (1,118) | (1,513) | (1,487) | (139) | (162) |
| Income subject to tax | 469 | 902 | 1,025 | 1,818 | 1,647 |
| Income tax before credits | 183 | 393 | 435 | 688 | 670 |
| Foreign tax credit | 25 | 59 | 65 | 118 | 53 |

Figure K contains selected data for foreign corporations with income derived from U.S. sources for 1983 through 1987. The number of returns filed increased by about thirty percent during this period. However, total receipts of these foreign corporations increased by over 193 percent and taxable income increased by over 251 percent.

## Foreign Recipients of U.S. Income

A foreign person who makes investments within the United States is subject to tax on the income received, even though the income is not effectively connected to a trade or business within the United States. The United States imposes a thirty percent withholding tax on gross investment income received by a foreign person from sources within the United States.[40] This tax must be withheld by the U.S. payer of the income. The U.S. payer of the income must withhold the tax on the income and transmit it to the U.S. Treasury on behalf of the foreign recipient. If the payer should have withheld the tax but failed to do so, the payer is liable for the amount of the tax.

The income subject to the withholding tax includes income that is fixed or determinable annual or periodical (e.g., dividends, interest, rents, royalties, and wages) and certain other income paid to foreign persons. There are several significant exceptions to the withholding tax. First, the provisions of an applicable income tax treaty may reduce or entirely eliminate the tax. Second, income effectively connected with a trade or business within the United States is not subject to the withholding tax. Effectively connected income instead is subject to the regular income tax rates imposed on U.S. persons. Third, in general, most interest received by a nonresident alien or foreign corporation from sources within the United States is not subject to the withholding tax.[41]

The U.S. withholding agent must file a Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding, for each foreign recipient of U.S. income. On the Form 1042S, the withholding agent must report the name, address and country of residence of the foreign recipient; the type and amount of income paid; and the amount of tax withheld. The data reported on the Form 1042S is the basis of the data included in this compendium.

Figure L contains data filed on Form 1042S for selected years between 1978 and 1988. During this period, the number of Forms 1042S filed has increased by about 104 percent. During this same period, income paid to foreign persons increased by over 615 percent. In addition, the amount of income subject to withholding declined from 77.9 percent of total income paid in 1978 to only 41.1 percent in 1988. Therefore, the total tax withheld increased by only 218.0 percent, about one-third the rate of increase in income paid to foreign persons.

## U.S. Partnership Income of Foreign Partners

A partnership that has effectively connected taxable income, any portion of which is allocable to a foreign partner, must withhold tax on the foreign partner's share of the income.[42] This withholding requirement was enacted in 1986 because Congress was concerned that a foreign person investing in a U.S. partnership might be able to avoid U.S. taxation

**Figure L.--Foreign Recipients of U.S. Income, 1978-1988**

[Money amounts in thousands of dollars]

| Tax Year | Number of Forms 1042S Filed | Income paid: Total | Income paid: Subject to Withholding | Total tax Withheld |
|---|---|---|---|---|
| 1978........ | 645,125 | $4,451,059 | $3,469,462 | $552,427 |
| 1980........ | 608,781 | 6,576,375 | 4,402,559 | 686,208 |
| 1982........ | 565,091 | 10,624,310 | 5,952,126 | 848,874 |
| 1984........ | 780,708 | 17,106,632 | 7,738,490 | 1,057,453 |
| 1986........ | 1,076,088 | 21,814,442 | 9,233,809 | 1,223,741 |
| 1988........ | 1,315,406 | 31,845,694 | 13,095,878 | 1,759,267 |

on effectively connected income earned by the foreign person through the partnership.[43]

The withholding tax is imposed on the foreign partner's share of the partnership's effectively connected taxable income. Effectively connected taxable income includes gross income effectively connected with the conduct of a trade or business within the United States, net of allowable deductions connected to that income.

The withholding tax imposed is equal to the highest tax rate under Code section 1 (in the case of a noncorporate foreign partner), or the highest tax rate under Code section 11(b)(1) (in the case of a corporate foreign partner), multiplied by the effectively connected taxable income allocable to the foreign partner. The foreign partner may credit the tax paid by the partnership against the partner's U.S. income tax liability.[44]

The U.S. partnership must file a Form 8804, Annual Return for Partnership Withholding Tax, to report the partnership's total tax liability under Code section 1446. In addition, the partnership must file a Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, reporting each foreign partner's amount of effectively connected taxable income and tax liability. A copy of the Form 8805 for each foreign partner must be attached to the Form 8804 filed by the partnership. A second copy of the Form 8805 must be provided by the partnership to the foreign partner, who must attach it to its U.S. income tax return in order to claim a credit for the tax withheld. Form 8813, Partnership Withholding Tax Payment, is used to make payment of the Code section 1446 withholding tax and must be filed with the tax payments four times a year. The information provided on Forms 8804, 8805 and 8813 is the basis for the data contained in this compendium for the U.S. partnership income of foreign partners. The Statistics of Income Division conducts an annual study of information filed on Forms 8804, 8805 and 8813. The first study included forms filed for 1989.

Nonresident Alien Estates

The United States imposes an estate tax on the taxable U.S. estates of nonresident aliens.[45] A nonresident alien is a person with a non-U.S. domicile. A nonresident alien decedent's taxable estate is determined by reducing the nonresident alien's gross U.S. estate by allowable deductions. Gross U.S. estate is that part of the nonresident alien's gross estate that is located in the United States at the time of the alien's death. Allowable deductions include funeral expenses, administration expenses, claims against the estate, indebtedness on property included in the estate, losses incurred during the settlement of the estate from casualty or theft, certain charitable contributions made by the decedent, and certain transfers of property to the decedent's spouse. The estate is allowed several credits to reduce the estate tax liability. Allowable credits include the unified credit (exempting estates of up to $60,000 from tax), the credit for State death taxes, the credit for taxes paid on certain gifts, and the credit for taxes on prior transfers.

The estate of a nonresident alien decedent must file a Form 706NA, United States Estate (and Generation-Skipping Transfer) Tax Return, Estate of nonresident not a citizen of the United States, within 9 months of the nonresident alien's death. On the Form 706NA, the estate must list the value of all property included in gross U.S. estate. In addition, the estate must report the value of property located outside the United States in order to claim most deductions.

Figure M contains data for Forms 706NA filed in 1982 and 1986. Although the number of returns filed decreased slightly, the size of the estates increased substantially. Gross U.S. estate increased by 31.6 percent during this period and the estate tax liability increased by 69.4 percent.

**Figure M.--Nonresident Alien Estates, 1982, 1986**

[Money amounts in thousands of dollars]

| Item | 1982 | 1986 |
|---|---|---|
| Number of returns.................. | 169 | 161 |
| Gross worldwide estate............. | $148,013 | $239,611 |
| Gross U.S. estate.................. | 47,135 | 62,017 |
| Taxable U.S. estate................ | 41,382 | 53,934 |
| Estate tax after credits........... | 3,850 | 6,520 |



**Figure N.--Future Studies Planned for the International Area by the Statistics of Income Division, 1988-1993**

| Study | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 |
|---|---|---|---|---|---|---|
| Corporate Foreign Tax Credit*......... | X | - | X | X | X | X |
| Controlled Foreign Corporations......... | X | - | X | - | X | - |
| Foreign Sales Corporations......... | - | - | - | X | - | - |
| Interest Charge-Domestic International Sales Corporations......... | - | - | - | X | - | - |
| U.S. Possessions Corporations......... | - | X | - | - | - | X |
| International Boycotts**......... | X | X | X | X | X | X |
| Individual Foreign Tax Credit and Foreign Earned Income......... | - | - | - | X | - | - |
| Foreign Trusts......... | - | - | X | - | - | - |
| Domestic Corporations Controlled by Foreign Persons......... | X | X | X | X | X | X |
| Foreign Corporations With Income Derived from U.S. Sources......... | X | X | X | X | X | X |
| Foreign Recipients of U.S. Income......... | X | X | X | X | X | X |
| U.S. Partnership Income of Foreign Partners......... | - | X | X | X | X | X |
| Nonresident Alien Estates......... | - | - | X | - | - | - |
| Foreign-Owned Corporations......... | X | X | X | X | X | X |
| Sales of U.S. Real Property Interests by Foreigners......... | X | X | X | X | X | X |
| Excluded Income from U.S. Possessions***......... | - | - | - | - | - | - |

*The 1988, 1991, and 1993 Corporate Foreign Tax Credit studies are limited to type of income summary data only. No country information will be included in these studies.
**The 1988, 1989, 1991, 1992, and 1993 International Boycott studies are limited to only those returns showing a denial of tax benefits. The 1990 International Boycott study will include data for all returns with a Form 5713 attached.
***The Excluded Income from U.S. Possessions study will next be done when the United States concludes implementing agreements with American Samoa, Guam, and the Northern Mariana Islands.

## IV. PLANS FOR FUTURE STUDIES

All of the international studies conducted by the Statistics of Income Division discussed above are presently planned to be done in the future as well. Figure N contains information relating to the studies being conducted between 1988 and 1993.

In addition to the studies described above, several other studies are planned for the period between 1988 and 1993. One new study relates to the transactions of foreign-owned corporations. Foreign-owned U.S. and foreign corporations with a trade or business within the United States must file a Form 5472, Information Return of a Foreign Owned Corporation, for each related party with which the foreign-owned corporation has transactions.[46] On the Form 5472, the filing corporation must provide information identifying the related party, and the amount and the nature of the transactions between the filing corporation and the related party. The first study, which is presently being conducted, includes Forms 5472 filed by selected corporations for 1988. This study will be conducted annually in the future.

Another new study deals with the information filed for the sales of U.S. real property interests by foreigners. In general, a ten percent withholding tax is imposed on the amount realized by a foreign person from the disposition of a U.S. real property interest.[47] The buyer (or other transferee) of a U.S. real property interest must withhold the amount of tax from the amount paid to the foreign seller of the property interest. The buyer must file a Form 8288, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests, to report the transaction and transmit the amount of tax withheld. A study of Forms 8288 filed for 1989 is presently being conducted. This study will be conducted annually in the future.

In addition to the new studies noted above, the Excluded Income from U.S. Possessions study may be conducted again in the future. A U.S. citizen who is a bona fide resident of certain U.S. possessions may exclude from gross income any income from the possession that is effectively connected with the conduct of a trade or business within the possession.[48] The eligible possessions include American Samoa, Guam, and the Northern Mariana Islands. Before this exclusion is available to residents of a possession, an implementing agreement between the United States and the possession must be concluded. To date, agreements with American Samoa and Guam have been concluded. This study will next be done when agreements are reached with all three eligible possessions.

## NOTES AND REFERENCES

[1] A citizen of the United States is any U.S. citizen regardless of where the individual resides. In addition, under section 877 of the Internal Revenue Code, a U.S. expatriate may be taxed as a U.S. citizen in certain cases. A resident of the United States is, in general, an individual who is a lawful permanent resident of the United States, or

who has been substantially present in the United States for the past three years. A domestic partnership or corporation is a partnership or corporation that is created or organized in the United States or under the laws of the United States or any State. A foreign trust or estate is a trust or estate whose non-effectively connected foreign-source income is not included in gross income under the provisions of Subtitle A of the Internal Revenue Code. See Code section 7701 for more information regarding the definition of U.S. and foreign person.

[2] McDaniel, Paul R. and Ault, Hugh J., Introduction to United States International Taxation, Kluwer, 1977.

[3] The foreign tax credit provisions are contained in Code sections 901-908 and 960. Foreign persons are generally allowed a credit for foreign income taxes paid on income effectively connected with the conduct of a trade or business within the United States.

[4] See, for example, Edward H. Lieberman, "Whether and to what extent a foreign tax is creditable under final Regulations," The Journal of Taxation, February 1984, pp. 98-102.

[5] A tax is an income tax in the U.S. sense if the tax is likely to reach net gains.

[6] Section 904(d) interest income generally included passive interest income.

[7] Passive income is income that is generally considered foreign personal holding company income or passive foreign investment income. However, passive income does not include any income that would be in any other basket (except the all other income basket), export financing interest, any income taxed at a rate greater than the highest U.S. tax rate, and any foreign oil and gas extraction income.
Financial services income is generally income derived in the active conduct of a banking, insurance, financing, or similar business. Financial services income does not include high withholding tax interest or export financing interest.
High withholding tax interest is any interest subject to a withholding tax of at least five percent, but not including any export financing interest.
Shipping income includes any income received by a person which would be foreign base company shipping income under Code section 954(f).
Dividends from a noncontrolled Section 902 corporation includes dividends from a foreign corporation of which the taxpayer owns between ten and fifty percent of the voting stock. The foreign tax credit limitation for dividends from a noncontrolled Section 902 corporation must be computed separately for each noncontrolled Section 902 corporation paying dividends to the domestic corporation.

[8] Barlow, Mary, "Foreign Tax Credit by Industry, 1982," Statistics of Income Bulletin, Spring 1986, pp. 9-18.

[9] In certain cases, a corporation's separate existence may be disregarded for tax purposes. For example, a subsidiary corporation's separate existence is disregarded if it files as part of a consolidated income tax return with its parent corporation under Code section 1504(a).

[10] This is particularly true when the corporation is located in a relatively low tax country.

[11] The Subpart F provisions are contained in Code sections 951-964. See, for example, Kaplan, Richard L., Federal Taxation of International Transactions, West Publishing Co., 1988, p. 216.

[12] Insurance income includes any income from insuring risks located outside the CFC's country of incorporation that would be taxed under Subchapter L of the Internal Revenue Code if the CFC were a domestic insurance company.
Foreign base company income includes the following income:
(1) Foreign personal holding company income, which includes mostly passive investment income;
(2) Foreign base company sales income, which includes income from the sale of personal property produced outside the CFC's country of incorporation and sold for use outside the CFC's country of incorporation, where the property was purchased from or sold to (or on behalf of) a related party;
(3) Foreign base company services income, which includes certain income from the performance of services outside the CFC's country of incorporation for (or on behalf of) a related person;
(4) Foreign base company shipping income, which includes income connected with air or sea transportation between two countries, and, for tax years beginning after 1986, income connected with all space and ocean activity; and
(5) Foreign base company oil related income which generally includes income related to the processing, transportation or distribution of oil and gas and their primary products.

[13] The filing requirements are contained in Code section 6038.

[14] U.S. Department of the Treasury, The Operation and Effect of Domestic International Sales Corporation Legislation, July 1, 1981 to June 30, 1983, February 1988 [hereinafter DISC Report].

[15] The FSC provisions are contained in Code sections 921-927.

[16] Foreign trading gross receipts are gross receipts from the sale or lease of export property for use outside the United States and from the performance of various services outside the United States.

[17] Transfer pricing rules apply to sales to a FSC from a person described in Code section 482.

[18] DISC Report, op. cit. note 14, at pp. 2-5.

[19] The IC-DISC provisions are contained in Code sections 991-997.

[20] The deemed distribution includes, among other items, taxable income of the IC-DISC attributable to qualified export receipts which exceed $10 million.

[21] U.S. Congress, Committee on Ways and Means, Report of the Committee on Ways and Means, U.S. House of Representatives, on H.R. 10612, Report No. 94-658, November 12, 1975, p. 255.

[22] U.S. Department of the Treasury, The Operation and Effect of the Possessions Corporation System of Taxation, Sixth Report, March 1989.

[23] The possessions corporations provisions are contained in Code section 936.

[24] The eligible period is the three year period immediately preceding the close of the taxable year for which the credit is taken, or a lesser period, if appropriate.

[25] For taxable years beginning before 1983, at least fifty percent of the corporation's gross income had to be from the active conduct of a trade or business in a U.S. possession. This requirement was raised to fifty-five percent for taxable years beginning during 1983, sixty percent for taxable years beginning during 1984, sixty-five percent for taxable years beginning during 1985, and seventy-five percent for taxable years beginning after 1985. See Hartzok, Jeff, "U.S. Possessions Corporation Returns, 1983," Statistics of Income Bulletin, Spring 1988, Vol. 7, No. 2, p. 57.

[26] Intangible property includes patents, inventions, copyrights, trademarks, licenses, and similar items, which have substantial value independent of the services of any individual.

[27] An affiliated group is a possessions corporation and all other organizations, trades or businesses owned or controlled directly or indirectly by the same interests.

[28] U.S. Department of the Treasury, The Operation and Effect of the International Boycotts Provisions of the Internal Revenue Code, Third Report, May 1982; Mose, Vergie, "Report on International Boycotts 1976-82: Focus On the Middle East," Statistics of Income Bulletin, Summer 1985, Vol. 5, No. 1, pp. 65-81.

[29] The international boycotts provisions are contained in Code section 999.

[30] Gene A. Knorr, "Foreign Earned Income - Policy Improved But Not Resolved," The Tax Executive, April 1979, reprinted in U.S. Senate, Committee on Finance, Subcommittee on Taxation and Debt Management Generally, Taxation of Foreign Earned Income, June 26, 1980, pp. 34-46.

[31] U.S. Senate, Committee on Finance, Economic Recovery Tax Act of 1981, Report No. 97-144, July 6, 1981, pp. 34-36.

[32] The provisions relating to these exclusions are contained in Code section 911.

[33] Generally, an individual's tax home is the location of the individual's principal place of business or employment.

[34] For 1987, the daily base housing amount was $19.48.

[35] See note 21 for definitions of these income types.

[36] The grantor trust provisions are contained in Code sections 671-679.

[37] A non-grantor trust is a trust that is not subject to the provisions of Code sections 671-679.

[38] For additional information regarding the taxation of U.S. corporations, see Abrams, Howard E. and Doernberg, Richard L., Federal Corporate Taxation, Foundation Press, 1990.

[39] The major provisions related to the taxation of foreign corporations are contained in Code sections 881-885.

[40] These tax provisions are contained in Code sections 871, 881, 1441, and 1442.

[41] Flaherty, Marilyn J., "Foreign Recipients of U.S. Income, and Tax Withheld, 1987," Statistics of Income Bulletin, Winter 1989-90, Vol. 9, No. 3, p. 42.

[42] The provisions relating to the tax on the partnership income of foreign partners are contained in Code section 1446.

[43] U.S. Congress, Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986, JSC-10-87, May 4, 1987, p. 1055. Code section 1446 was originally added to the Internal Revenue Code by the Tax Reform Act of 1986. The provisions were substantially modified by the Technical and Miscellaneous Revenue Act of 1988.

[44] Since the withholding tax is imposed to ensure that the foreign partner's U.S. tax on effectively connected income is paid, a credit is allowed under Code section 33 for the tax withheld by the partnership.

[45] The provisions related to the estate taxation of nonresident aliens are contained in Code sections 2101-2108.

[46] This reporting requirement is imposed under Code sections 6038A and 6038C.

[47] This tax is imposed under Code section 897.

[48] The exclusion provisions are contained in Code section 931.

# Section 2 Corporate Foreign Tax Credit

Contents



The corporate foreign tax credit enables corporations to avoid being taxed twice on income earned in foreign countries. The United States taxes all income earned by U.S. corporations, whether the income is earned in the United States or abroad. The threat of double taxation arises when foreign income is also taxed by the country where it was earned. Beginning with the Revenue Act of 1918, the United States has allowed corporations to credit foreign income taxes paid or accrued against their U.S. income tax liability. Also, corporations are allowed to credit foreign taxes paid by foreign subsidiaries. A limitation is imposed on the foreign tax credit equal to what the U.S. tax would be on the foreign income. The papers presented in this section give a more detailed discussion of the the foreign tax credit. These papers are listed above.

Section 15 of this compendium contains copies of the selected tax forms and instructions which provide the basis of the foreign tax credit data.

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 1118, Computation of Foreign Tax Credit, Corporations, and Instructions (p. 444)

# Corporate Foreign Tax Credit, by Industry, 1984

By Vergie Mose*

U.S. companies paid over $23.3 billion to foreign governments in income taxes and reduced their U.S. income tax by $21.4 billion for 1984 [1,2]. The foreign tax credit fluctuated from 1980-1985 like the sway of a pendulum (see Figure A) [3]. The credit began declining from $24.9 billion for 1980, dropping to $18.9 billion for 1982 (its lowest level), and then rising to $24.3 billion for 1985 (nearly returning to the 1980 amount) [4]. The U-shaped pattern of the foreign tax credit reflects the changing levels of both foreign and domestic profits of U.S. companies between 1980 and 1985.

## OVERVIEW

Using growth in taxable income as an indication of profits, economic recovery from 1982 to 1984 can be measured for both foreign and domestic business activities. Domestic-source taxable income of all U.S. companies can be estimated by subtracting the foreign-source taxable income reported by U.S. corporations claiming a foreign tax credit from the worldwide taxable income of all U.S. companies [5].

Foreign economic recovery of U.S. companies from 1982 to 1984 was only one-fifth as strong as their domestic recovery. Foreign-source taxable income rose by only 7 percent from 1982 to $63.6 billion for 1984. Domestic-source taxable income rose by 34 percent from 1982 to $195.9 billion for 1984.

Not until 1984 did the worldwide taxable income of U.S. corporations ($259.5 billion) rise to a level above that for 1980 ($246.6 billion). This rise was due to the $19.8 billion increase in domestic-source taxable income, as foreign-source taxable income for 1984 remained $6.9 billion below the 1980 income level. Growth in worldwide taxable income continued for 1985 to $266.1 billion.

As worldwide taxable income increased, the total U.S. corporate tax liability (before credits) rose from $87 billion for 1982 to over $109 billion for 1984. For both years, 1.2 million corporations had a U.S. income tax obligation (before credits). Only 0.4 percent of those companies (4,841 for 1984) claimed a

**Figure A.—Foreign Tax Credit Claimed and Percentage Change, by Selected Industry, 1980–1985**

[All figures are estimates based on samples-money amounts are in millions of dollars]

| Selected industry | 1980 | 1981 | 1982 | Percentage change, 1980 to 1982 | 1983 | 1984 | 1985 | Percentage change, 1980 to 1985 |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All industries** | **$24,880** | **$21,629** | **$18,932** | **-23.9%** | **$19,951** | **$21,420** | **$24,263** | **-2.5%** |
| Agriculture, forestry and fishing | 7 | 3 | 2 | -74.6 | 3 | 12 | 57 | 665.2 |
| Mining, total | 1,964 | 1,959 | 1,611 | -18.0 | 1,053 | 1,165 | 1,079 | -45.1 |
| Oil and gas extraction | 1,822 | 1,901 | 1,589 | -12.8 | 1,047 | 1,069 | 990 | -45.7 |
| Construction | 151 | 108 | 175 | 16.1 | 119 | 86 | 145 | -4.2 |
| Manufacturing, total | 19,192 | 17,737 | 14,776 | -23.0 | 16,439 | 17,490 | 20,002 | 4.2 |
| Chemicals and allied products | 1,721 | 2,250 | 1,809 | 5.1 | 2,207 | 2,414 | 2,741 | 59.3 |
| Petroleum (including integrated) and coal products | 11,028 | 9,094 | 7,362 | -33.2 | 8,725 | 8,496 | 10,137 | -8.1 |
| Machinery, except electrical | 2,331 | 2,229 | 1,594 | -31.6 | 2,209 | 2,259 | 3,028 | 29.9 |
| Transportation and public utilities | 462 | 228 | 255 | -44.9 | 221 | 354 | 302 | -34.7 |
| Wholesale and retail trade | 1,525 | 420 | 436 | -71.4 | 309 | 482 | 613 | -59.8 |
| Finance, insurance, and real estate, total | 1,397 | 1,190 | 1,458 | 4.4 | 1,682 | 1,627 | 1,777 | 27.2 |
| Banking | 1,061 | 936 | 1,173 | 10.6 | 1,246 | 1,340 | 1,313 | 23.7 |
| Services | 181 | 183 | 220 | 21.4 | 123 | 203 | 286 | 58.0 |

Note: 1980, 1982, and 1984 data are based on the SOI Corporation Foreign Tax Credit Study; 1981, 1983, and 1985 data are based on the annual SOI Corporation Income Tax Return Study.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief

U.S. tax credit for taxes paid to foreign countries. The foreign tax credit reduced the total 1984 U.S. corporate income tax by 20 percent to $87 billion, the smallest percentage reduction during the 1980-1985 period. The largest percentage reduction of the total U.S. corporate income tax during this period occurred for 1980, a 24-percent reduction.

Throughout the first half of the 1980's (and earlier years as well) corporations primarily engaged in manufacturing activities claimed over 75 percent of the total foreign tax credit, reaching a high of 82 percent from 1983 through 1985. The predominance of manufacturing reflected the activities of integrated petroleum companies. The business activities of these companies included the extracting, refining, and marketing of oil products.

Of the 4,841 U.S. corporation income tax returns with a foreign tax credit for 1984, only 25 returns showed integrated petroleum activities as their primary business. However, these 25 companies claimed $8.5 billion of foreign tax credit or 40 percent of the total credit. The foreign tax credit of these companies reduced the total U.S. income tax of all integrated petroleum companies by two-thirds, from $12.8 billion to $4.3 billion.

## FOREIGN TAX CREDIT: A GLOBAL VIEW OF TAXATION

U.S. corporations are subject to U.S. tax on their worldwide income. Income earned by these companies in a foreign country is generally taxed by the foreign country as well as by the United States and could result in double taxation. To alleviate this, U.S. tax law has allowed corporations a credit since 1918 to reduce U.S. income tax for the income taxes paid to foreign countries.

Changes in the foreign tax credit provisions of U.S. tax law often parallel the development of U.S. business activities in the interdependent global economy [6]. When modern U.S. income taxation began in 1913, some U.S. corporations had operations in countries where income tax rates exceeded the U.S. tax rate. Because the foreign taxes exceeded what the U.S. taxes would have been, corporations were able to use the excess foreign taxes to reduce their U.S. tax on both foreign-source and domestic-source income by claiming a foreign tax credit. This situation was possible because there had been limitation on the credit: foreign income taxes paid could reduce the U.S. income tax on a dollar-for-dollar basis.

Responding to this issue, the Revenue Act of 1921 placed a limitation on the foreign tax credit, which remains in effect today. The limitation restricted the credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. Thus, the credit cannot exceed that percentage of U.S. income tax represented by the ratio of foreign-source taxable income to worldwide taxable income. If a corporation has an overall foreign loss, then the limitation is zero (no credit). In the case of a worldwide loss, the corporation has no U.S. income tax against which to claim a credit.

As international business activities became more varied, so, too, did the methods of restricting the foreign tax credit. The methods acted as a means of adjusting for global variation in income tax rates as well as variation in international business practices. For example, interest from certain foreign investments was taxed at either very low rates or not at all in some countries. Other types of foreign income, however, were often taxed at rates higher than the U.S. rate. By combining the "passive" foreign interest income (and lower foreign taxes paid) with other types of foreign income (on which the tax was higher), more of the foreign taxes that exceeded the U.S. tax rate could be credited against the U.S. income tax because the limitation was increased by the interest income. The different types of income could be generated in countries with different tax rates, or within one country which had various tax rates for different types of income.

The U.S. Congress responded by establishing separate limitations on the foreign tax credit based on several different categories of foreign income. The separate categories of income limited the foreign taxes to the specific income category to which they were related. For 1984, the separate limitations on the foreign tax credit were computed for (1) "passive foreign interest income," as defined in section 904(d) of the Internal Revenue Code; (2) dividends from a Domestic International Sales Corporation (DISC) or former DISC; and (3) all other income from foreign sources [7].

The former separate limitation for "foreign oil-related income" was discontinued for tax years after 1982. However, the separate limitation on foreign taxes paid on foreign oil and gas extraction income was still required. Under this limitation, foreign taxes paid on foreign oil and gas extraction income in excess of the U.S. tax on such income were excluded from the "current-year foreign taxes" (see the "Definitions" section of this article) for computing the foreign tax credit.

Carryover provisions for foreign taxes applied to the separate limitations of the foreign tax credit. Any foreign taxes paid, accrued, or deemed paid, in excess of a current-year separate limitation could be carried back 2 years, then forward 5 years [8]. The total taxes under each separate limitation ("total foreign taxes available for credit before reduction," in the statistics) included current-year foreign taxes plus taxes that were carried forward from prior years.

The total foreign tax credit for 1984 was the sum of the amounts computed using the three separate limitations (previously noted). In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts [9].

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay foreign income tax on the foreign income, and have a U.S. income tax liability. Only certain taxes are creditable. These include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions. Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax [10]. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit was elected for foreign income taxes.

## CHANGES IN THE LAW

The data for Income Year 1984 reflect certain changes in the foreign tax credit provisions of U.S. tax law. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) was effective for tax years beginning after December 31, 1982, while the Tax Reform Act of 1984 affected foreign tax credit transactions made after July 17, 1984. The changes under these tax acts affected: (1) foreign oil-related and oil and gas extraction income and taxes (by TEFRA), and (2) passive foreign income and taxes from interest and dividends, including certain passive income from foreign sources reclassified as domestic-source income (by the 1984 Act).

### Foreign Oil-Related Income Prior to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

Prior to TEFRA, the "foreign oil-related income" category included income from both the extraction of foreign oil and gas and from other oil-related activities. Other oil-related activities included processing, transporting, and distributing extracted minerals from foreign oil and gas wells. For tax years beginning after December 31, 1982, "foreign oil-related income" was included in a general limitation category, rather than having a separate limitation of its own.

The credit for foreign taxes on oil and gas extraction income was limited to the U.S. tax on foreign oil-related income. For this purpose, the extraction taxable income arising in one foreign country was not offset by any "net operating losses" arising in other foreign countries.

There were carryover provisions for the excess taxes paid on foreign oil and gas extraction income. The excess taxes could be carried back 2 years then carried forward 5 years. The carryover of the excess taxes was limited to 2 percent of the foreign oil and gas extraction taxable income for the current year.

### Changes to the Foreign Tax Credit Under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) eliminated the separate limitation on the foreign tax credit for "foreign oil-related income," effective with taxable years beginning after December 31, 1982. After 1982, to compute the separate limitation on the foreign tax credit for "all other foreign income," the current-year foreign taxes were first reduced by the amount of foreign taxes paid on oil and gas extraction income that exceeded the U.S. tax on such income. However, the oil and gas extraction taxable income first had to be reduced by net operating losses arising in other foreign countries before computing the U.S. tax. In addition, TEFRA eliminated the 2-percent limitation on the carryover of oil and gas extraction taxes.

The 1982 Act also introduced provisions to limit the foreign taxes paid on oil-related income other than oil and gas extraction income in certain cases. There was concern that some foreign countries might avoid the limitation by shifting their higher tax rates from extraction income to income from nonextraction oil-related activities. As a result, foreign taxes paid on oil-related income (redefined as non-extraction income) were reduced to the amount of tax that the foreign country would impose on income that was neither foreign oil and gas extraction income nor foreign oil-related income, with any excess treated as a deductible business expense.

### Passive Foreign Interest and Dividend Income Under the Tax Reform Act of 1984

The Tax Reform Act of 1984 introduced new provisions relating to foreign interest and dividend income. The new provisions generally applied to interest and certain dividends paid or accrued after July 17, 1984. Certain foreign dividend income was combined with passive foreign interest income to compute a separate limitation on the foreign tax credit. Prior to the Act, this category of passive foreign income was limited to interest income.

In addition, certain interest and dividend income, formerly treated as foreign income, that was received or, in some instances, deemed received, by a U.S. shareholder was reclassified as U.S.-sourced income. When 10 percent or more of the earnings and profits of a U.S.-owned foreign corporation was from a U.S. source, a portion of the interest and dividend income received by the U.S.-shareholder was reclassified as U.S. source income. Consequently, the ratio of foreign-source income to worldwide income was reduced and, thus, reduced the limitation of the foreign tax credit as well. The same rules applied to interest and dividends deemed received from subsidiaries of U.S.-owned foreign parent corporations.

## FOREIGN INCOME, TAXES, AND CREDIT BY INDUSTRY

Manufacturing companies increased their foreign tax credit from $14.8 billion for 1982 to $17.5 billion for 1984. (By 1985, these companies had increased their foreign tax credit to $20 billion.) By comparison, the foreign tax credit for all other industries combined decreased by $227 million from 1982 to 1984.

The foreign tax credit claimed by banks steadily increased between 1982 and 1984, from nearly $1.2 billion to over $1.3 billion, a 14 percent increase. Banks had also increased the credit they claimed, by 10 percent, between 1980 and 1982. The foreign tax credit for most other industries declined during this earlier time period.

### Dominance of the Petroleum Industry

Companies in the petroleum industry demonstrate the influence that a small subgroup can have on an entire population. During the 1980-1985 period, only 1 percent of all U.S. corporations were classified in the petroleum industry (oil and gas extraction operations as well as integrated petroleum activities, which were a combination of extracting, refining and marketing). However, this small group accounted for over 10 percent of the worldwide taxable income and income tax (before credits) of all U.S. corporations.

The significance of petroleum companies to the population of U.S. corporations that claimed a foreign tax credit is shown in Figure B. Note that for 1984, only 147 petroleum companies (3 percent of the total for all industries) claimed 45 percent of the total foreign tax credit. They also accounted for 34 percent of the total foreign-source taxable income, and paid $11.3 billion in foreign taxes (49 percent of the total). U.S. companies paid $1.9 billion more in foreign taxes for 1984 than they could use as a credit against their U.S. income tax. Of that excess, petroleum companies accounted for $1.7 billion.

**Figure B.—Returns with a Foreign Tax Credit: Petroleum Industry Compared to All Industries, 1984**

[All figures are estimates based on samples-money amounts are in thousands of dollars]

| Selected items | All industries | Petroleum industry[1] | Percentage of all industries |
|---|---|---|---|
| | (1) | (2) | (3) |
| Number of returns | 4,841 | 147 | 3.0% |
| Total assets | $4,339,759,746 | $532,758,080 | 12.3 |
| Total non-branch foreign gross income | 85,453,725 | 27,308,413 | 32.0 |
| Total non-branch foreign deductions | 38,766,636 | 12,298,672 | 31.7 |
| Foreign branch income and specially allocable income (section 863(b)) | 16,900,886 | 6,686,277 | 39.6 |
| Total foreign-source taxable income | 63,587,976 | 21,696,018 | 34.1 |
| Current-year foreign taxes | 23,327,908 | 11,306,452 | 48.5 |
| Income subject to U.S. tax | 133,135,963 | 29,551,997 | 22.2 |
| U.S. income tax before credits | 59,593,157 | 13,454,329 | 22.6 |
| Foreign tax credit | 21,419,643 | 9,565,171 | 44.7 |

[1] Includes integrated petroleum companies (extracting, refining, and marketing) and oil and gas extraction companies.

The 147 petroleum companies also exemplify the effect that foreign activities can have on U.S. income tax data. For example, the 1984 U.S. income tax before credits for all 33,590 petroleum companies (including those with no foreign tax credit) was $14.8 billion, nearly 14 percent of the U.S. total. As shown in Figure C, by reducing the U.S. corporate income tax before credits by the foreign tax credit, the petroleum industry accounted for less than 6 percent of the total remaining corporate income tax (before reduction by other credits).



**Figure C.—All Corporation Returns: Petroleum Industry Compared To All Industries, U.S. Income Tax and Foreign Tax Credit, 1984**

[All figures are estimates based on samples-money amounts are in billions of dollars]

| Tax and credit | All industries | Petroleum industry[1] | Percentage of all industries |
|---|---|---|---|
| | (1) | (2) | (3) |
| U.S. income tax before credits | $109.1 | $14.8 | 13.6% |
| Foreign tax credit | 21.4 | 9.6 | 44.9 |
| U.S. income tax after foreign tax credit | 87.7 | 5.2 | 5.9 |

[1] Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.

Underlying the effect on U.S. tax liabilities from the foreign tax credit is the relationship of foreign-source taxable income to worldwide taxable income. Figure D shows that foreign-source taxable income made up two-thirds of the $32.6 billion of worldwide taxable income of all U.S. petroleum companies for 1984. After reducing worldwide taxable income by the foreign-source taxable income, petroleum companies accounted for less than 6 percent of the remaining, domestic-source, taxable income. By comparison, based on their worldwide activities, the $32.6 billion reported by these companies accounted for nearly 13 percent of the total income subject to U.S. tax.

**Figure D.—All Corporation Returns: Petroleum Industry Compared To All Industries, Worldwide Taxable Income, 1984**

[All figures are estimates based on samples-money amounts are in billions of dollars]

| Income | All industries | Petroleum industry[1] | Percentage of all industries |
|---|---|---|---|
| | (1) | (2) | (3) |
| Worldwide taxable income | $259.5 | $32.6 | 12.6% |
| Foreign-source taxable income | 63.6 | 21.7 | 34.1 |
| Domestic-source taxable income | 195.9 | 10.9 | 5.6 |

[1] Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.

Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

### Worldwide Taxable Income

As seen in the petroleum industry, the taxable income earned abroad can have a significant impact on U.S. tax liabilities. As shown in Figure E, 25 percent of the worldwide taxable income of U.S. corporations for 1984 was from foreign sources. As would be expected, for corporations that claimed a foreign tax credit, the proportion of foreign-source taxable income to worldwide taxable income (48 percent) was much greater than for all corporations. For 1984, the ratio was nearly double.

**Figure E.—All Corporation Returns: Foreign-Source Taxable Income as a Percentage of Worldwide Taxable Income, 1980, 1982, and 1984**

[All figures are estimates based on samples-money amounts are in billions of dollars]

| Income | 1980 | 1982 | 1984 |
|---|---|---|---|
| | (1) | (2) | (3) |
| All U.S. corporations: | | | |
| Worldwide taxable income | $246.6 | $205.2 | $259.5 |
| Foreign-source taxable income | 70.5 | 59.5 | 63.6 |
| Domestic-source taxable income | 176.1 | 145.7 | 195.9 |
| Foreign-source taxable income as a percentage of worldwide taxable income | 29% | 29% | 25% |
| U.S. corporations claiming a foreign tax credit: | | | |
| Worldwide taxable income | $138.6 | $107.2 | $133.1 |
| Foreign-source taxable income | 70.5 | 59.5 | 63.6 |
| Domestic-source taxable income | 68.1 | 47.7 | 69.5 |
| Foreign-source taxable income as a percentage of worldwide taxable income | 51% | 56% | 48% |

Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Worldwide taxable income for all industries rose by 26 percent from 1982 to $259.5 billion for 1984. The unequal growth in foreign-source (7 percent increase) and domestic-source (34 percent increase) taxable income between 1982 and 1984 resulted in a smaller proportion of foreign-source taxable income to worldwide taxable income (29 percent decreased to 25 percent). That growth contrasted with the nearly equal decline in both foreign and domestic income between 1980 and 1982, when the proportion of foreign-source taxable income to worldwide taxable income was unchanged at 29 percent for both years.

Foreign-source taxable income decreased between 1982 and 1984 for five of the eight industrial divisions, including: mining; finance, insurance, and real estate; construction; wholesale and retail trade; and services. Mining companies earned more than half (55 percent) of their worldwide taxable income from foreign sources for both 1982 and 1984. The percentage decline in foreign-source taxable income between 1982 and 1984 was nearly equal to the decline in domestic-source taxable income for these companies. From 1980 to 1982, on the other hand, the percentage decline in domestic-source taxable income was nearly double that for foreign-source taxable income. This decline in both domestic-source and foreign-source taxable income that occurred in the mining industry between 1980 and 1984 was attributable to companies in the oil and gas extraction industry, as shown in Figure F.

**Figure F.—Selected Mining Industries: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984**

[All figures are estimates based on samples-money amounts are in millions of dollars]

| Selected industry and income | 1980 | 1982 | 1984 |
|---|---|---|---|
| | (1) | (2) | (3) |
| Mining, total: | | | |
| Worldwide taxable income | $9,074 | $7,320 | $5,167 |
| Foreign-source taxable income | 4,656 | 4,041 | 2,818 |
| Domestic-source taxable income | 4,418 | 3,278 | 2,349 |
| Oil and gas extraction: | | | |
| Worldwide taxable income | 7,479 | 6,705 | 4,310 |
| Foreign-source taxable income | 4,284 | 3,989 | 2,565 |
| Domestic-source taxable income | 3,196 | 2,716 | 1,745 |

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.
Detail may not add to totals because of rounding.

Manufacturers accounted for more than half of the total $54.3 billion increase in worldwide taxable income from 1982 to 1984. The worldwide taxable income of manufacturing companies increased by 31 percent from $102.2 billion to $133.9 billion. While this increase reflected profits from both foreign and domestic activities, domestic-source taxable income grew 2.5 times faster than foreign-source taxable income (41 percent compared to 16 percent).

For 1984, manufacturing companies generated 34 percent of their worldwide taxable income from foreign sources, down from 1982, when 39 percent of their worldwide taxable income was from foreign sources. This contrasts with a 36 percent figure for 1980.

The increases between 1982 and 1984 in both foreign-source and domestic-source taxable income for manufacturers, however, do not reveal the underlying variation in economic activity of the different segments of this industrial division, as shown in Figure G. The foreign-source taxable income of all manufacturing companies increased by $6.2 billion between 1982 and 1984. Of that amount, 42 percent was attributed to integrated petroleum companies. However, this was accompanied by a continued decline in the domestic-source taxable income for these same petroleum companies, which dropped from $21.8 billion for 1980 to $12.1 and $9.1 billion for 1982 and 1984, respectively. This decline was accompanied by a decline in the domestic capital spending of these companies, which for 1984 was in sharp contrast to increases in domestic capital spending reported by other manufacturers of nondurable goods [11].

**Figure G.—Selected Manufacturing Industries: Worldwide, Foreign-Source; and Domestic-Source Taxable Income, 1980, 1982, and 1984**

[All figures are estimates based on samples-money amounts are in millions of dollars]

| Selected industry and income | 1980 | 1982 | 1984 |
|---|---|---|---|
| | (1) | (2) | (3) |
| Manufacturing, total: | | | |
| Worldwide taxable income | $134,844 | $102,158 | $133,910 |
| Foreign-source taxable income | 47,993 | 39,359 | 45,583 |
| Domestic-source taxable income | 86,851 | 62,798 | 88,328 |
| Petroleum (including integrated) and coal products: | | | |
| Worldwide taxable income | 46,192 | 28,588 | 28,279 |
| Foreign-source taxable income | 24,363 | 16,514 | 19,131 |
| Domestic-source taxable income | 21,829 | 12,074 | 9,147 |
| All other manufacturing (nonpetroleum products), total: | | | |
| Worldwide taxable income | 88,652 | 73,570 | 105,632 |
| Foreign-source taxable income | 23,630 | 22,845 | 26,451 |
| Domestic-source taxable income | 65,021 | 50,725 | 79,181 |
| Chemicals and allied products: | | | |
| Worldwide taxable income | 13,241 | 12,522 | 16,393 |
| Foreign-source taxable income | 4,575 | 4,740 | 6,294 |
| Domestic-source taxable income | 8,666 | 7,781 | 10,098 |
| Machinery, except electrical: | | | |
| Worldwide taxable income | 14,330 | 10,881 | 13,330 |
| Foreign-source taxable income | 5,819 | 5,194 | 6,867 |
| Domestic-source taxable income | 8,511 | 5,687 | 6,464 |
| Motor vehicles and equipment: | | | |
| Worldwide taxable income | 2,215 | 2,857 | 9,957 |
| Foreign-source taxable income | 1,244 | 2,212 | 2,503 |
| Domestic-source taxable income | 972 | 645 | 7,454 |
| Electrical and electronic equipment: | | | |
| Worldwide taxable income | 8,717 | 8,046 | 11,472 |
| Foreign-source taxable income | 2,377 | 3,182 | 2,503 |
| Domestic-source taxable income | 6,340 | 4,864 | 8,969 |
| Food and kindred products: | | | |
| Worldwide taxable income | 10,267 | 9,162 | 9,501 |
| Foreign-source taxable income | 1,703 | 2,014 | 1,784 |
| Domestic-source taxable income | 8,565 | 7,148 | 7,718 |

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.
Detail may not add to totals because of rounding.

The economic recovery between 1982 and 1984 in domestic-source taxable income for all other U.S. manufacturers was led by manufacturers of motor vehicles and equipment and electrical and electronic equipment. These two industries alone accounted for 43 percent of the $25.5 billion overall increase from 1982 to 1984 in domestic-source taxable income of all manufacturing companies.

Nearly one-half of the foreign-source taxable income of manufacturers of nonpetroleum products was attributed to manufacturers of chemicals and allied products and of non-electrical machinery. The five groups shown in Figure G accounted for three-fourths of the total foreign-source taxable income of nonpetroleum manufacturers ($26.5 billion). These five groups comprised only one-half of the $79.2 billion of domestic-source taxable income, for 1984.



For finance, insurance, and real estate companies, taxable income from foreign activities was stable for 1980, 1982 and 1984, as compared to their earnings from domestic activities. The foreign-source taxable income of these companies was less than half (46 percent) of their worldwide taxable income for 1984, compared to 61 percent for 1982. This percentage shift reflects the sharp rise for 1984 in their domestic-source taxable income.

For 1984, banks accounted for 85 percent of the $11.5 billion of foreign-source taxable income of the entire finance, insurance, and real estate industrial division, as shown in Figure H. Foreign-source taxable income of banks alone was $9.8 billion. However, this amount was nearly $1 billion less than that for 1982. A slowdown in foreign lending in 1984 contrasted with strong growth in domestic bank lending [12]. Throughout the 1980-1984 period, banks as a group reported domestic-source deficits on their U.S. income tax returns. However, the deficits they reported for 1984 dropped below $500 million. For 1982, the deficits totaled $4.4 billion [13].

**Figure H.—Selected Finance, Insurance, and Real Estate Companies: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984**

[All figures are estimates based on samples-money amounts are in millions of dollars]

| Selected industry and income | 1980 | 1982 | 1984 |
|---|---|---|---|
| | (1) | (2) | (3) |
| Finance, insurance, and real estate, total: | | | |
| Worldwide taxable income | $24,320 | $19,973 | $25,208 |
| Foreign-source taxable income | 11,400 | 12,138 | 11,504 |
| Domestic-source taxable income | 12,920 | 7,835 | 13,704 |
| Banking: | | | |
| Worldwide taxable income | 7,087 | 6,351 | 9,338 |
| Foreign-source taxable income | 9,888 | 10,766 | 9,831 |
| Domestic-source taxable income | −2,800 | −4,415 | −493 |

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.
Detail may not add to totals because of rounding.

## Foreign Taxes

U.S. companies claiming a foreign tax credit paid $23.3 billion in current-year foreign taxes for 1984. The relatively modest $533 million increase from 1982 to 1984 in current-year foreign taxes may be compared with the $7.2 billion decrease from 1980 to 1982. Inasmuch as manufacturing companies accounted for most of the increase in foreign-source taxable income between 1982 and 1984, they also accounted for most of the increase in current-year foreign taxes.

If effective foreign tax rates were the same as the U.S. rate, it would follow that the ratio of foreign-source taxable income to worldwide taxable income should approximate the ratio of current-year foreign taxes to U.S. income tax after credits (excluding the foreign tax credit). Figure I suggests that for all corporations foreign tax liabilities were slightly higher than the U.S. tax, since the foreign tax ratio (27.2 percent) is higher than the foreign income ratio (24.5 percent) [14]. However, there were variations by industry.

For the finance, insurance, and real estate industrial division, foreign-source taxable income was nearly half of the worldwide taxable income (45.6 percent), while foreign taxes were only one-fifth as great as the U.S. income tax after credits (excluding the foreign tax credit). Low foreign withholding tax rates on banking income (primarily interest) were responsible for this low effective foreign tax rate.

On the other hand, while over one-half of the taxable income generated by the mining industrial division was from foreign sources, foreign taxes were 70 percent of the U.S. income tax after credits (excluding the foreign tax credit). The relatively large amount of foreign taxes reported by mining companies was due to the high tax rates associated with oil and gas extraction income.

Manufacturing also had a large amount of foreign taxes, comprising over 39 percent of the U.S. income tax on worldwide taxable income, even though only 34 percent of that income was from foreign sources.

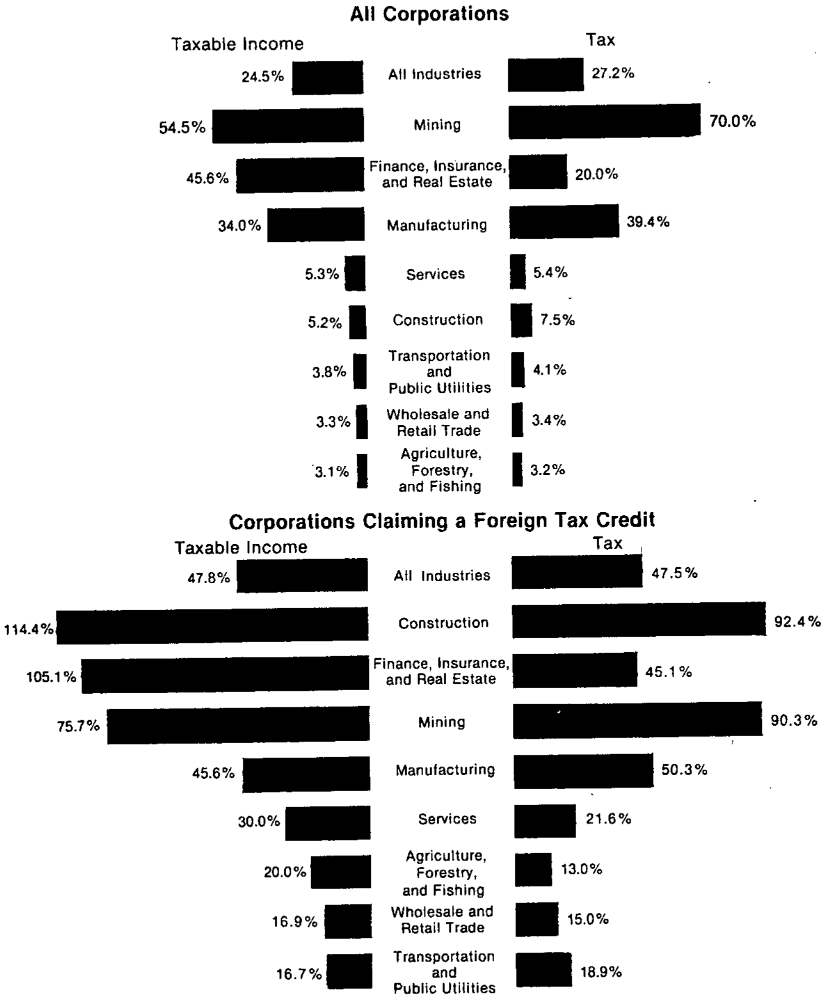
## CORPORATE STRUCTURES AND FOREIGN BUSINESS ACTIVITY

U.S. corporations with foreign business activities can operate abroad using a variety of business structures or methods. In some cases, foreign countries require the use of certain organizational structures. The types of structures or methods include:

- unincorporated foreign branches -- income is reported as branch taxable income;
- controlled foreign corporations [15] -- income is reported as dividends and "dividend gross-up" (see the "Definitions" section of this article); and
- direct transactions with a foreign corporation (whether controlled or not) or with unrelated

Figure I.

**Foreign-Source Taxable Income and Current-Year Foreign Taxes as Percentages of Worldwide Taxable Income and U.S. Income Tax after Credits (Except the Foreign Tax Credit), by Industrial Division, 1984**




Note: These percentages are estimates as a small amount of foreign income and tax data are not included in these statistics (see the "Data Sources and Limitations" section of this article).



entities -- income is reported as gross income, including interest, rents, royalties, and services income.

The components of foreign branch income (gross income and deductions) are not generally included in the statistics because corporations are not required to report them. However, the taxable income and taxes of foreign branches of U.S. corporations are included in the statistics and are separately discussed later in the "Foreign Branch Taxable Income" section of this article. The following section contains a discussion of the gross income (less loss) and taxes of controlled foreign corporations and from U.S. direct transactions abroad.

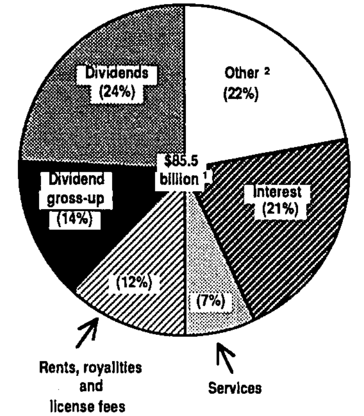
### Foreign Gross Income and Taxes: Controlled Foreign Corporations and U.S. Direct Transactions Abroad

The increase in profits of foreign corporations for 1982 and 1984 was reflected in the $4.8 billion (17 percent) increase in dividends (including the dividend gross-up) for 1984. A comparison of the components of foreign gross income (less loss) for 1984 and 1982 revealed that dividends and interest reversed positions as the leading sources of income from controlled foreign corporations and U.S. direct transactions abroad. As shown in Figure J for 1984, dividends were the most common type of foreign gross income; for 1982, interest had captured that position. The decline in interest income was primarily due to banks. While foreign-source interest of U.S. banks rose to $16.6 billion for 1982, by 1984, that interest had fallen by 22 percent to $12.9 billion. U.S. corporations other than banks experienced a 19-percent decline in foreign interest income for 1984 as well, from $5.9 billion to $4.8 billion.

Corporations engaged primarily in manufacturing and trade seemed more likely than corporations in other industries to operate through foreign subsidiaries, rather than through direct transactions. This tendency is best shown in Figure K by the high percentage of dividends (including the dividend gross-up) these industries received from foreign subsidiaries (53 percent and 48 percent of gross income, respectively). This is probably due to the foreign presence required of these companies to operate in certain foreign countries. Unlike corporations in these two industrial divisions, finance, insurance, and real estate companies seldom operated abroad through subsidiaries. These corporations thus received only 7 percent of their foreign-source gross income as dividends (including the dividend gross-up). Income received through foreign subsidiaries was even less significant to corporations primarily engaged in agriculture, forestry, and fishing. Dividends and dividend gross-up accounted for only 2 percent of their foreign-source gross income.

Figure J

**Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), Excluding Branch Income, by Incoming Type, 1984**




1 Excludes branch income and specially allocable income. See the "Definitions" section, at the end of this article.

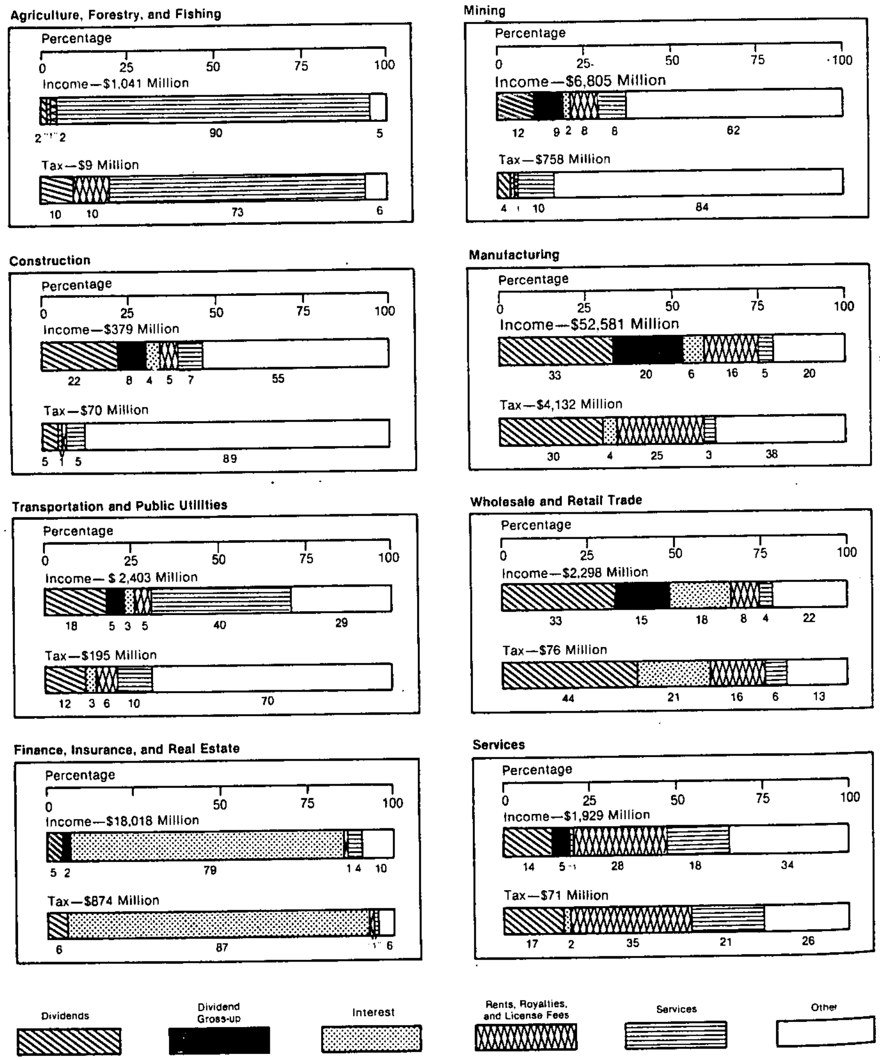
2 Includes non-branch business receipts from sales, as well as net capital gains and partnership net income.

For 1984, U.S. corporations paid or accrued $6.2 billion in foreign taxes on $85.5 billion of "gross income," excluding branch and specially allocable income (see Figure J). These represented 2 percent and 18 percent decreases in income and taxes, respectively, compared to 1982.

Taxes withheld at the source on dividends and rents, royalties, and license fees amounted to $2.5 billion for 1984, and accounted for 40 percent of the

Figure K.

## Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), and Foreign Taxes, by Income Type and Industrial Division, 1984 [1]




[1] Excludes branch and specially allocable income. See the "Definitions" section of this article.

NOTE: Detail may not add to totals due to rounding.



total foreign taxes paid or accrued on gross income, excluding branch operations and specially allocable income. Manufacturers alone reported nearly all (91 percent) of the tax withheld.

Foreign tax withheld at the source on interest income accounted for 16 percent of the total foreign taxes paid or accrued on gross income other than from foreign branches and specially allocable income. By comparison, 21 percent of the total gross income was interest. The difference between these percentages reflects the low withholding rates associated with interest income, due especially to the fact that U.S. tax treaties with certain foreign countries required a zero withholding tax rate on this income. Almost three-fourths of the foreign tax withheld on interest income (from other than foreign branches) was reported by U.S. banks.

Taxes paid or accrued on "other" income accounted for nearly 40 percent of the total foreign taxes associated with the non-branch foreign gross income shown in Figure J. In contrast, this "other" income was only 22 percent of total gross income. Most of this income category was non-branch business receipts, generally from sales. However, income from foreign partnerships and net capital gains were also included in "other" income. More than 82 percent of the $2.5 billion in taxes paid or accrued on "other" foreign gross income, and over 62 percent of the $18.9 billion of that income were attributable to corporations in the petroleum industry.

The distribution of foreign non-branch gross income by type varied considerably by industrial division, as shown in Figure K. The distribution of income and taxes of manufacturers was similar to the distribution of income and taxes for all industries; these corporations comprised over half of both total gross income and total taxes. While wholesale and retail trade followed the overall pattern for income, 44 percent of the taxes represented amounts withheld on dividends while only 13 percent was paid on "other" income. The other industry groups deviated substantially from the overall distribution by type of income. Finance, insurance, and real estate companies, for example, received large amounts of interest income. For companies primarily engaged in agriculture, forestry, and fishing, services income was predominant.

### Foreign Branch Taxable Income

As an alternative to incorporating in foreign countries, many U.S. companies establish unincorporated foreign branches to conduct business abroad. Income from these branches represented nearly one-fourth of total foreign-source taxable income for 1984, as shown in Figure L. Foreign branch taxable income remained stable for 1984 at $14.5 billion, compared to 1982. In contrast, taxable income from foreign branches declined by $7.3 billion between 1980 and 1982, due mainly to the integrated petroleum industry.

**Figure L.—Returns with a Foreign Tax Credit: Foreign Branch Taxable Income as a Percentage of Total Foreign-Source Taxable Income, by Selected Industry, 1984**

[All figures are estimates based on samples-money amounts are in millions of dollars]

| Selected industry | Total foreign-source taxable income | Foreign branch taxable income | Percentage |
|---|---|---|---|
| | (1) | (2) | (3) |
| All industries, total | $63,588 | $14,541 | 22.9% |
| Agriculture, forestry, and fishing | 50 | 1 | 1.3 |
| Mining | 2,818 | 328 | 11.7 |
| Construction | 295 | 5 | 1.7 |
| Manufacturing, total | 45,582 | 7,779 | 17.1 |
| Petroleum (including integrated) and coal products | 19,131 | 6,392 | 33.4 |
| Transportation and public utilities | 1,308 | 165 | 12.6 |
| Wholesale and retail trade | 1,320 | 17 | 1.3 |
| Finance, insurance, and real estate, total | 11,504 | 6,202 | 53.9 |
| Banking | 9,831 | 5.991 | 60.9 |
| Services | 711 | 46 | 6.4 |

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

Nearly all of the total foreign branch taxable income for 1984 and 1982 was attributable to the manufacturing and finance, insurance, and real estate industrial divisions. While for 1984, over half (53 percent) of this income was attributable to manufacturing, for 1982, this industrial division accounted for less than half (45 percent) of the total. This change reflected the increased profits of the integrated petroleum industry, whose foreign branch taxable income rose by 28 percent from 1982 to 1984. For both years, this industry largely (82 percent) accounted for the total foreign branch taxable income of U.S. manufacturers.

For 1984, one-third of the total foreign-source taxable income of integrated petroleum companies was earned through foreign branches. The components of foreign branch taxable income (gross income and deductions) are not generally included in the aggregate statistics. However, the gross income and deduction statistics for foreign oil and gas extraction activities, presented separately in Tables 1 and 4, include amounts earned through foreign branches as well as through controlled foreign corporations and direct transactions abroad. Unfortunately, the exact amount of gross income and deductions related to the extraction activities of foreign branches can not be determined from the aggregate statistics.

As a contrast to manufacturers, the foreign branch taxable income of finance, insurance, and real estate companies decreased by 16 percent between 1982 and 1984. Financial corporations accounted for less than half of total foreign branch taxable income (43 percent) for 1984, while they comprised 51 percent for 1982. However, companies in the finance, insurance, and real estate industrial division as a whole relied more on branch operations than did manufacturing companies. Fifty-four and 61 percent of the total foreign-source taxable income of these companies was earned through foreign branches for 1984 and 1982, respectively. By comparison, for the manufacturing division, branch income was only 17 percent of total foreign-source taxable income for both years.

Figure L shows that U.S. banks, in particular, had a strong preference to conduct business in foreign countries through branch operations. Historically, U.S. banks have made foreign loans through their foreign branches rather than by establishing foreign banking subsidiaries. During the early part of 1984, U.S. banks also used their foreign branches as part of an effort to establish large credit lines for possible mergers [16].

## SUMMARY

Between 1982 and 1984, the foreign tax credit claimed by U.S. corporations rose by $2.5 billion, an increase of 13 percent. Likewise, the increases in worldwide taxable income, foreign-source taxable income, and U.S. income tax before credits over these 2 years contrasted sharply with the economic downturn between 1980 and 1982. The increases in foreign income and taxes for 1984 primarily reflected a strong foreign recovery made by manufacturing companies in the petroleum industry. While the petroleum industry experienced a strong foreign recovery for 1984, many other industries experienced a stronger domestic recovery, with decreases in foreign-source taxable income and taxes.

Dividends (including the dividend gross-up) from foreign subsidiaries emerged as the largest component of total foreign non-branch gross income in 1984, accounting for 39 percent of the total $85.5 billion. Between 1982 and 1984, dividends (including the dividend gross-up) increased by $4.8 billion to $32.9 billion, while interest income decreased by an equal amount, to $17.7 billion.

Foreign branch operations were especially important to the banking industry. Over 60 percent of the foreign-source taxable income of banks was earned through foreign branches. As a contrast to banks, corporations in the trade and manufacturing industries more often established foreign subsidiary corporations. This was reflected in the large amount of foreign dividends and the dividend gross-up reported by those U.S. corporations.

## DATA SOURCES AND LIMITATIONS

### Sample Selection and Sampling Variability

The statistics for Income Year 1984 (which included accounting periods ending between July 1984 and June 1985) were estimated from a stratified probability sample of about 94,000 corporation income tax returns selected after revenue processing, but before audit examination. A description of the sample selection procedures for corporate returns is presented in the Appendix of this publication.

Returns claiming a foreign tax credit were selected for the 1984 statistics presented in this article from the general corporate sample. Slight differences exist between the 1984 foreign tax credit data presented here and the data previously published in *Statistics of Income–1984, Corporation Income Tax Returns,* as well as data shown in Table 13 of the Selected Historical Data section of this publication. The differences exist because the statistics presented in this article include 1984 data for 25 returns with foreign tax credit that were prescribed for inclusion in the 100 percent sample class, but were received too late to be included in the regular corporate statistics. However, estimates were used in the corporate statistics for the most significant (10) returns.

Accounting periods which ended January through June 1985, included returns filed for the first time by Foreign Sales Corporations (FSC's) and Interest Charge Domestic International Sales Corporations (IC-DISC's). Effective January 1985, the FSC and IC-DISC replaced the former Domestic International Sales Corporation (DISC). When a U.S. parent corporation receives a dividend from a FSC or an IC-DISC, the parent corporation can sometimes claim a foreign tax credit for a portion of the foreign taxes paid by those corporations. However, no returns in the corporate sample for Income Year 1984 included a foreign tax credit for distributions from either a FSC or an IC-DISC.

Unlike an IC-DISC, a FSC may pay U.S. income tax. Therefore, a FSC can sometimes claim a foreign tax credit for the foreign taxes paid on its foreign trade income. A separate study of income tax returns (Forms 1120-FSC) was conducted for these newly created corporations with accounting periods ending January through June 1985. None of the Foreign Sales Corporations included in that study claimed a foreign tax credit.

Sampling error is a limitation only to the extent that returns are selected at a rate of less than 100 percent. However, for this article, returns selected at the 100 percent rate accounted for the largest part of the estimated amounts. For instance, for 1984, corporations with $250 million or more in total assets (which were selected at the 100 percent rate) accounted for almost all of total assets (97.9 percent), foreign tax credit claimed (96.5 percent), and foreign-source taxable income (96.1 percent) reported by all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling error is not considered a major limitation of the statistics.

### General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, *Computation of Foreign Tax Credit–Corporations,* attached to their U.S. income tax returns (Forms 1120).

Form 1118 is the source of the foreign income and tax data for this article. Detailed statistics from this form are generally obtained for only even numbered income years. The foreign income, taxes, and credit in this article were thus obtained from Forms 1118 for 1980, 1982, and 1984. The foreign tax credit was obtained for other years (i.e., 1981, 1983, and 1985) through the annual corporation income tax return statistics. Because of the different cycles of data collection, only the foreign tax credit can be compared or contrasted annually.

The statistics do not reflect any adjustments that may be made during audit examination, when the acceptability of the foreign income and taxes reported for purposes of this credit is finally determined. In addition, some corporations provided only preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return had to be filed.

There is a certain amount of undercoverage in the foreign income and tax data. Some corporations with foreign income and taxes reported an overall deficit on their U.S. income tax return and thus had no U.S. tax liability against which a foreign tax credit could be claimed. Other corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. income tax liability. It is believed that the amounts of foreign income and tax were insignificant for those returns. In both circumstances, the tax returns would have been excluded from this study. In other instances, corporations did not provide a Form 1118 in support of the foreign tax credit claimed with their tax return as originally filed. Since the foreign tax credit claimed by these corporations represented approximately 0.06 percent of the total foreign tax credit claimed by all corporations, it is believed that the related foreign income and tax data are insubstantial. Certain data about these corporations are, however, included in columns 1-16 of Table 1.

The U.S. tax law allows parent corporations to file consolidated income tax returns presenting the combined financial data of an entire group of affiliated corporations. Therefore, the actual number of corporations claiming a foreign tax credit is understated, inasmuch as the statistics in this article are for corporation income tax returns with a foreign tax credit. For purposes of this article, however, the term "corporations" is used interchangeably with "returns."

Each return included in the statistics was assigned an industry code during statistical processing. This code was used as a classifier of the returns. The industry code represented the principal business activity of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. To the extent that some returns (consolidated and nonconsolidated) were for corporations engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

## DEFINITIONS

*Current-year Foreign Taxes.*--Generally, current-year foreign taxes available for credit included (a) foreign taxes directly paid or accrued by a U.S. corporation on profits of foreign branch operations; taxes withheld on dividends, interest, rents, royalties and license fees; and foreign taxes paid or accrued on other income including income from partnerships and from the performance of services; and (b) foreign taxes indirectly, or "deemed," paid by a U.S. corporation. The deemed paid taxes were the taxes paid or accrued by a related foreign corporation on the profits from which dividends were paid (or constructive distributions made) to the U.S. corporation.

*Dividend Gross-up.*--An amount of income equal to tax deemed paid that is associated with dividends received or with includable income constructively received from Controlled Foreign Corporations.

*Foreign-source Taxable Income.*--Foreign-source gross income, including certain income "constructively" although not actually received (i.e., foreign dividend gross-up and includable income of Controlled Foreign Corporations) less, or "net" of, the allocable deductions determined under the Internal Revenue Code and by provisions of any tax treaty between the United States and a particular foreign country. This taxable income was the amount on which the U.S. income tax on foreign earnings was determined. It could differ from the taxable income from overseas business operations and investments computed under foreign tax law, which was used as the basis for foreign taxation. In general, foreign-source taxable income included foreign branch profits, dividends received from foreign corporations, rental income, royalties, license fees, interest, gains from the sale of real property, and compensation for labor or services performed.

*Specially Allocable (Section 863(b)) Income.*-- Income partially earned within the United States and partially earned within a foreign country or U.S. possession. In general, the income was generated either by production within the United States and sales abroad, or vice versa; or by transportation, telegraph, or cable services.

## NOTES AND REFERENCES

[1] For an explanation of the difference between the $21.4 billion total foreign tax credit figure shown here and the $21.1 billion figure shown in *Statistics of Income -- 1984, Corporation Income Tax Returns,* see the "Data Sources and Limitations" section of this article.

[2] Unless otherwise stated, the term foreign taxes paid is used in this article to mean current-year foreign taxes, which is described in the "Definitions" section of this article. Taxes paid to foreign governments on some income that was not repatriated to the United States are not included in the statistics in this report.

[3] The focus of this article is Tax Year 1984 because statistics on the foreign income and taxes, which generate the foreign tax credit, are not available for 1985. See the "General Limitations" section of this article for a more detailed explanation. While the focus is also on industry data, information by selected countries is provided in Table 4, at the end of this article.

[4] Starting from a record high of $36.8 billion for 1979, the foreign tax credit plunged for 1980. This plunge resulted primarily from the nationalization of certain U.S. oil extraction interests in the Middle East.

[5] Taxable income, in contrast to net income, which is somewhat higher, is used for measuring the recovery because it is the U.S. tax base used in the computation of the foreign tax credit. The foreign-source and domestic-source taxable income are estimates because a small amount of foreign-source taxable income is not included in these statistics. See the "Data Sources and Limitations" section of this article.

[6] Major U.S. corporations today include multinational operations distributed throughout the European Economic Community, Japan, Canada, and numerous developing countries around the world. Many foreign countries are producing various component parts of the final products sold by U.S. companies today. Not only does the manufacturing of goods result from multinational coordination, so does the necessary financing which is provided through internationally coordinated operations of U.S. companies. For a discussion of a prototype of a large computer-age multinational firm see for example: Blumenthal, Michael, "Two Perspectives on International Macroeconomic Policy Coordination," *International Economic Cooperation,* Martin Feldstein, editor, University of Chicago Press, 1988, pp. 43-49.

[7] Under the Deficit Reduction Act of 1984, the DISC was replaced with the Foreign Sales Corporation (FSC), which created two new categories of foreign income (effective January 1985): (1) foreign trade income of a FSC and (2) distributions from a FSC or former FSC. See the "Data Sources and Limitations" section of this article for more details concerning the exclusion of these categories of foreign income from the 1984 statistics.

[8] The foreign tax credit shown in the statistics do not include any foreign taxes carried back because this would require filing an amended tax return. Amended tax returns were not included in this study.

[9] See Mose, Vergie, "Report on International Boycotts, 1976-1982: A Focus on the Middle East," *Statistics of Income Bulletin,* Summer 1985, Volume 5, Number 1.

[10] For comparison of the tax effect using foreign taxes paid as a credit versus a deduction, see Barlow, Mary, "Foreign Tax Credit by Industry, 1982," *Statistics of Income Bulletin,* Spring 1986, Volume 5, Number 4.

[11] Seskin, Eugene P. and Landefeld, J. Steven, "Plant and Equipment Expenditures, the Four Quarters of 1984," *Survey of Current Business,* Bureau of Economic Analysis, Department of Commerce, June 1984.

[12] DiIullo, Anthony J., "U.S. International Transactions, Third Quarter 1984," *Survey of Current Business,* Bureau of Economic Analysis, Department of Commerce, December 1984.

[13] In general, a deficit occurred when the sum of ordinary and necessary business expenses plus statutory special deductions exceeded gross income. Ordinary business deductions, in the case of banks, include interest paid to depositors, as well as deductions for bad debts.

[14] U.S. tax laws mandate the sequence in which tax credits must be taken in reducing U.S. income tax. The first credit to reduce U.S. income tax is the foreign tax credit. The remaining U.S. tax determines the limits of the other succeeding tax credits. For the calculations shown in Figure I, the reported amounts of the other credits were used to reduce U.S. income tax. These credits were not recalculated to simulate higher limitations due to the U.S. income tax before credits not being reduced by the foreign tax credit (for Figure I).

[15] A Controlled Foreign Corporation (CFC) is generally described as a corporation created under the laws of a government outside of the United States and with more than 50 percent of the voting stock or more than 50 percent of all classes of stock owned by U.S. "persons" on any day during the taxable year of the CFC. For 1984 industrially classified Controlled Foreign Corporation data, see Lewis, Margaret P., "Controlled Foreign Corporations, 1984: An Industry Focus," *Statistics of Income Bulletin,* Fall 1989, Volume 9, Number 2.

[16] Krueger, Russel C., "U.S. International Transactions, First Quarter 1984," *Survey of Current Business,* Bureau of Economic Analysis, Department of Commerce, June 1984.

## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Number of returns | Total assets | Total receipts | Dividends received from foreign corporations | Dividends received from DISC's | Includable income of Controlled Foreign Corporations | Foreign dividend income resulting from foreign taxes deemed paid (gross-up) | Net income (less deficit) | Income subject to U.S. tax |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All industries** | **4,841** | **4,339,759,746** | **2,385,182,002** | **14,654,946** | **4,859,970** | **3,882,959** | **12,095,447** | **139,112,230** | **133,135,963** |
| **Agriculture, forestry, and fishing** | **55** | **2,491,866** | **5,487,388** | **20,322** | **12,103** | **1,173** | **3,231** | **258,010** | **248,798** |
| **Mining** | **143** | **93,528,192** | **52,245,406** | **672,975** | **34,656** | **114,007** | **636,358** | **3,960,095** | **3,724,530** |
| Metal mining | *13 | *2,274,014 | *1,790,179 | *8,022 | — | *321 | *8,122 | *142,752 | *102,939 |
| Coal mining | 3 | 3,177,555 | 2,272,903 | — | — | 84 | — | 164,918 | 160,354 |
| Oil and gas extraction | 122 | 86,575,076 | 46,577,588 | 660,434 | 34,656 | 113,603 | 627,676 | 3,475,236 | 3,285,111 |
| Nonmetallic minerals, except fuels | *6 | *1,501,548 | *1,604,735 | *4,518 | — | — | *560 | *177,189 | *176,126 |
| **Construction** | **99** | **16,555,188** | **9,155,157** | **62,464** | **5,403** | **16,358** | **29,234** | **346,209** | **258,187** |
| General building contracts and operative builders | *79 | *1,587,418 | *5,768,749 | *33,907 | *219 | *100 | *14,385 | *235,763 | *178,539 |
| Heavy construction contractors | *12 | *14,721,944 | *3,074,613 | *26,593 | *5,184 | *16,128 | *14,263 | *83,758 | *54,291 |
| Special trade contractors | *7 | *245,826 | *311,795 | *1,964 | — | *130 | *586 | *26,688 | *25,358 |
| **Manufacturing** | **1,709** | **1,483,187,187** | **1,501,703,306** | **12,290,707** | **4,691,051** | **3,038,417** | **10,596,834** | **102,432,248** | **99,909,028** |
| Food and kindred products | 85 | 69,736,405 | 113,579,826 | 658,078 | 123,283 | 230,361 | 541,796 | 5,528,038 | 5,426,331 |
| Tobacco manufactures | 6 | 46,692,190 | 37,467,091 | 35,386 | 129,091 | 52,331 | 40,553 | 4,113,136 | 4,098,582 |
| Textile mill products | 38 | 7,923,961 | 10,842,731 | 25,189 | 6,788 | 15,937 | 19,897 | 579,697 | 576,310 |
| Apparel and other textile products | 80 | 6,599,344 | 9,464,355 | 13,600 | 3,630 | 5,373 | 7,511 | 645,899 | 642,630 |
| Lumber and wood products | 18 | 29,781,501 | 26,578,063 | 10,587 | 66,795 | 45,283 | 13,027 | 1,130,357 | 1,094,721 |
| Furniture and fixtures | 18 | 2,516,576 | 3,918,508 | 1,297 | 2,693 | — | 861 | 479,350 | 470,136 |
| Paper and allied products | 53 | 40,447,280 | 45,899,090 | 223,366 | 145,369 | 39,711 | 170,882 | 2,973,208 | 2,898,580 |
| Printing and publishing | 96 | 28,796,978 | 33,189,867 | 81,381 | 24,687 | 14,835 | 75,610 | 3,734,954 | 3,695,930 |
| Chemicals and allied products | 242 | 193,890,741 | 202,468,505 | 2,024,633 | 1,024,274 | 785,728 | 1,734,613 | 13,220,399 | 13,007,067 |
| Petroleum (including integrated) and coal products | 25 | 446,183,004 | 394,568,998 | 4,465,174 | 132,999 | 577,479 | 4,085,187 | 27,042,329 | 26,266,886 |
| Rubber and miscellaneous plastics products | 81 | 17,777,124 | 24,720,012 | 132,844 | 47,445 | 17,082 | 74,616 | 1,227,858 | 1,152,545 |
| Leather and leather products | 15 | 3,730,968 | 5,752,109 | 9,554 | 218 | 194 | 5,864 | 261,725 | 250,423 |
| Stone, clay, and glass products | 44 | 22,308,060 | 25,073,101 | 227,964 | 63,432 | 24,553 | 199,970 | 1,834,840 | 1,799,569 |
| Primary metal industries | 50 | 50,160,428 | 35,749,069 | 120,797 | 58,965 | 99,399 | 53,563 | 1,299,599 | 1,267,286 |
| Fabricated metal products | 156 | 40,175,607 | 38,977,957 | 513,771 | 122,022 | 44,146 | 345,850 | 2,974,685 | 2,826,889 |
| Machinery, except electrical | 233 | 125,589,174 | 114,174,860 | 1,719,725 | 661,977 | 402,150 | 1,685,874 | 11,643,130 | 11,422,326 |
| Electrical and electronic equipment | 211 | 123,809,196 | 131,603,739 | 541,786 | 649,750 | 213,237 | 292,819 | 7,944,502 | 7,741,692 |
| Motor vehicles and equipment | 50 | 154,376,591 | 152,672,562 | 929,652 | 585,729 | 239,831 | 729,231 | 9,408,308 | 9,317,794 |
| Transportation equipment, except motor vehicles | 26 | 29,461,625 | 42,545,198 | 179,954 | 355,294 | 43,536 | 142,558 | 2,308,162 | 2,104,419 |
| Instruments and related products | 104 | 30,915,004 | 38,653,913 | 323,284 | 458,031 | 179,023 | 336,482 | 2,915,311 | 2,777,929 |
| Miscellaneous manufacturing products and manufacturing not allocable | 80 | 12,315,430 | 13,803,753 | 52,684 | 28,559 | 8,228 | 40,068 | 1,166,761 | 1,070,982 |
| **Transportation and public utilities** | **239** | **209,169,334** | **126,032,746** | **166,757** | **12,900** | **255,851** | **129,905** | **8,575,905** | **7,855,802** |
| Transportation | 187 | 43,498,155 | 36,420,876 | 54,934 | 1,564 | 21,603 | 15,580 | 1,890,434 | 1,515,918 |
| Water transportation | 6 | 6,590,871 | 2,367,393 | 13,444 | — | 5,832 | 534 | 91,339 | 86,148 |
| Other transportation | 181 | 36,907,285 | 34,053,483 | 41,491 | 1,564 | 15,771 | 15,045 | 1,799,095 | 1,429,771 |
| Communication | 14 | 57,633,211 | 30,055,208 | 68,587 | 6,352 | 109,259 | 69,792 | 2,813,183 | 2,629,701 |
| Electric, gas, and sanitary services | 38 | 108,037,968 | 59,556,663 | 43,236 | 4,984 | 124,989 | 44,534 | 3,872,288 | 3,710,163 |
| **Wholesale and retail trade** | **735** | **229,204,888** | **250,642,292** | **529,509** | **62,502** | **202,612** | **340,312** | **8,933,854** | **7,828,424** |
| Wholesale trade | 636 | 89,494,330 | 82,371,216 | 363,518 | 51,085 | 66,657 | 199,065 | 3,428,366 | 3,353,911 |
| Groceries and related products | *17 | *1,791,938 | *7,351,401 | *6,545 | *869 | *5,114 | *4,497 | *76,424 | *69,753 |
| Machinery, equipment, and supplies | 85 | 3,773,873 | 6,843,706 | 6,835 | 4,933 | 9,372 | 7,864 | 255,742 | 250,007 |
| Miscellaneous wholesale trade | 534 | 83,928,518 | 68,176,109 | 350,138 | 45,283 | 52,171 | 186,704 | 3,096,200 | 3,034,152 |
| Drugs, chemicals, and allied products | 115 | 3,186,127 | 8,010,364 | 16,901 | 5,391 | 1,561 | 9,729 | 219,244 | 204,478 |
| Petroleum and petroleum products | *11 | *4,076,406 | *9,737,311 | *213,540 | *723 | *32,620 | *115,973 | *443,308 | *446,431 |
| Other miscellaneous wholesale trade | 408 | 76,665,984 | 50,428,435 | 119,697 | 39,168 | 17,990 | 61,002 | 2,433,648 | 2,383,243 |
| Retail trade | 100 | 139,710,559 | 168,271,076 | 165,991 | 11,417 | 135,955 | 141,247 | 5,505,488 | 4,472,512 |
| Building materials, garden supplies, and mobile home dealers | *24 | *129,643 | *234,492 | *31 | — | — | — | *7,835 | *7,655 |
| General merchandise stores | 10 | 107,102,221 | 103,426,966 | 89,742 | 2,271 | 102,024 | 69,966 | 2,825,007 | 2,331,568 |
| Food stores | 7 | 10,142,298 | 36,301,555 | 58,699 | 5,809 | 14,797 | 56,490 | 662,897 | 332,581 |
| Apparel and accessory stores | *21 | *3,754,401 | *6,889,028 | *350 | — | *1,350 | *170 | *390,684 | *354,022 |
| Eating and drinking places | 15 | 11,280,356 | 10,898,348 | 4,964 | 2,771 | 16,228 | 6,617 | 864,628 | 845,884 |
| Miscellaneous retail stores | 23 | 7,301,640 | 10,520,686 | 12,204 | 566 | 1,555 | 8,003 | 754,437 | 600,802 |
| **Finance, insurance, and real estate** | **1,362** | **2,270,614,319** | **379,310,593** | **723,118** | **8,525** | **181,195** | **267,461** | **12,149,312** | **10,946,504** |
| Banking | 153 | 1,618,619,515 | 193,158,529 | 384,970 | 197 | 97,436 | 129,298 | 5,884,257 | 5,894,079 |
| Credit agencies other than banks | 97 | 85,042,081 | 18,175,292 | 48,517 | 265 | 34,833 | 27,558 | 404,868 | 265,814 |
| Security, commodity brokers, and services | 102 | 72,750,775 | 6,536,543 | 16,002 | — | 2,168 | 3,234 | 405,534 | 307,544 |
| Insurance carriers | 224 | 477,136,039 | 148,030,217 | 89,933 | 368 | 39,061 | 35,707 | 4,346,505 | 3,673,498 |
| Insurance agents, brokers and services | 16 | 2,532,915 | 1,861,625 | 9,810 | — | 1,009 | 6,444 | 74,886 | 71,585 |
| Real estate | 346 | 2,601,383 | 2,762,232 | 6,136 | 293 | — | 3,638 | 186,310 | 137,150 |
| Holding and other investment companies except bank holding companies | 424 | 11,931,610 | 8,786,156 | 167,750 | 7,401 | 6,687 | 61,581 | 846,951 | 596,838 |
| **Services** | **499** | **35,008,771** | **40,605,114** | **169,095** | **32,829** | **73,345** | **92,111** | **2,458,596** | **2,366,690** |
| Hotels and other lodging places | *8 | *3,908,429 | *3,105,600 | *862 | — | — | — | *138,933 | *133,690 |
| Personal services | 8 | 1,921,069 | 2,389,922 | 20,868 | — | — | 19,304 | 198,477 | 187,959 |
| Business services | 253 | 11,673,898 | 19,594,126 | 71,760 | 12,050 | 26,319 | 44,593 | 1,143,010 | 1,111,328 |
| Auto repair; miscellaneous repair services | *6 | *3,998,025 | *3,761,950 | *3,854 | — | — | *2,981 | *126,270 | *126,123 |
| Amusement and recreational services | 127 | 5,888,762 | 4,659,433 | 82,032 | 11,536 | 36,785 | 17,573 | 258,464 | 251,649 |
| Other services | 97 | 7,618,587 | 7,094,083 | 9,719 | 9,243 | 10,241 | 7,660 | 593,443 | 555,942 |

Footnotes at end of table.



## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | U.S. income tax before credits | | Foreign tax credit claimed | U.S. possessions tax credit | General business credit | Other credits | U.S. income tax after credits | Foreign income and taxes reported on Form 1118: Gross income (less loss) excluding branch operations and specially allocable income | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Regular and alternative tax | | | | | | Total | Dividends | Dividend gross-up |
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| **All industries** | **59,593,157** | **58,535,320** | **21,419,843** | **12,333** | **9,108,438** | **1,391,978** | **27,660,764** | **85,453,725** | **20,834,778** | **12,094,872** |
| **Agriculture, forestry, and fishing** | **105,152** | **104,459** | **11,985** | — | **9,833** | **1,368** | **81,966** | **1,040,798** | **21,495** | **3,232** |
| **Mining** | **1,746,686** | **1,689,279** | **1,164,747** | — | **54,747** | **2,402** | **524,790** | **6,805,006** | **789,198** | **636,358** |
| Metal mining | *43,631 | *41,381 | *35,238 | — | *4,740 | *27 | *3,626 | *649,467 | *8,024 | *8,122 |
| Coal mining | 69,572 | 67,414 | 58,836 | — | 3,033 | — | 7,703 | 1,795 | 84 | — |
| Oil and gas extraction | 1,552,764 | 1,500,450 | 1,069,449 | — | 35,259 | 2,375 | 445,681 | 6,147,416 | 776,572 | 627,676 |
| Nonmetallic minerals, except fuels | *80,719 | *80,034 | *1,224 | — | *11,715 | — | *67,781 | *6,328 | *4,518 | *560 |
| **Construction** | **117,412** | **114,963** | **88,027** | — | **5,843** | **63** | **25,479** | **378,705** | **83,634** | **29,234** |
| General building contracts and operative builders | *80,785 | *80,067 | *68,464 | — | *2,336 | *63 | *9,922 | *251,244 | *34,007 | *14,385 |
| Heavy construction contractors | *25,297 | *23,745 | *16,509 | — | *3,177 | — | *5,611 | *114,705 | *47,532 | *14,263 |
| Special trade contractors | *11,330 | *11,151 | *1,053 | — | *330 | — | *9,947 | *12,757 | *2,095 | *586 |
| **Manufacturing** | **45,053,227** | **44,305,507** | **17,490,318** | **11,328** | **5,892,030** | **1,306,926** | **20,352,625** | **52,581,078** | **17,558,110** | **10,596,281** |
| Food and kindred products | 2,449,202 | 2,420,632 | 765,270 | — | 315,801 | 117,742 | 1,250,389 | 2,138,062 | 901,327 | 541,796 |
| Tobacco manufactures | 1,760,529 | 1,756,615 | 71,029 | — | 158,242 | 5,817 | 1,525,440 | 1,201,650 | 140,972 | 40,553 |
| Textile mill products | 262,427 | 258,920 | 25,251 | — | 56,041 | 1,480 | 179,655 | 89,456 | 41,128 | 19,897 |
| Apparel and other textile products | 294,571 | 293,846 | 13,290 | — | 18,465 | 422 | 262,395 | 102,157 | 19,256 | 7,511 |
| Lumber and wood products | 388,019 | 361,202 | 23,801 | — | 158,384 | 2,038 | 203,796 | 85,520 | 52,103 | 13,027 |
| Furniture and fixtures | 216,016 | 215,421 | 1,314 | — | 13,436 | 744 | 200,521 | 4,826 | 1,297 | 861 |
| Paper and allied products | 1,271,951 | 1,248,825 | 246,131 | — | 282,063 | 37,045 | 706,712 | 799,651 | 337,317 | 170,499 |
| Printing and publishing | 1,575,722 | 1,565,739 | 93,508 | — | 164,756 | 3,433 | 1,314,026 | 517,987 | 106,760 | 75,609 |
| Chemicals and allied products | 5,902,304 | 5,789,792 | 2,414,330 | 8,584 | 815,873 | 228,467 | 2,435,050 | 7,168,996 | 3,111,455 | 1,734,610 |
| Petroleum (including integrated) and coal products | 11,901,565 | 11,771,474 | 8,495,722 | — | 815,034 | 57,762 | 2,533,046 | 21,160,997 | 5,812,189 | 4,085,187 |
| Rubber and miscellaneous plastics products | 516,257 | 506,474 | 136,140 | — | 88,905 | 16,664 | 274,549 | 473,258 | 158,028 | 74,616 |
| Leather and leather products | 114,954 | 114,381 | 7,825 | — | 11,440 | 550 | 95,140 | 31,436 | 9,750 | 5,862 |
| Stone, clay, and glass products | 806,914 | 788,496 | 223,991 | — | 77,366 | 14,554 | 491,003 | 678,289 | 276,656 | 199,970 |
| Primary metal industries | 574,550 | 560,163 | 123,104 | — | 106,958 | 10,955 | 333,532 | 509,110 | 225,774 | 53,563 |
| Fabricated metal products | 1,277,222 | 1,269,596 | 411,544 | 2,294 | 100,303 | 16,465 | 746,616 | 1,252,550 | 568,905 | 345,686 |
| Machinery, except electrical | 5,324,905 | 5,181,970 | 2,259,393 | 362 | 558,516 | 267,933 | 2,238,701 | 8,087,489 | 2,215,111 | 1,685,872 |
| Electrical and electronic equipment | 3,356,823 | 3,228,132 | 539,626 | — | 722,928 | 210,341 | 1,683,928 | 3,104,544 | 1,078,819 | 292,821 |
| Motor vehicles and equipment | 4,325,740 | 4,269,999 | 970,271 | — | 1,026,286 | 139,602 | 2,187,581 | 2,512,433 | 1,260,206 | 729,231 |
| Transportation equipment, except motor vehicles | 965,707 | 957,431 | 213,206 | — | 181,764 | 72,646 | 498,090 | 1,107,857 | 465,698 | 142,558 |
| Instruments and related products | 1,277,148 | 1,261,761 | 404,742 | 88 | 183,531 | 89,275 | 599,512 | 1,412,733 | 713,514 | 336,482 |
| Miscellaneous manufacturing products and manufacturing not allocable | 490,701 | 484,637 | 50,830 | — | 33,939 | 12,991 | 392,941 | 142,078 | 61,847 | 40,068 |
| **Transportation and public utilities** | **3,490,450** | **3,429,021** | **353,804** | — | **1,559,987** | **22,341** | **1,554,519** | **2,403,213** | **419,787** | **129,905** |
| Transportation | 669,287 | 661,141 | 55,631 | — | 421,023 | 1,229 | 191,404 | 810,249 | 76,413 | 15,580 |
| Water transportation | 39,492 | 39,305 | 19,752 | — | 6,950 | 18 | 12,773 | 239,531 | 19,275 | 534 |
| Other transportation | 629,795 | 621,836 | 35,879 | — | 414,073 | 1,212 | 178,631 | 570,719 | 57,137 | 15,045 |
| Communication | 1,158,683 | 1,125,696 | 103,617 | — | 520,635 | 9,771 | 524,661 | 703,053 | 172,868 | 69,792 |
| Electric, gas, and sanitary services | 1,662,480 | 1,642,184 | 194,357 | — | 618,329 | 11,341 | 838,454 | 889,911 | 170,506 | 44,534 |
| **Wholesale and retail trade** | **3,508,538** | **3,464,482** | **482,406** | **1,005** | **578,686** | **22,451** | **2,423,989** | **2,298,290** | **762,224** | **340,314** |
| Wholesale trade | 1,514,946 | 1,502,434 | 300,618 | — | 91,744 | 10,042 | 1,112,541 | 1,487,484 | 459,262 | 199,064 |
| Groceries and related products | *31,665 | *31,273 | *5,764 | — | *7,765 | *461 | *17,674 | *24,546 | *11,491 | *4,497 |
| Machinery, equipment, and supplies | 114,194 | 110,924 | 12,595 | — | 13,950 | 373 | 87,276 | 145,940 | 17,669 | 7,864 |
| Miscellaneous wholesale trade | 1,369,087 | 1,360,237 | 282,259 | — | 70,029 | 9,207 | 1,007,591 | 1,316,998 | 430,102 | 186,704 |
| Drugs, chemicals, and allied products | 88,679 | 87,133 | 13,688 | — | 8,874 | 117 | 66,001 | 111,737 | 18,463 | 9,729 |
| Petroleum and petroleum products | *200,591 | *199,591 | *169,183 | — | *5,382 | *219 | *25,807 | *480,985 | *276,335 | *115,973 |
| Other miscellaneous wholesale trade | 1,079,816 | 1,073,513 | 99,389 | — | 55,773 | 8,872 | 915,783 | 724,276 | 135,304 | 61,002 |
| Retail trade | 1,993,592 | 1,962,049 | 181,788 | 1,005 | 486,942 | 12,409 | 1,311,448 | 810,806 | 302,962 | 141,250 |
| Building materials, garden supplies, and mobile home dealers | *3,044 | *2,995 | *199 | — | *1,008 | *37 | *1,799 | *1,340 | *31 | — |
| General merchandise stores | 1,028,357 | 1,012,157 | 83,070 | — | 262,476 | 9,948 | 672,863 | 474,037 | 193,577 | 69,966 |
| Food stores | 153,135 | 150,160 | 60,368 | 1,005 | 55,556 | 2,086 | 34,119 | 170,400 | 73,317 | 56,490 |
| Apparel and accessory stores | *162,846 | *162,263 | *2,117 | — | *10,687 | — | *150,042 | *8,703 | *1,700 | *170 |
| Eating and drinking places | 375,868 | 364,550 | 17,786 | — | 80,308 | 104 | 277,671 | 125,904 | 20,577 | 6,618 |
| Miscellaneous retail stores | 270,343 | 269,923 | 18,248 | — | 76,907 | 234 | 174,954 | 30,421 | 13,760 | 8,006 |
| **Finance, insurance, and real estate** | **4,481,673** | **4,371,760** | **1,627,156** | — | **783,794** | **19,784** | **2,050,939** | **18,017,937** | **934,510** | **267,441** |
| Banking | 2,509,947 | 2,443,233 | 1,339,753 | — | 520,334 | 6,196 | 643,663 | 14,524,591 | 471,425 | 129,298 |
| Credit agencies other than banks | 111,645 | 101,864 | 53,297 | — | 26,322 | — | 32,026 | 1,467,016 | 152,612 | 27,558 |
| Security, commodity brokers, and services | 124,823 | 122,687 | 10,177 | — | 22,375 | 1,587 | 90,685 | 155,547 | 18,171 | 3,234 |
| Insurance carriers | 1,410,597 | 1,388,389 | 130,846 | — | 191,140 | 9,430 | 1,079,181 | 1,441,301 | 127,427 | 35,707 |
| Insurance agents, brokers and services | 30,725 | 29,630 | 8,091 | — | 3,005 | 142 | 19,486 | 54,047 | 10,684 | 6,444 |
| Real estate | 51,185 | 48,607 | 6,458 | — | 5,042 | 287 | 39,398 | 78,777 | 6,138 | 3,635 |
| Holding and other investment companies except bank holding companies | 242,751 | 237,350 | 78,534 | — | 15,576 | 2,141 | 146,500 | 296,658 | 148,054 | 61,564 |
| **Services** | **1,090,019** | **1,055,849** | **203,401** | — | **223,519** | **16,642** | **646,457** | **1,928,697** | **265,821** | **92,106** |
| Hotels and other lodging places | *57,402 | *55,242 | *5,528 | — | *19,666 | — | *32,207 | *14,673 | *862 | — |
| Personal services | 84,948 | 84,549 | 21,741 | — | 16,124 | 59 | 47,024 | 126,576 | 20,868 | 19,304 |
| Business services | 525,135 | 499,966 | 93,191 | — | 89,536 | 14,546 | 327,862 | 905,331 | 98,103 | 44,593 |
| Auto repair; miscellaneous repair services | *54,930 | *53,760 | *5,204 | — | *35,324 | *78 | *14,325 | *16,106 | *3,854 | *2,981 |
| Amusement and recreational services | 111,916 | 111,484 | 56,762 | — | 22,988 | 251 | 31,915 | 523,456 | 125,499 | 17,573 |
| Other services | 255,687 | 250,849 | 20,973 | — | 39,881 | 1,708 | 193,125 | 342,556 | 16,636 | 7,656 |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Foreign income and taxes reported on Form 1118—Continued: Gross income (less loss) excluding branch operations and specially allocable income—Continued: Interest income | Rents, royalties and license fees | Service income | Net capital gain | Partnership income (net) | Other income | Oil and gas extraction gross income (less loss): Total | From extraction of oil or gas | From sale of business assets | Dividends from foreign corporations |
|---|---|---|---|---|---|---|---|---|---|---|
| | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) | (29) |
| **All industries** | **17,723,038** | **9,818,002** | **6,119,912** | **780,459** | **321,385** | **17,761,280** | **26,903,371** | **19,471,137** | **61,696** | **7,447,512** |
| **Agriculture, forestry, and fishing** | **6,087** | **19,618** | **935,121** | **-979** | **-87** | **58,310** | — | — | — | — |
| **Mining** | **116,428** | **532,886** | **516,522** | **469** | **244,516** | **3,968,630** | **1,948,488** | **1,036,312** | **59,896** | **819,672** |
| Metal mining | *11,681 | *429 | *317,491 | — | *200,031 | *103,688 | — | — | — | — |
| Coal mining | 1,711 | — | — | — | — | — | — | — | — | — |
| Oil and gas extraction | 102,497 | 532,456 | 198,320 | 469 | 44,485 | 3,864,942 | 1,948,488 | 1,036,312 | 59,896 | 819,672 |
| Nonmetallic minerals, except fuels | *540 | *(1) | *710 | — | — | — | — | — | — | — |
| **Construction** | **14,867** | **17,076** | **27,064** | **1,206** | **192,115** | **13,509** | — | — | — | — |
| General building contracts and operative builders | *10,065 | *3,908 | *2,564 | — | *184,244 | *2,072 | — | — | — | — |
| Heavy construction contractors | *4,802 | *13,167 | *24,501 | *681 | *7,872 | *1,886 | — | — | — | — |
| Special trade contractors | — | — | — | *525 | — | *9,551 | — | — | — | — |
| **Manufacturing** | **2,688,339** | **8,235,413** | **2,599,425** | **701,673** | **-138,137** | **10,139,774** | **24,305,516** | **17,810,710** | **21,715** | **6,603,661** |
| Food and kindred products | 133,652 | 314,543 | 42,952 | 7,006 | -1,306 | 198,091 | — | — | — | — |
| Tobacco manufactures | 22,132 | 183,280 | 584,160 | 16,187 | — | 214,365 | 28,594 | 28,594 | — | — |
| Textile mill products | 4,095 | 13,146 | 4,787 | 63 | 128 | 6,213 | — | — | — | — |
| Apparel and other textile products | 16,919 | 47,907 | 3,507 | 32 | — | 7,026 | — | — | — | — |
| Lumber and wood products | 16,916 | 1,578 | 1,406 | -6,460 | 65 | 6,884 | — | — | — | — |
| Furniture and fixtures | 118 | 2,424 | 123 | — | — | 3 | — | — | — | — |
| Paper and allied products | 45,816 | 169,059 | 16,104 | 21,174 | -22 | 39,702 | — | — | — | — |
| Printing and publishing | 29,347 | 114,337 | 83,894 | 17,220 | -206 | 91,026 | — | — | — | — |
| Chemicals and allied products | 353,907 | 980,659 | 151,448 | 82,804 | -5,321 | 759,433 | 1,595,893 | 711,209 | 517 | 887,871 |
| Petroleum (including integrated) and coal products | 1,140,539 | 1,584,292 | 674,849 | 43,925 | -164,358 | 7,984,374 | 22,669,847 | 17,059,727 | 21,199 | 5,715,791 |
| Rubber and miscellaneous plastics products | 11,115 | 103,206 | 56,955 | 39,642 | -108 | 29,804 | — | — | — | — |
| Leather and leather products | 833 | 4,148 | 4,397 | — | — | 6,446 | — | — | — | — |
| Stone, clay, and glass products | 32,682 | 96,571 | 11,949 | 28,424 | -2,732 | 34,770 | — | — | — | — |
| Primary metal industries | 35,228 | 164,202 | 9,161 | 14,895 | — | 6,287 | 362 | 362 | — | — |
| Fabricated metal products | 51,556 | 121,521 | 32,352 | 14,102 | 11,012 | 107,415 | — | — | — | — |
| Machinery, except electrical | 361,025 | 3,313,767 | 277,652 | -7,040 | -425 | 241,527 | 1 | — | — | — |
| Electrical and electronic equipment | 242,799 | 559,324 | 221,556 | 424,601 | -1,679 | 286,303 | 10,818 | 10,818 | — | — |
| Motor vehicles and equipment | 150,784 | 59,823 | 232,008 | 6,700 | — | 73,681 | — | — | — | — |
| Transportation equipment, except motor vehicles | 144,007 | 137,168 | 196,425 | -4,214 | 26,345 | -132 | — | — | — | — |
| Instruments and related products | 90,053 | 236,715 | -7,058 | 2,614 | 428 | 39,986 | — | — | — | — |
| Miscellaneous manufacturing products and manufacturing not allocable | 4,815 | 27,744 | 797 | 199 | 41 | 6,568 | — | — | — | — |
| **Transportation and public utilities** | **79,989** | **116,608** | **957,165** | **2,057** | **10,760** | **686,943** | **596,096** | **595,098** | **10** | — |
| Transportation | 30,655 | 57,726 | 601,809 | 1,514 | 1,571 | 24,981 | 24,512 | 22,959 | — | — |
| Water transportation | 1,243 | -1,530 | 196,118 | 127 | 1,342 | 22,421 | 23,751 | 22,422 | — | — |
| Other transportation | 29,412 | 59,257 | 405,691 | 1,387 | 230 | 2,560 | 761 | 538 | — | — |
| Communication | 8,379 | 40,685 | 238,049 | 378 | 6,710 | 166,194 | — | — | — | — |
| Electric, gas, and sanitary services | 40,955 | 18,197 | 117,307 | 165 | 2,478 | 495,768 | 571,584 | 572,139 | 10 | — |
| **Wholesale and retail trade** | **411,928** | **188,492** | **94,151** | **9,655** | **4,013** | **487,513** | **52,869** | **28,624** | **74** | **24,171** |
| Wholesale trade | 300,394 | 103,208 | 65,291 | 9,416 | 2,064 | 348,785 | 52,869 | 28,624 | 74 | 24,171 |
| Groceries and related products | *7,902 | *156 | — | — | — | *500 | — | — | — | — |
| Machinery, equipment, and supplies | 14,639 | 8,818 | 39,026 | 2,333 | 273 | 55,319 | — | — | — | — |
| Miscellaneous wholesale trade | 277,853 | 94,235 | 26,266 | 7,083 | 1,791 | 292,966 | 52,869 | 28,624 | 74 | 24,171 |
| Drugs, chemicals, and allied products | 2,401 | 7,055 | 463 | 106 | — | 73,520 | — | — | — | — |
| Petroleum and petroleum products | *24,074 | *3,109 | *536 | *98 | — | *60,860 | *24,171 | — | — | *24,171 |
| Other miscellaneous wholesale trade | 251,378 | 84,070 | 25,267 | 6,879 | 1,791 | 158,586 | 28,698 | 28,624 | 74 | — |
| Retail trade | 111,533 | 85,283 | 28,859 | 240 | 1,949 | 138,728 | — | — | — | — |
| Building materials, garden supplies, and mobile home dealers | *19 | *448 | *503 | — | — | *339 | — | — | — | — |
| General merchandise stores | 91,726 | 6,111 | 32,031 | -540 | — | 81,165 | — | — | — | — |
| Food stores | 158 | 13,665 | 12 | — | 2,123 | 24,634 | — | — | — | — |
| Apparel and accessory stores | *61 | *3,555 | — | *780 | — | *2,436 | — | — | — | — |
| Eating and drinking places | 15,127 | 52,320 | 4,204 | — | -174 | 27,231 | — | — | — | — |
| Miscellaneous retail stores | 4,441 | 9,183 | -7,890 | — | — | 2,922 | — | — | — | — |
| **Finance, insurance, and real estate** | **14,180,927** | **176,365** | **636,655** | **61,716** | **-4,224** | **1,764,546** | **402** | **393** | — | **9** |
| Banking | 12,882,195 | 99,738 | 237,151 | 26,809 | -43,202 | 721,177 | 393 | 393 | — | — |
| Credit agencies other than banks | 340,558 | 24,344 | 105,672 | 9,526 | 16,999 | 789,747 | — | — | — | — |
| Security, commodity brokers, and services | 35,586 | 944 | 31,673 | 1 | 8 | 65,930 | — | — | — | — |
| Insurance carriers | 892,047 | 12,735 | 230,382 | 17,036 | 21,255 | 104,713 | 9 | — | — | 9 |
| Insurance agents, brokers and services | 1,750 | 3,506 | 29,336 | — | 712 | 1,615 | — | — | — | — |
| Real estate | 381 | 1,228 | — | — | 5 | 67,390 | — | — | — | — |
| Holding and other investment companies except bank holding companies | 28,411 | 33,869 | 2,441 | 8,344 | — | 13,975 | — | — | — | — |
| **Services** | **24,473** | **531,544** | **353,810** | **4,460** | **12,428** | **644,055** | — | — | — | — |
| Hotels and other lodging places | *438 | *8,138 | *3,977 | *-20 | — | *1,279 | — | — | — | — |
| Personal services | 1,128 | 1,093 | 80,947 | 2,233 | — | 1,003 | — | — | — | — |
| Business services | 14,542 | 142,768 | 154,314 | 2,247 | 747 | 448,016 | — | — | — | — |
| Auto repair; miscellaneous repair services | *2,763 | *2,000 | *4,508 | — | — | — | — | — | — | — |
| Amusement and recreational services | — | 367,156 | 5,063 | — | 1,346 | 6,819 | — | — | — | — |
| Other services | 5,601 | 10,389 | 105,002 | — | 10,335 | 186,938 | — | — | — | — |

Footnotes at end of table.



## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Foreign income and taxes reported on Form 1118—Continued: Oil and gas extraction gross income (less loss)—Continued: Includable income of Controlled Foreign Corporations | Partnership income | Deductions other than from branch operations and specially allocable income: Total | Deductions allocable to specific types of income: Total | Rental, royalty and licensing expenses: Depreciation, depletion and amortization | Rental, royalty and licensing expenses: Other | Service expenses | Other deductions | Deductions not allocable to specific types of income: Total | Research and development expenses |
|---|---|---|---|---|---|---|---|---|---|---|
| | (30) | (31) | (32) | (33) | (34) | (35) | (36) | (37) | (38) | (39) |
| **All industries** | **2,773** | **-99,748** | **38,766,836** | **25,481,874** | **320,279** | **954,455** | **2,285,314** | **21,920,826** | **13,284,762** | **42,721** |
| **Agriculture, forestry, and fishing** | — | — | **991,200** | **964,047** | — | — | — | **964,047** | **27,153** | **5,785** |
| **Mining** | — | **32,609** | **4,315,160** | **4,099,417** | **64,145** | **58,666** | **332,149** | **3,644,457** | **215,743** | **10** |
| Metal mining | — | — | *535,623 | *535,623 | *4,067 | — | *184,690 | *346,866 | — | — |
| Coal mining | — | — | — | — | — | — | — | — | — | — |
| Oil and gas extraction | — | 32,609 | 3,778,339 | 3,563,251 | 60,077 | 58,666 | 147,460 | 3,297,048 | 215,088 | 10 |
| Nonmetallic minerals, except fuels | — | — | *1,198 | *543 | *(1) | — | — | *543 | *655 | — |
| **Construction** | — | — | **91,596** | **36,670** | — | **913** | **12,531** | **23,226** | **54,926** | — |
| General building contracts and operative builders | — | — | *46,325 | *2,075 | — | — | *1,532 | *544 | *44,249 | — |
| Heavy construction contractors | — | — | *44,232 | *34,523 | — | *913 | *10,999 | *22,611 | *9,708 | — |
| Special trade contractors | — | — | *1,040 | *72 | — | — | — | *72 | *968 | — |
| **Manufacturing** | **17** | **-130,587** | **17,012,611** | **13,461,379** | **181,381** | **654,307** | **827,844** | **11,797,847** | **3,551,232** | **27,995** |
| Food and kindred products | — | — | 507,889 | 322,184 | — | 58,739 | 8,747 | 254,698 | 185,705 | 3,272 |
| Tobacco manufactures | — | — | 877,048 | 238,333 | 1,381 | 1,263 | 5,371 | 230,318 | 638,716 | — |
| Textile mill products | — | — | 17,228 | 9,567 | 1,309 | — | 4,430 | 3,828 | 7,661 | — |
| Apparel and other textile products | — | — | 34,706 | 19,334 | 11 | 4,683 | 1,525 | 13,114 | 15,373 | — |
| Lumber and wood products | — | — | 10,721 | 3,444 | — | 281 | 131 | 3,032 | 7,276 | — |
| Furniture and fixtures | — | — | 155 | 60 | — | — | — | 60 | 95 | — |
| Paper and allied products | — | — | 183,659 | 128,899 | — | 860 | 3,530 | 124,509 | 54,760 | — |
| Printing and publishing | — | — | 202,806 | 184,471 | 374 | 31,533 | 58,261 | 94,302 | 18,336 | — |
| Chemicals and allied products | — | -3,703 | 1,837,709 | 1,145,641 | 457 | 10,193 | 52,636 | 1,082,355 | 692,069 | 4,392 |
| Petroleum (including integrated) and coal products | 17 | -126,886 | 8,520,333 | 7,982,210 | 122,121 | 388,247 | 221,008 | 7,250,834 | 538,124 | — |
| Rubber and miscellaneous plastics products | — | — | 73,652 | 20,786 | 71 | 2,448 | 1,557 | 16,710 | 52,866 | 2,071 |
| Leather and leather products | — | — | 6,006 | 4,300 | — | — | — | 4,300 | 1,706 | — |
| Stone, clay, and glass products | — | — | 120,782 | 57,619 | 648 | 14,925 | 12,669 | 29,377 | 63,163 | 2,724 |
| Primary metal industries | — | — | 192,097 | 138,950 | 30,141 | 62,752 | 225 | 45,833 | 53,147 | — |
| Fabricated metal products | — | — | 210,008 | 117,748 | 883 | 1,012 | 21,896 | 93,958 | 92,260 | 634 |
| Machinery, except electrical | — | 1 | 2,129,513 | 1,777,646 | 9,118 | 11,284 | 132,323 | 1,624,921 | 351,867 | 14,738 |
| Electrical and electronic equipment | (1) | — | 1,000,003 | 765,834 | 293 | 47,048 | 72,110 | 646,383 | 234,169 | 163 |
| Motor vehicles and equipment | — | — | 606,410 | 323,324 | 60 | 6,554 | 207,791 | 108,919 | 283,086 | — |
| Transportation equipment, except motor vehicles | — | — | 251,002 | 171,536 | 12,745 | 9,866 | 22,171 | 126,754 | 79,466 | — |
| Instruments and related products | — | — | 210,648 | 45,099 | 756 | 446 | 1,231 | 42,665 | 165,549 | — |
| Miscellaneous manufacturing products and manufacturing not allocable | — | — | 20,235 | 4,395 | 1,012 | 2,173 | 233 | 977 | 15,840 | (1) |
| **Transportation and public utilities** | **2,756** | **-1,769** | **1,358,408** | **988,134** | **11,622** | **51,130** | **455,429** | **469,953** | **370,274** | — |
| Transportation | — | 1,553 | 645,722 | 432,059 | 6,654 | 48,874 | 360,737 | 15,794 | 213,663 | — |
| Water transportation | — | 1,330 | 188,331 | 7,663 | 1,615 | 3,714 | 22 | 2,312 | 180,667 | — |
| Other transportation | — | 223 | 457,391 | 424,395 | 5,039 | 45,160 | 360,715 | 13,482 | 32,995 | — |
| Communication | — | — | 295,349 | 233,215 | 529 | 1,961 | 24,439 | 206,286 | 62,134 | — |
| Electric, gas, and sanitary services | 2,756 | -3,322 | 417,337 | 322,860 | 4,439 | 295 | 70,253 | 247,874 | 94,477 | — |
| **Wholesale and retail trade** | — | — | **1,006,075** | **534,922** | **1,179** | **37,532** | **79,853** | **416,357** | **471,154** | — |
| Wholesale trade | — | — | 730,727 | 360,259 | 946 | 35,587 | 61,601 | 262,125 | 370,468 | — |
| Groceries and related products | — | — | *429 | *38 | — | — | — | *38 | *391 | — |
| Machinery, equipment, and supplies | — | — | 101,794 | 79,595 | 676 | 68 | 37,508 | 41,342 | 22,199 | — |
| Miscellaneous wholesale trade | — | — | 628,504 | 280,627 | 270 | 35,518 | 24,092 | 220,746 | 347,877 | — |
| Drugs, chemicals, and allied products | — | — | 78,775 | 76,408 | — | 2,566 | 40 | 73,802 | 2,367 | — |
| Petroleum and petroleum products | — | — | *95,016 | *60,336 | — | — | *446 | *59,890 | *34,680 | — |
| Other miscellaneous wholesale trade | — | — | 454,713 | 143,883 | 270 | 32,952 | 23,607 | 87,054 | 310,830 | — |
| Retail trade | — | — | 275,348 | 174,662 | 233 | 1,946 | 18,253 | 154,231 | 100,686 | — |
| Building materials, garden supplies, and mobile home dealers | — | — | *811 | *811 | — | *224 | *352 | *235 | — | — |
| General merchandise stores | — | — | 203,274 | 149,566 | — | — | 15,561 | 134,006 | 53,708 | — |
| Food stores | — | — | 21,196 | 15,394 | 176 | 761 | — | 14,457 | 5,801 | — |
| Apparel and accessory stores | — | — | *800 | *770 | — | *683 | — | *87 | *30 | — |
| Eating and drinking places | — | — | 38,483 | 6,032 | — | 254 | 1,693 | 4,085 | 32,451 | — |
| Miscellaneous retail stores | — | — | 10,784 | 2,089 | 56 | 23 | 647 | 1,363 | 8,695 | — |
| **Finance, insurance, and real estate** | — | — | **12,722,974** | **4,435,816** | **57,892** | **88,478** | **356,012** | **3,933,433** | **8,287,158** | **8,637** |
| Banking | — | — | 10,688,210 | 2,838,798 | 54,692 | 59,151 | 130,629 | 2,594,326 | 7,849,412 | 8,598 |
| Credit agencies other than banks | — | — | 1,194,130 | 1,001,858 | 3,020 | 27,327 | 13,730 | 957,781 | 192,272 | — |
| Security, commodity brokers, and services | — | — | 29,258 | 28,761 | — | 96 | 23,929 | 4,736 | 497 | — |
| Insurance carriers | — | — | 626,394 | 447,009 | 179 | 1,905 | 187,610 | 257,316 | 179,385 | — |
| Insurance agents, brokers and services | — | — | 25,622 | 16,282 | — | — | 8 | 16,273 | 9,340 | — |
| Real estate | — | — | 65,935 | 65,551 | — | — | 106 | 65,444 | 384 | — |
| Holding and other investment companies except bank holding companies | — | — | 93,426 | 37,558 | — | — | — | 37,558 | 55,867 | 39 |
| **Services** | — | — | **1,268,612** | **961,489** | **4,060** | **63,428** | **222,495** | **671,506** | **307,123** | **293** |
| Hotels and other lodging places | — | — | *6,298 | *3,433 | — | — | *124 | *3,309 | *2,866 | — |
| Personal services | — | — | 77,958 | 77,607 | — | 390 | 69,867 | 7,350 | 351 | — |
| Business services | — | — | 649,073 | 592,551 | 1,220 | 55,422 | 95,144 | 440,765 | 56,523 | 293 |
| Auto repair; miscellaneous repair services | — | — | *8,821 | *7,733 | — | — | — | *7,733 | *1,088 | — |
| Amusement and recreational services | — | — | 291,751 | 88,963 | 2,066 | 6,973 | 277 | 79,647 | 202,787 | — |
| Other services | — | — | 234,711 | 191,203 | 774 | 644 | 57,083 | 132,702 | 43,508 | — |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Foreign income and taxes reported on Form 1118—Continued: Deductions other than from branch operations and specially allocable income—Continued: Deductions not allocable to specific types of income—Continued: Interest expenses | General and administrative expenses | Deductions from oil and gas extraction income: Total | Allocable to specific types of income | Not allocable to specific types of income | Taxable income (less loss): Before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863 (B)) | Other than from branch operations and specially allocable income | Recapture of prior year foreign losses |
|---|---|---|---|---|---|---|---|---|---|---|
| | (40) | (41) | (42) | (43) | (44) | (45) | (46) | (47) | (48) | (49) |
| **All industries** | **4,637,836** | **1,386,214** | **9,486,672** | **9,308,920** | **179,752** | **63,587,976** | **14,541,126** | **2,359,760** | **46,687,089** | **181,246** |
| **Agriculture, forestry, and fishing** | **10,594** | **9,361** | — | — | — | **49,734** | **635** | **-499** | **49,598** | — |
| **Mining** | **53,888** | **75,050** | **488,906** | **394,428** | **94,478** | **2,818,291** | **328,445** | — | **2,489,846** | **5,541** |
| Metal mining | — | — | — | — | — | *115,187 | *1,344 | — | *113,843 | — |
| Coal mining | — | — | — | — | — | 129,058 | 127,263 | — | 1,795 | — |
| Oil and gas extraction | 53,888 | 75,050 | 488,906 | 394,428 | 94,478 | 2,564,710 | 195,632 | — | 2,369,078 | 5,541 |
| Nonmetallic minerals, except fuels | — | — | — | — | — | *9,336 | *4,206 | — | *5,130 | — |
| **Construction** | **4,241** | **2,218** | — | — | — | **295,251** | **4,898** | **3,243** | **287,109** | **1,899** |
| General building contracts and operative builders | — | — | — | — | — | *206,244 | *1,325 | — | *204,920 | *606 |
| Heavy construction contractors | *4,241 | *2,218 | — | — | — | *76,210 | *2,494 | *3,243 | *70,473 | *1,293 |
| Special trade contractors | — | — | — | — | — | *12,797 | *1,080 | — | *11,717 | — |
| **Manufacturing** | **520,889** | **632,801** | **8,699,441** | **8,638,360** | **61,081** | **45,582,499** | **7,778,640** | **2,235,392** | **35,566,467** | **136,607** |
| Food and kindred products | 9,088 | 5,065 | — | — | — | 1,783,568 | 126,000 | 27,395 | 1,630,173 | 1,105 |
| Tobacco manufactures | 1,321 | 161,827 | 18,565 | 18,565 | — | 335,478 | -47,412 | 58,289 | 324,601 | 5,980 |
| Textile mill products | — | 1 | — | — | — | 72,512 | 318 | -34 | 72,228 | 2,876 |
| Apparel and other textile products | — | — | — | — | — | 67,598 | — | 147 | 67,451 | — |
| Lumber and wood products | — | — | — | — | — | 90,622 | 10,032 | 5,791 | 74,799 | 14,480 |
| Furniture and fixtures | 2 | 14 | — | — | — | 5,734 | 125 | 937 | 4,671 | — |
| Paper and allied products | 13,583 | 17,036 | — | — | — | 654,926 | 3,485 | 35,449 | 615,992 | — |
| Printing and publishing | 966 | 6,508 | — | — | — | 313,316 | -8,454 | 6,589 | 315,180 | — |
| Chemicals and allied products | 48,096 | 75,167 | 187,373 | 158,170 | 29,203 | 6,294,392 | 644,654 | 318,451 | 5,331,287 | 6,368 |
| Petroleum (including integrated) and coal products | 205,820 | 147,526 | 8,483,014 | 8,451,181 | 31,832 | 19,131,308 | 6,392,491 | 98,154 | 12,640,664 | 72,494 |
| Rubber and miscellaneous plastics products | 3,904 | 1,640 | — | — | — | 403,733 | 186 | 3,940 | 399,606 | 603 |
| Leather and leather products | 14 | 5 | — | — | — | 25,430 | — | — | 25,430 | 82 |
| Stone, clay, and glass products | 4,175 | 10,863 | — | — | — | 570,379 | 4,308 | 8,564 | 557,507 | — |
| Primary metal industries | 280 | 653 | 48 | 3 | 45 | 391,563 | 18,102 | 56,448 | 317,013 | 18,399 |
| Fabricated metal products | 6,705 | 26,366 | — | — | — | 1,173,511 | 99,004 | 31,965 | 1,042,541 | 4,803 |
| Machinery, except electrical | 55,438 | 73,087 | (¹) | — | (¹) | 6,866,751 | 309,237 | 599,537 | 5,957,976 | 1,321 |
| Electrical and electronic equipment | 16,218 | 15,287 | 10,440 | 10,440 | — | 2,502,578 | 206,839 | 191,197 | 2,104,541 | 5,310 |
| Motor vehicles and equipment | 152,920 | 81,385 | — | — | — | 2,502,767 | -23,801 | 620,545 | 1,906,023 | 1,170 |
| Transportation equipment, except motor vehicles | 1,498 | 2,004 | — | — | — | 874,097 | 4,661 | 12,581 | 856,855 | 1,278 |
| Instruments and related products | 95 | 6,957 | — | — | — | 1,378,365 | 38,844 | 137,436 | 1,202,086 | 61 |
| Miscellaneous manufacturing products and manufacturing not allocable | 765 | 1,409 | — | — | — | 143,873 | 20 | 22,009 | 121,843 | 277 |
| **Transportation and public utilities** | **61,442** | **27,299** | **277,615** | **253,423** | **24,193** | **1,307,628** | **164,503** | **98,320** | **1,044,806** | **24,923** |
| Transportation | 12,883 | 27,299 | 2,480 | 2,480 | — | 383,092 | 132,422 | 86,143 | 164,528 | 11,044 |
| Water transportation | — | 26,484 | 2,305 | 2,305 | — | 189,225 | 119,162 | 18,863 | 51,200 | — |
| Other transportation | 12,883 | 816 | 175 | 175 | — | 193,868 | 13,260 | 67,280 | 113,328 | 11,044 |
| Communication | — | — | — | — | — | 428,434 | 8,724 | 12,005 | 407,704 | — |
| Electric, gas, and sanitary services | 48,559 | — | 275,135 | 250,942 | 24,193 | 496,102 | 23,356 | 172 | 472,574 | 13,879 |
| **Wholesale and retail trade** | **110,220** | **8,056** | **20,710** | **20,710** | — | **1,319,926** | **16,801** | **10,910** | **1,292,214** | **5,002** |
| Wholesale trade | 96,957 | 383 | 20,710 | 20,710 | — | 779,582 | 11,583 | 11,243 | 756,757 | 5,002 |
| Groceries and related products | — | — | — | — | — | *24,117 | — | — | *24,117 | — |
| Machinery, equipment, and supplies | — | — | — | — | — | 44,192 | 47 | — | 44,146 | — |
| Miscellaneous wholesale trade | 96,957 | 383 | 20,710 | 20,710 | — | 711,273 | 11,536 | 11,243 | 688,494 | 5,002 |
| Drugs, chemicals, and allied products | 14 | 383 | — | — | — | 33,512 | -445 | 995 | 32,962 | — |
| Petroleum and petroleum products | — | — | *1,431 | *1,431 | — | *385,934 | *-35 | — | *385,969 | — |
| Other miscellaneous wholesale trade | 96,943 | — | 19,278 | 19,278 | — | 291,827 | 12,016 | 10,248 | 269,563 | 5,002 |
| Retail trade | 13,263 | 7,673 | — | — | — | 540,343 | 5,218 | -332 | 535,458 | — |
| Building materials, garden supplies, and mobile home dealers | — | — | — | — | — | *529 | — | — | *529 | — |
| General merchandise stores | 12,601 | 79 | — | — | — | 268,446 | -2,324 | 8 | 270,762 | — |
| Food stores | — | — | — | — | — | 149,205 | — | — | 149,205 | — |
| Apparel and accessory stores | — | — | — | — | — | *8,635 | *1,068 | *-336 | *7,903 | — |
| Eating and drinking places | — | — | — | — | — | 71,451 | -15,966 | -4 | 87,421 | — |
| Miscellaneous retail stores | 662 | 7,594 | — | — | — | 42,077 | 22,440 | — | 19,637 | — |
| **Finance, insurance, and real estate** | **3,872,741** | **630,798** | (¹) | — | (¹) | **11,503,915** | **6,201,663** | **7,290** | **5,294,962** | **3,198** |
| Banking | 3,843,595 | 624,935 | — | — | — | 9,830,790 | 5,991,349 | 3,060 | 3,836,381 | 25 |
| Credit agencies other than banks | — | — | — | — | — | 366,657 | 93,771 | — | 272,886 | — |
| Security, commodity brokers, and services | 17 | — | — | — | — | 147,042 | 20,753 | — | 126,289 | — |
| Insurance carriers | 24,874 | 1,841 | (¹) | — | (¹) | 913,297 | 95,221 | 3,169 | 814,907 | 2,269 |
| Insurance agents, brokers and services | 4,254 | 3,778 | — | — | — | 28,425 | — | — | 28,425 | — |
| Real estate | — | 14 | — | — | — | 16,824 | 3,981 | — | 12,842 | — |
| Holding and other investment companies except bank holding companies | 1 | 230 | — | — | — | 200,881 | -3,412 | 1,061 | 203,232 | 904 |
| **Services** | **3,821** | **631** | — | — | — | **710,732** | **45,542** | **5,104** | **660,086** | **4,075** |
| Hotels and other lodging places | *2,866 | — | — | — | — | *22,627 | *14,252 | — | *8,375 | — |
| Personal services | 44 | — | — | — | — | 49,303 | 684 | — | 48,618 | 541 |
| Business services | 256 | 631 | — | — | — | 280,118 | 22,927 | 933 | 256,258 | 3,467 |
| Auto repair; miscellaneous repair services | — | — | — | — | — | *14,865 | *7,580 | — | *7,285 | — |
| Amusement and recreational services | — | — | — | — | — | 233,088 | -628 | 2,011 | 231,705 | — |
| Other services | 655 | — | — | — | — | 110,732 | 726 | 2,160 | 107,845 | 67 |

| Major industry | Foreign income and taxes reported on Form 1118—Continued: Taxable income (less loss)—Continued: After loss recapture | Foreign taxes available for credit: Total after reduction | Reduction for certain foreign taxes | Total before reduction | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Service income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (50) | (51) | (52) | (53) | (54) | (55) | (56) | (57) | (58) | (59) |
| **All industries** | **63,406,730** | **27,008,241** | **1,596,589** | **28,604,831** | **11,233,040** | **1,398,265** | **958,851** | **1,098,086** | **5,047,204** | **261,441** |
| **Agriculture, forestry, and fishing** | **49,734** | **35,078** | — | **35,078** | **8,948** | **892** | **23** | **894** | **297** | **6,347** |
| **Mining** | **2,812,750** | **3,071,799** | **121,503** | **3,193,303** | **889,485** | **30,323** | **7,557** | **5,726** | **131,343** | **74,689** |
| Metal mining | *115,187 | *136,046 | *7,813 | *143,859 | *103,510 | *1,174 | *66 | — | *542 | *58,511 |
| Coal mining | 129,058 | 58,836 | 7,034 | 65,870 | 65,870 | — | 257 | — | 65,613 | — |
| Oil and gas extraction | 2,559,169 | 2,875,693 | 106,657 | 2,982,350 | 719,536 | 29,112 | 7,205 | 5,726 | 64,976 | 15,756 |
| Nonmetallic minerals, except fuels | *9,336 | *1,224 | — | *1,224 | *570 | *37 | *29 | — | *211 | *292 |
| **Construction** | **293,352** | **114,712** | — | **114,712** | **73,811** | **3,363** | **340** | **932** | **3,477** | **3,437** |
| General building contracts and operative builders | *205,639 | *82,147 | — | *82,147 | *63,868 | *883 | — | *345 | *907 | *216 |
| Heavy construction contractors | *74,916 | *31,212 | — | *31,212 | *9,186 | *2,389 | *340 | *587 | *1,904 | *3,221 |
| Special trade contractors | *12,797 | *1,352 | — | *1,352 | *757 | *91 | — | — | *666 | — |
| **Manufacturing** | **45,445,892** | **20,695,675** | **1,420,048** | **22,115,723** | **8,451,344** | **1,245,158** | **168,138** | **1,034,263** | **4,319,414** | **131,909** |
| Food and kindred products | 1,782,463 | 847,546 | 47 | 847,593 | 228,842 | 93,685 | 9,438 | 22,519 | 91,884 | 3,384 |
| Tobacco manufactures | 329,499 | 71,053 | 6,791 | 77,844 | 37,291 | 4,525 | 1,438 | 10,069 | 4,841 | 4,963 |
| Textile mill products | 69,636 | 30,694 | — | 30,694 | 6,084 | 4,338 | 142 | 1,136 | 10 | 230 |
| Apparel and other textile products | 67,598 | 13,858 | — | 13,858 | 6,032 | 1,243 | 437 | 3,685 | — | 355 |
| Lumber and wood products | 76,141 | 27,843 | 6 | 27,850 | 8,039 | 5,222 | 2,310 | 173 | 200 | — |
| Furniture and fixtures | 5,734 | 1,318 | — | 1,318 | 430 | 103 | 7 | 258 | 44 | 18 |
| Paper and allied products | 654,926 | 278,520 | — | 278,520 | 59,814 | 26,049 | 2,035 | 13,110 | 17,842 | 643 |
| Printing and publishing | 313,316 | 130,913 | — | 130,913 | 39,127 | 8,043 | 2,556 | 5,291 | 5,574 | 1,979 |
| Chemicals and allied products | 6,288,023 | 2,646,882 | 74,364 | 2,721,246 | 740,694 | 206,304 | 21,700 | 70,617 | 412,989 | 6,688 |
| Petroleum (including integrated) and coal products | 19,058,814 | 10,957,777 | 1,324,287 | 12,282,064 | 5,874,053 | 320,965 | 79,592 | 623,402 | 3,371,912 | 43,608 |
| Rubber and miscellaneous plastics products | 403,129 | 146,146 | 3 | 146,149 | 44,492 | 18,437 | 669 | 13,684 | 845 | 5,470 |
| Leather and leather products | 25,347 | 8,126 | — | 8,126 | 2,237 | 580 | 44 | 429 | — | 409 |
| Stone, clay, and glass products | 570,379 | 264,994 | 2 | 264,996 | 47,255 | 29,436 | 2,169 | 8,495 | 4,824 | 899 |
| Primary metal industries | 373,163 | 144,694 | 3,308 | 148,002 | 51,180 | 7,583 | 284 | 10,277 | 28,521 | 3,370 |
| Fabricated metal products | 1,168,708 | 460,619 | — | 460,619 | 93,901 | 51,445 | 2,843 | 9,672 | 25,397 | 552 |
| Machinery, except electrical | 6,865,430 | 2,310,263 | 111 | 2,310,374 | 575,086 | 192,482 | 17,692 | 160,003 | 159,688 | 16,135 |
| Electrical and electronic equipment | 2,497,268 | 601,889 | 11,128 | 613,017 | 253,553 | 47,170 | 5,266 | 44,885 | 129,902 | 14,517 |
| Motor vehicles and equipment | 2,501,596 | 1,038,696 | 1 | 1,038,697 | 226,333 | 157,076 | 12,506 | 6,468 | 29,913 | 15,996 |
| Transportation equipment, except motor vehicles | 872,819 | 225,672 | — | 225,672 | 65,749 | 23,619 | 4,396 | 10,626 | 14,191 | 12,320 |
| Instruments and related products | 1,378,304 | 427,996 | — | 427,996 | 81,914 | 42,572 | 2,349 | 15,550 | 20,533 | 206 |
| Miscellaneous manufacturing products and manufacturing not allocable | 143,596 | 60,175 | — | 60,175 | 9,239 | 4,281 | 266 | 3,916 | 305 | 167 |
| **Transportation and public utilities** | **1,282,705** | **389,489** | **54,297** | **443,786** | **229,682** | **22,487** | **5,641** | **11,198** | **34,325** | **19,753** |
| Transportation | 372,049 | 67,362 | 90 | 67,451 | 43,518 | 6,173 | 3,503 | 2,727 | 7,778 | 9,982 |
| Water transportation | 189,225 | 23,077 | — | 23,077 | 21,978 | 1 | 140 | 1,404 | 3,403 | 7,873 |
| Other transportation | 182,824 | 44,284 | 90 | 44,374 | 21,540 | 6,172 | 3,363 | 1,322 | 4,375 | 2,109 |
| Communication | 428,434 | 106,312 | — | 106,312 | 35,480 | 12,479 | 582 | 7,551 | 5,110 | 3,198 |
| Electric, gas, and sanitary services | 482,223 | 215,816 | 54,207 | 270,024 | 150,684 | 3,835 | 1,556 | 920 | 21,436 | 6,574 |
| **Wholesale and retail trade** | **1,314,923** | **579,020** | **660** | **579,680** | **95,659** | **33,314** | **16,188** | **12,493** | **19,243** | **4,668** |
| Wholesale trade | 774,580 | 333,674 | 660 | 334,335 | 49,226 | 21,685 | 8,696 | 4,440 | 4,721 | 2,527 |
| Groceries and related products | *24,117 | *6,005 | — | *6,005 | *1,406 | *1,112 | *278 | *16 | — | — |
| Machinery, equipment, and supplies | 44,193 | 18,387 | — | 18,387 | 3,810 | 292 | 276 | 630 | — | 1,130 |
| Miscellaneous wholesale trade | 706,271 | 309,281 | 660 | 309,942 | 44,010 | 20,281 | 8,142 | 3,795 | 4,721 | 1,397 |
| Drugs, chemicals, and allied products | 33,512 | 21,728 | — | 21,728 | 3,330 | 1,062 | 449 | 720 | 171 | 23 |
| Petroleum and petroleum products | *385,934 | *169,897 | *660 | *170,557 | *10,242 | *8,490 | *48 | *55 | — | *5 |
| Other miscellaneous wholesale trade | 286,825 | 117,657 | — | 117,657 | 30,437 | 10,730 | 7,645 | 3,020 | 4,550 | 1,368 |
| Retail trade | 540,343 | 245,346 | — | 245,346 | 46,433 | 11,628 | 7,491 | 8,052 | 14,521 | 2,141 |
| Building materials, garden supplies, and mobile home dealers | *529 | *199 | — | *199 | *93 | *4 | — | *70 | — | — |
| General merchandise stores | 268,446 | 118,412 | — | 118,412 | 17,260 | 4,009 | 5,150 | 475 | 5,765 | 918 |
| Food stores | 149,205 | 64,855 | — | 64,855 | 8,055 | 5,746 | 139 | 1,424 | — | 432 |
| Apparel and accessory stores | *8,635 | *2,139 | — | *2,139 | *1,969 | *418 | *18 | *419 | *81 | — |
| Eating and drinking places | 71,451 | 18,297 | — | 18,297 | 10,084 | 530 | 1,993 | 4,318 | 2,173 | 791 |
| Miscellaneous retail stores | 42,077 | 41,443 | — | 41,443 | 8,970 | 921 | 192 | 1,346 | 6,502 | — |
| **Finance, insurance, and real estate** | **11,500,717** | **1,854,471** | **4** | **1,854,475** | **1,393,021** | **50,906** | **759,773** | **7,640** | **519,458** | **8,122** |
| Banking | 9,830,765 | 1,402,426 | 4 | 1,402,430 | 1,208,009 | 28,434 | 712,202 | 2,468 | 441,266 | 316 |
| Credit agencies other than banks | 366,657 | 113,275 | — | 113,275 | 57,225 | 2,011 | 14,925 | 741 | 29,988 | 1,009 |
| Security, commodity brokers, and services | 147,042 | 10,517 | — | 10,517 | 5,937 | 1,796 | 661 | 135 | 1,669 | 1,592 |
| Insurance carriers | 911,028 | 190,558 | — | 190,558 | 104,038 | 8,513 | 30,345 | 923 | 46,535 | 3,176 |
| Insurance agents, brokers and services | 28,425 | 8,446 | — | 8,446 | 2,002 | 1,470 | 66 | 114 | — | 3 |
| Real estate | 16,824 | 8,518 | — | 8,518 | 3,294 | 582 | 45 | 461 | — | — |
| Holding and other investment companies except bank holding companies | 199,977 | 120,730 | — | 120,730 | 12,516 | 8,099 | 1,530 | 2,799 | — | 26 |
| **Services** | **706,657** | **267,997** | **76** | **268,073** | **91,091** | **11,823** | **1,191** | **24,940** | **19,647** | **14,646** |
| Hotels and other lodging places | *22,627 | *5,679 | — | *5,679 | *5,534 | — | *46 | *1,968 | *2,445 | *556 |
| Personal services | 48,761 | 29,539 | — | 29,539 | 3,086 | 1,281 | 23 | 52 | 93 | 432 |
| Business services | 276,651 | 135,342 | 76 | 135,418 | 45,484 | 5,095 | 383 | 7,870 | 16,231 | 11,664 |
| Auto repair; miscellaneous repair services | *14,865 | *5,204 | — | *5,204 | *2,224 | *827 | *399 | *107 | *405 | *485 |
| Amusement and recreational services | 233,088 | 58,783 | — | 58,783 | 20,099 | 4,195 | — | 14,465 | — | 225 |
| Other services | 110,664 | 33,451 | — | 33,451 | 14,664 | 425 | 340 | 477 | 473 | 1,284 |

Footnotes at end of table.

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Foreign income and taxes reported on Form 1118—Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Foreign taxes available for credit—Continued | | | | Foreign tax credit computed | | | Income and taxes of related foreign corporations and DISC's | | |
| | Paid or accrued—Continued: Other taxes paid or accrued on—Continued | | Deemed paid | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations | After reduction for international boycott operations | Gains, profits and income | Taxes paid on gains, profits and income | Dividends paid or constructively distributed to domestic corporations |
| | Partnership income | Other income | | | | | | | | |
| | (60) | (61) | (62) | (63) | (64) | (65) | (66) | (67) | (68) | (69) |
| **All industries** | 123,054 | 2,346,140 | 12,094,868 | 5,276,923 | 21,415,963 | 1,843 | 21,414,121 | 68,372,124 | 26,200,709 | 18,459,170 |
| **Agriculture, forestry, and fishing** | — | 496 | 3,231 | 22,898 | 11,985 | — | 11,985 | 17,523 | 6,194 | 5,892 |
| **Mining** | 42,393 | 597,584 | 636,358 | 1,667,460 | 1,164,747 | — | 1,164,747 | 1,736,530 | 1,131,217 | 425,089 |
| Metal mining | *41,836 | *1,381 | *8,122 | *32,227 | *35,238 | — | *35,238 | *28,696 | *15,713 | *7,068 |
| Coal mining | — | — | — | — | 58,836 | — | 58,836 | — | — | — |
| Oil and gas extraction | 557 | 596,203 | 627,676 | 1,635,138 | 1,069,449 | — | 1,069,449 | 1,698,953 | 1,111,476 | 417,551 |
| Nonmetallic minerals, except fuels | — | — | *560 | *95 | *1,224 | — | *1,224 | *8,880 | *4,028 | *471 |
| **Construction** | 62,088 | 174 | 29,234 | 11,667 | 86,027 | — | 86,027 | 165,605 | 38,985 | 61,188 |
| General building contracts and operative builders | *61,344 | *174 | *14,385 | *3,894 | *68,464 | — | *68,464 | *38,547 | *12,900 | *25,648 |
| Heavy construction contractors | *744 | — | *14,263 | *7,763 | *16,509 | — | *16,509 | *111,134 | *19,035 | *34,706 |
| Special trade contractors | — | — | *586 | *9 | *1,053 | — | *1,053 | *16,124 | *5,051 | *834 |
| **Manufacturing** | 8,172 | 1,544,288 | 10,596,281 | 3,068,098 | 17,496,392 | 1,842 | 17,494,550 | 60,519,460 | 23,285,394 | 14,059,990 |
| Food and kindred products | 636 | 7,296 | 541,796 | 76,956 | 765,200 | 420 | 764,780 | 2,327,985 | 787,054 | 781,044 |
| Tobacco manufactures | — | 11,455 | 40,553 | — | 71,029 | — | 71,029 | 316,341 | 58,534 | 98,338 |
| Textile mill products | 144 | 85 | 19,897 | 4,712 | 25,251 | — | 25,251 | 163,078 | 57,449 | 28,920 |
| Apparel and other textile products | — | 312 | 7,511 | 314 | 13,269 | — | 13,269 | 68,451 | 21,044 | 18,192 |
| Lumber and wood products | 24 | 111 | 13,027 | 6,784 | 23,801 | — | 23,801 | 149,306 | 34,631 | 41,824 |
| Furniture and fixtures | — | — | 861 | 26 | 1,314 | — | 1,314 | 6,787 | 3,006 | 1,185 |
| Paper and allied products | — | 135 | 170,499 | 48,207 | 245,679 | — | 245,679 | 1,004,343 | 360,072 | 202,553 |
| Printing and publishing | 47 | 15,636 | 75,609 | 16,177 | 93,508 | — | 93,508 | 721,391 | 279,303 | 90,134 |
| Chemicals and allied products | 2,489 | 19,907 | 1,734,610 | 245,941 | 2,414,530 | 202 | 2,414,328 | 8,051,011 | 2,802,260 | 2,700,893 |
| Petroleum (including integrated) and coal products | — | 1,434,575 | 4,085,187 | 2,322,824 | 8,495,722 | — | 8,495,722 | 19,917,118 | 7,491,872 | 4,575,521 |
| Rubber and miscellaneous plastics products | — | 5,388 | 74,616 | 27,040 | 136,352 | 204 | 136,148 | 516,325 | 178,510 | 121,601 |
| Leather and leather products | — | 776 | 5,862 | 27 | 7,655 | — | 7,655 | 18,481 | 5,595 | 7,711 |
| Stone, clay, and glass products | — | 1,432 | 199,970 | 17,772 | 224,006 | 15 | 223,991 | 958,742 | 332,146 | 231,781 |
| Primary metal industries | — | 1,145 | 53,563 | 43,259 | 123,104 | — | 123,104 | 809,380 | 251,532 | 147,845 |
| Fabricated metal products | 3,184 | 808 | 345,686 | 21,031 | 416,983 | — | 416,983 | 1,585,737 | 585,530 | 515,584 |
| Machinery, except electrical | 1,369 | 27,717 | 1,685,872 | 49,417 | 2,259,524 | 131 | 2,259,393 | 10,042,424 | 4,535,903 | 1,995,511 |
| Electrical and electronic equipment | 6 | 11,806 | 292,821 | 66,643 | 539,654 | 16 | 539,638 | 2,043,309 | 713,915 | 506,044 |
| Motor vehicles and equipment | — | 4,374 | 729,231 | 83,133 | 970,229 | — | 970,229 | 8,677,048 | 3,546,122 | 1,226,671 |
| Transportation equipment, except motor vehicles | 225 | 372 | 142,558 | 17,365 | 213,206 | — | 213,206 | 760,431 | 252,235 | 243,626 |
| Instruments and related products | 40 | 664 | 336,482 | 9,601 | 405,543 | 851 | 404,692 | 2,188,793 | 918,426 | 468,896 |
| Miscellaneous manufacturing products and manufacturing not allocable | 9 | 294 | 40,068 | 10,869 | 50,833 | 3 | 50,830 | 192,978 | 70,252 | 56,117 |
| **Transportation and public utilities** | 2,275 | 134,002 | 129,905 | 84,199 | 354,738 | — | 354,738 | 945,333 | 248,071 | 352,668 |
| Transportation | 874 | 12,480 | 15,580 | 8,354 | 55,631 | — | 55,631 | 149,480 | 26,172 | 56,159 |
| Water transportation | 750 | 8,407 | 534 | 565 | 19,752 | — | 19,752 | 55,054 | 1,647 | 17,163 |
| Other transportation | 124 | 4,073 | 15,045 | 7,789 | 35,879 | — | 35,879 | 94,426 | 24,524 | 38,996 |
| Communication | 775 | 5,785 | 69,792 | 1,040 | 104,752 | — | 104,752 | 501,895 | 144,370 | 162,347 |
| Electric, gas, and sanitary services | 626 | 115,737 | 44,534 | 74,806 | 194,356 | — | 194,356 | 293,958 | 77,529 | 134,162 |
| **Wholesale and retail trade** | 1,097 | 8,667 | 340,314 | 143,708 | 482,407 | 1 | 482,406 | 2,147,959 | 653,041 | 696,028 |
| Wholesale trade | 1,035 | 6,120 | 199,064 | 86,045 | 300,619 | 1 | 300,619 | 1,148,407 | 307,764 | 407,406 |
| Groceries and related products | — | *1 | *4,497 | *103 | *5,764 | — | *5,764 | *11,897 | *5,065 | *6,061 |
| Machinery, equipment, and supplies | — | 1,480 | 7,864 | 6,714 | 12,595 | — | 12,595 | 39,855 | 14,947 | 15,292 |
| Miscellaneous wholesale trade | 1,035 | 4,639 | 186,703 | 79,228 | 282,260 | 1 | 282,260 | 1,096,656 | 287,752 | 386,053 |
| Drugs, chemicals, and allied products | — | 906 | 9,729 | 8,669 | 13,689 | 1 | 13,688 | 43,868 | 17,525 | 14,507 |
| Petroleum and petroleum products | — | *1,645 | *115,973 | *44,342 | *169,183 | — | *169,183 | *360,250 | *115,973 | *242,477 |
| Other miscellaneous wholesale trade | 1,035 | 2,089 | 61,002 | 26,217 | 99,389 | — | 99,389 | 692,537 | 154,254 | 129,069 |
| Retail trade | 52 | 2,547 | 141,250 | 57,662 | 181,788 | — | 181,788 | 999,552 | 345,277 | 288,622 |
| Building materials, garden supplies, and mobile home dealers | — | *19 | — | *106 | *199 | — | *199 | — | — | — |
| General merchandise stores | — | 944 | 69,966 | 31,185 | 83,070 | — | 83,070 | 732,221 | 226,842 | 184,065 |
| Food stores | — | 315 | 56,490 | 310 | 60,368 | — | 60,368 | 129,872 | 56,518 | 73,199 |
| Apparel and accessory stores | — | *1,033 | *170 | — | *2,117 | — | *2,117 | *1,636 | *187 | *1,424 |
| Eating and drinking places | 52 | 228 | 6,618 | 1,595 | 17,786 | — | 17,786 | 85,257 | 37,165 | 17,820 |
| Miscellaneous retail stores | — | 9 | 8,006 | 24,467 | 18,248 | — | 18,248 | 50,567 | 24,566 | 12,115 |
| **Finance, insurance, and real estate** | 4,145 | 44,978 | 267,437 | 194,017 | 1,616,276 | — | 1,616,276 | 2,294,368 | 662,603 | 676,365 |
| Banking | 438 | 22,885 | 129,298 | 65,123 | 1,328,811 | — | 1,328,811 | 1,463,116 | 446,682 | 406,200 |
| Credit agencies other than banks | 1,445 | 7,106 | 27,557 | 28,493 | 53,297 | — | 53,297 | 80,117 | 30,946 | 44,118 |
| Security, commodity brokers, and services | 2 | 81 | 3,234 | 1,346 | 10,177 | — | 10,177 | 74,976 | 10,137 | 13,417 |
| Insurance carriers | 1,947 | 12,599 | 35,707 | 50,813 | 130,915 | — | 130,915 | 170,865 | 55,523 | 72,126 |
| Insurance agents, brokers and services | 312 | 37 | 6,444 | — | 8,091 | — | 8,091 | 158,711 | 28,823 | 8,269 |
| Real estate | — | 2,208 | 3,635 | 1,589 | 6,458 | — | 6,458 | 14,454 | 6,186 | 5,338 |
| Holding and other investment companies except bank holding companies | — | 62 | 61,561 | 46,653 | 78,527 | — | 78,527 | 332,129 | 84,306 | 126,897 |
| **Services** | 2,893 | 15,951 | 92,106 | 84,876 | 203,391 | — | 203,391 | 545,145 | 177,204 | 181,949 |
| Hotels and other lodging places | — | *519 | — | *145 | *5,528 | — | *5,528 | — | — | — |
| Personal services | — | 1,205 | 19,304 | 7,150 | 21,741 | — | 21,741 | 118,765 | 53,046 | 20,868 |
| Business services | 672 | 3,569 | 44,593 | 45,340 | 93,181 | — | 93,181 | 213,414 | 78,846 | 63,092 |
| Auto repair; miscellaneous repair services | — | — | *2,981 | — | *5,204 | — | *5,204 | *6,835 | *2,981 | *3,854 |
| Amusement and recreational services | 137 | 1,077 | 17,573 | 21,111 | 56,762 | — | 56,762 | 179,160 | 32,464 | 79,574 |
| Other services | 2,084 | 9,580 | 7,656 | 11,131 | 20,973 | — | 20,973 | 26,972 | 9,868 | 14,561 |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit
## Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major industry | Foreign income and taxes reported on Form 1118—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Income and taxes of related foreign corporations and DISC's—Continued | | | | | | | |
| | Taxes deemed paid by related foreign corporations | Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations | Dividends paid to second-tier foreign corporations by third-tier foreign corporations | Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received: Gains, profits and income | Taxes paid on gains, profits and income | Dividends constructively distributed to domestic corporations | Taxes deemed paid by related foreign corporations | Taxes deemed paid by domestic corporations |
| | (70) | (71) | (72) | (73) | (74) | (75) | (76) | (77) |
| **All industries** | 4,389,878 | 5,617,042 | 255,688 | 7,241,862 | 1,879,031 | 3,070,724 | 391,245 | 1,320,467 |
| **Agriculture, forestry, and fishing** | — | — | — | — | — | — | — | — |
| **Mining** | 1,255 | 20,943 | 10,000 | 160,001 | 31,899 | 87,655 | 1,007 | 17,998 |
| Metal mining | — | — | — | — | — | — | — | — |
| Coal mining | — | — | — | — | — | — | — | — |
| Oil and gas extraction | 1,255 | 20,943 | 10,000 | 160,001 | 31,899 | 87,655 | 1,007 | 17,998 |
| Nonmetallic minerals, except fuels | — | — | — | — | — | — | — | — |
| **Construction** | 21,314 | 30,171 | — | 38,378 | 4,868 | 13,119 | — | 1,968 |
| General building contracts and operative builders | *1,486 | *1,160 | — | — | — | — | — | — |
| Heavy construction contractors | *19,829 | *29,011 | — | *38,378 | *4,868 | *13,119 | — | *1,968 |
| Special trade contractors | — | — | — | — | — | — | — | — |
| **Manufacturing** | 4,168,161 | 5,235,712 | 205,642 | 6,228,742 | 1,720,656 | 2,431,048 | 355,763 | 1,175,440 |
| Food and kindred products | 185,337 | 360,448 | 85,670 | 442,677 | 122,316 | 203,209 | 44,000 | 121,380 |
| Tobacco manufactures | 52,409 | 94,875 | — | 141,478 | 24,473 | 51,026 | 24,346 | 22,683 |
| Textile mill products | 11 | 11 | — | 22,492 | 10,971 | 5,597 | — | 7,942 |
| Apparel and other textile products | — | — | — | 9,362 | 530 | 4,601 | — | 208 |
| Lumber and wood products | 1,530 | 2,430 | — | 140,932 | 31,467 | 39,304 | 1,530 | 11,141 |
| Furniture and fixtures | — | — | — | — | — | — | — | — |
| Paper and allied products | 36,237 | 46,309 | 5,208 | 47,076 | 13,547 | 21,521 | 4,291 | 13,088 |
| Printing and publishing | 3,580 | 3,762 | 3,088 | 23,784 | 9,735 | 13,473 | — | 9,535 |
| Chemicals and allied products | 267,521 | 516,731 | 21,729 | 1,515,286 | 359,572 | 702,544 | 138,103 | 296,672 |
| Petroleum (including integrated) and coal products | 3,107,907 | 3,434,118 | 6,414 | 1,233,980 | 372,417 | 434,502 | 79,230 | 187,875 |
| Rubber and miscellaneous plastics products | 7,869 | 13,770 | — | 13,711 | 3,840 | 7,325 | — | 2,840 |
| Leather and leather products | 3,075 | 3,750 | — | 1,822 | 183 | 194 | — | 119 |
| Stone, clay, and glass products | 48,242 | 78,671 | 9,505 | 18,391 | 5,091 | 8,739 | 1,466 | 5,324 |
| Primary metal industries | 8,772 | 15,565 | 743 | 67,487 | 4,029 | 42,914 | 295 | 2,649 |
| Fabricated metal products | 46,354 | 98,320 | 53,785 | 67,325 | 28,043 | 33,729 | 768 | 22,974 |
| Machinery, except electrical | 161,625 | 240,876 | 369 | 964,896 | 348,782 | 354,805 | 29,355 | 258,029 |
| Electrical and electronic equipment | 64,276 | 101,028 | 12,506 | 319,515 | 70,584 | 103,039 | 3,895 | 43,267 |
| Motor vehicles and equipment | 88,634 | 102,945 | 299 | 519,761 | 56,672 | 205,236 | 1,221 | 52,736 |
| Transportation equipment, except motor vehicles | 32,963 | 55,010 | 5,766 | 102,720 | 35,067 | 29,994 | 7,415 | 18,633 |
| Instruments and related products | 51,449 | 66,651 | 512 | 566,416 | 219,746 | 165,137 | 19,845 | 94,860 |
| Miscellaneous manufacturing products and manufacturing not allocable | 370 | 441 | 47 | 9,632 | 3,591 | 4,158 | 4 | 3,586 |
| **Transportation and public utilities** | 62,072 | 68,744 | 838 | 355,569 | 35,450 | 219,291 | 28,099 | 48,697 |
| Transportation | 3,847 | 6,972 | 634 | 55,478 | 3,803 | 18,945 | 264 | 2,689 |
| Water transportation | — | — | — | 37,001 | 1,579 | 3,757 | — | 471 |
| Other transportation | 3,847 | 6,972 | 634 | 18,478 | 2,224 | 15,187 | 264 | 2,219 |
| Communication | 54,701 | 55,842 | 138 | 131,483 | 8,652 | 94,391 | 27,743 | 21,087 |
| Electric, gas, and sanitary services | 3,525 | 5,930 | 66 | 168,607 | 22,995 | 105,955 | 92 | 22,921 |
| **Wholesale and retail trade** | 73,390 | 97,058 | 19,317 | 263,416 | 40,502 | 185,156 | 5,998 | 36,423 |
| Wholesale trade | 11,080 | 21,613 | 1,005 | 103,202 | 18,248 | 55,076 | 2,308 | 12,979 |
| Groceries and related products | — | — | — | — | — | — | — | — |
| Machinery, equipment, and supplies | — | — | — | 19,204 | 6,501 | 9,190 | — | 4,719 |
| Miscellaneous wholesale trade | 11,080 | 21,613 | 1,005 | 83,997 | 11,747 | 45,885 | 2,308 | 8,260 |
| Drugs, chemicals, and allied products | — | — | — | 65 | 21 | 44 | — | 21 |
| Petroleum and petroleum products | — | — | — | *34,646 | *3,808 | *30,838 | — | *3,808 |
| Other miscellaneous wholesale trade | 11,080 | 21,613 | 1,005 | 49,287 | 7,917 | 15,004 | 2,308 | 4,431 |
| Retail trade | 62,310 | 75,446 | 18,312 | 160,215 | 22,254 | 130,080 | 3,690 | 23,443 |
| Building materials, garden supplies, and mobile home dealers | — | — | — | — | — | — | — | — |
| General merchandise stores | 62,186 | 75,345 | 18,312 | 126,167 | 17,552 | 101,136 | 3,690 | 19,182 |
| Food stores | — | — | — | 15,345 | 727 | 14,618 | — | 727 |
| Apparel and accessory stores | — | — | — | *1,174 | *24 | *1,151 | — | *24 |
| Eating and drinking places | 120 | 96 | — | 16,930 | 3,873 | 12,868 | — | 3,450 |
| Miscellaneous retail stores | 4 | 5 | — | 599 | 78 | 308 | — | 60 |
| **Finance, insurance, and real estate** | 56,341 | 151,848 | 18,641 | 172,379 | 40,266 | 117,232 | 378 | 37,287 |
| Banking | 2,225 | 7,323 | — | 91,235 | 18,722 | 65,541 | — | 17,492 |
| Credit agencies other than banks | 5 | 17 | — | 29,797 | 10,354 | 19,296 | — | 10,180 |
| Security, commodity brokers, and services | 1,521 | 1,521 | 1,111 | 2,656 | 609 | 2,016 | — | 609 |
| Insurance carriers | 925 | 2,943 | 264 | 32,920 | 7,727 | 24,989 | — | 7,640 |
| Insurance agents, brokers and services | 26,548 | 97,139 | 7,725 | 1,473 | 167 | 688 | 136 | 225 |
| Real estate | — | — | — | — | — | — | — | — |
| Holding and other investment companies except bank holding companies | 25,118 | 42,906 | 9,541 | 14,298 | 2,687 | 4,723 | 241 | 1,140 |
| **Services** | 7,345 | 12,564 | 1,250 | 23,378 | 5,390 | 17,223 | — | 4,654 |
| Hotels and other lodging places | — | — | — | — | — | — | — | — |
| Personal services | 2,316 | 7,603 | 1,180 | — | — | — | — | — |
| Business services | 4,971 | 4,628 | 70 | 4,664 | 2,312 | 1,586 | — | 1,577 |
| Auto repair; miscellaneous repair services | — | — | — | — | — | — | — | — |
| Amusement and recreational services | — | — | — | 6,902 | 768 | 6,134 | — | 768 |
| Other services | 58 | 333 | — | 11,812 | 2,309 | 9,503 | — | 2,309 |

* This estimate should be used with caution because of the small number of sample returns on which it was based.
[1] Less than $500 per return.
NOTE: Detail may not add to totals because of rounding.

**Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed**
**Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of total assets | Number of returns | Total assets | Total receipts | Dividends received from foreign corporations | Dividends received from DISC's | Includable income of Controlled Foreign Corporations | Foreign dividend income resulting from foreign taxes deemed paid (gross-up) | Net income (less deficit) | Income subject to U.S. tax |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Total** | **4,809** | **4,338,015,288** | **2,361,756,510** | **14,854,209** | **4,856,696** | **3,882,572** | **12,094,902** | **138,927,479** | **132,953,823** |
| Zero assets | 86 | — | 14,504,099 | 54,619 | 20,542 | 45,028 | 54,264 | 1,685,990 | 1,619,117 |
| $1 under $1,000,000 | 1,374 | 636,679 | 807,211 | 4,603 | 972 | — | 1,798 | 82,969 | 73,306 |
| $1,000,000 under $10,000,000 | 1,217 | 4,670,240 | 6,721,629 | 26,766 | 10,888 | 4,791 | 18,811 | 617,601 | 542,458 |
| $10,000,000 under $50,000,000 | 822 | 19,961,217 | 30,792,088 | 107,970 | 66,553 | 41,057 | 86,745 | 2,415,915 | 2,275,859 |
| $50,000,000 under $100,000,000 | 258 | 18,856,761 | 26,223,154 | 71,702 | 103,067 | 23,694 | 52,752 | 2,095,180 | 1,959,945 |
| $100,000,000 under $250,000,000 | 291 | 46,194,161 | 66,994,730 | 250,032 | 155,726 | 52,405 | 193,375 | 4,828,962 | 4,651,353 |
| $250,000,000 under $500,000,000 | 171 | 62,550,929 | 81,150,234 | 327,504 | 214,963 | 62,733 | 228,649 | 5,319,840 | 5,137,551 |
| $500,000,000 under $1,000,000,000 | 162 | 114,788,752 | 144,664,941 | 557,238 | 284,509 | 118,855 | 376,069 | 8,433,688 | 8,148,669 |
| $1,000,000,000 or more | 429 | 4,070,356,550 | 1,989,898,425 | 13,253,775 | 3,999,456 | 3,533,809 | 11,082,439 | 113,447,335 | 108,545,565 |

| Size of total assets | U.S. income tax before credits | | Foreign tax credit claimed | U.S. possessions tax credit | General business credit | Other credits | U.S. income tax after credits | Foreign income and taxes reported on Form 1118 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Gross income (less loss) excluding branch operations and specially allocable income | | |
| | Total | Regular and alternative tax | | | | | | Total | Dividends | Dividend gross-up |
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| **Total** | **59,508,965** | **58,451,950** | **21,407,285** | **12,333** | **9,104,476** | **1,391,254** | **27,593,637** | **85,453,725** | **20,834,778** | **12,094,872** |
| Zero assets | 799,949 | 713,972 | 147,458 | — | 46,958 | 5,235 | 600,297 | 772,187 | 99,647 | 54,264 |
| $1 under $1,000,000 | 18,499 | 18,352 | 4,315 | — | 512 | 3 | 13,669 | 127,209 | 4,665 | 1,794 |
| $1,000,000 under $10,000,000 | 221,743 | 219,955 | 34,687 | 1,087 | 14,111 | 5,153 | 166,705 | 331,394 | 33,907 | 18,789 |
| $10,000,000 under $50,000,000 | 1,019,044 | 1,011,593 | 133,139 | 10,241 | 77,516 | 18,750 | 779,399 | 856,704 | 150,948 | 86,744 |
| $50,000,000 under $100,000,000 | 872,651 | 866,371 | 119,954 | — | 74,875 | 18,206 | 659,616 | 633,320 | 100,702 | 52,749 |
| $100,000,000 under $250,000,000 | 2,111,344 | 2,090,145 | 303,685 | 1,005 | 185,951 | 41,328 | 1,579,376 | 2,078,675 | 319,608 | 193,375 |
| $250,000,000 under $500,000,000 | 2,295,193 | 2,277,588 | 357,297 | — | 258,696 | 41,925 | 1,637,274 | 1,395,864 | 418,425 | 228,649 |
| $500,000,000 under $1,000,000,000 | 3,719,366 | 3,681,392 | 682,865 | — | 482,563 | 85,256 | 2,468,682 | 2,960,395 | 682,330 | 376,066 |
| $1,000,000,000 or more | 48,451,175 | 47,572,583 | 19,623,866 | — | 7,963,294 | 1,175,397 | 19,688,618 | 76,299,977 | 19,024,548 | 11,082,442 |

| Size of total assets | Foreign income and taxes reported on Form 1118—Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income—Continued | | Total gross income (less loss) from extraction of oil or gas | Total deductions excluding branch operations and specially allocable income | Total deductions from oil and gas extraction income | Taxable income (less loss) | | | | |
| | | | | | | Before loss recapture | | | | Recapture of prior year foreign losses |
| | Interest income | Other income | | | | Total | Foreign branch income | Specially allocable income (Section 863(B)) | Other than from branch operations and specially allocable income | |
| | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) | (29) |
| **Total** | **17,723,038** | **34,801,037** | **26,903,371** | **38,766,636** | **9,486,672** | **63,587,976** | **14,541,126** | **2,359,760** | **46,687,089** | **181,248** |
| Zero assets | 345,475 | 272,801 | 30,024 | 202,110 | — | 626,313 | 41,359 | 14,878 | 570,077 | 2,992 |
| $1 under $1,000,000 | 116 | 120,634 | — | 92,452 | — | 34,756 | — | — | 34,756 | — |
| $1,000,000 under $10,000,000 | 11,057 | 267,641 | 5,971 | 197,895 | 1,271 | 136,011 | 1,703 | 809 | 133,499 | 494 |
| $10,000,000 under $50,000,000 | 38,204 | 580,808 | 109,074 | 431,150 | 48,655 | 462,548 | 29,098 | 7,895 | 425,554 | 4,207 |
| $50,000,000 under $100,000,000 | 22,225 | 457,645 | 67,831 | 281,124 | 30,246 | 388,975 | 16,600 | 20,179 | 352,196 | 1,069 |
| $100,000,000 under $250,000,000 | 75,003 | 1,488,690 | 585 | 1,295,041 | 48 | 842,871 | 29,303 | 31,933 | 781,634 | 1,114 |
| $250,000,000 under $500,000,000 | 130,585 | 618,206 | 261,614 | 516,727 | 95,195 | 1,011,366 | 60,554 | 71,675 | 879,137 | 1,748 |
| $500,000,000 under $1,000,000,000 | 271,155 | 1,830,844 | 199,657 | 1,175,237 | 68,549 | 2,098,203 | 210,149 | 102,896 | 1,785,158 | 4,861 |
| $1,000,000,000 or more | 16,829,218 | 29,363,770 | 26,228,616 | 34,574,899 | 9,242,708 | 57,986,933 | 14,152,360 | 2,109,495 | 41,725,078 | 164,762 |

| Size of total assets | Foreign income and taxes reported on Form 1118—Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Taxable income (less loss)—Continued | Foreign taxes available for credit | | | | | | | | |
| | | | | | Paid or accrued on | | | | | |
| | After loss recapture | Total after reduction | Reduction for certain foreign taxes | Total before reduction | Total | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income |
| | (30) | (31) | (32) | (33) | (34) | (35) | (36) | (37) | (38) | (39) |
| **Total** | **63,406,730** | **27,008,241** | **1,596,589** | **28,604,831** | **11,233,040** | **1,398,265** | **958,851** | **1,098,086** | **5,047,204** | **2,730,634** |
| Zero assets | 623,321 | 171,590 | 76 | 171,666 | 63,098 | 3,339 | 34,183 | 2,030 | 481 | 23,065 |
| $1 under $1,000,000 | 34,756 | 17,189 | — | 17,189 | 4,902 | 421 | 8 | 1,802 | — | 2,671 |
| $1,000,000 under $10,000,000 | 135,517 | 47,760 | — | 47,760 | 18,718 | 1,274 | 779 | 3,508 | 864 | 12,295 |
| $10,000,000 under $50,000,000 | 458,341 | 198,208 | 1,268 | 199,476 | 60,868 | 9,447 | 2,370 | 11,961 | 14,723 | 22,367 |
| $50,000,000 under $100,000,000 | 387,907 | 141,279 | 1,643 | 142,922 | 64,368 | 8,614 | 1,440 | 6,640 | 6,435 | 41,239 |
| $100,000,000 under $250,000,000 | 841,757 | 409,472 | 74 | 409,546 | 168,147 | 23,439 | 3,405 | 13,854 | 14,304 | 113,145 |
| $250,000,000 under $500,000,000 | 1,009,618 | 449,593 | 27,600 | 477,193 | 171,040 | 29,932 | 4,107 | 11,587 | 26,553 | 96,881 |
| $500,000,000 under $1,000,000,000 | 2,093,342 | 843,466 | 19,350 | 862,816 | 364,141 | 51,654 | 7,799 | 22,979 | 64,625 | 217,084 |
| $1,000,000,000 or more | 57,822,171 | 24,729,685 | 1,546,578 | 26,276,263 | 10,317,755 | 1,270,144 | 904,760 | 1,023,726 | 4,917,220 | 2,201,908 |



**Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed**
**Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of total assets | Foreign income and taxes reported on Form 1118—Continued | | | | |
|---|---|---|---|---|---|
| | Foreign taxes available for credit—Continued | | Foreign tax credit computed | | |
| | Total deemed paid | Carryover available for credit | Before reduction for international boycott operations | Reduction for international boycott operations | After reduction for international boycott operations |
| | (40) | (41) | (42) | (43) | (44) |
| **Total** | **12,094,868** | **5,276,923** | **21,415,963** | **1,843** | **21,414,121** |
| Zero assets | 54,264 | 54,304 | 147,458 | — | 147,458 |
| $1 under $1,000,000 | 1,791 | 10,496 | 4,315 | — | 4,315 |
| $1,000,000 under $10,000,000 | 18,789 | 10,253 | 34,687 | — | 34,687 |
| $10,000,000 under $50,000,000 | 86,744 | 51,863 | 133,140 | — | 133,140 |
| $50,000,000 under $100,000,000 | 52,749 | 25,805 | 119,954 | — | 119,954 |
| $100,000,000 under $250,000,000 | 193,375 | 48,024 | 303,721 | 15 | 303,706 |
| $250,000,000 under $500,000,000 | 228,649 | 77,504 | 357,298 | — | 357,297 |
| $500,000,000 under $1,000,000,000 | 376,066 | 122,609 | 682,865 | — | 682,865 |
| $1,000,000,000 or more | 11,082,442 | 4,876,065 | 19,632,527 | 1,827 | 19,630,700 |

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

## Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 3.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Type of foreign income for which separate credit was computed | Number of returns | Total assets | Total receipts | Dividends received from foreign corporations | Dividends received from DISC's | Includable income of Controlled Foreign Corporations | Foreign dividend income resulting from foreign taxes deemed paid (gross-up) | Net income (less deficit) | Income subject to U.S. tax |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Total** | **4,809** | **4,338,015,288** | **2,381,758,510** | **14,654,209** | **4,856,696** | **3,882,572** | **12,094,902** | **138,927,479** | **132,953,823** |
| Certain interest income | 231 | 1,225,375,752 | 910,399,612 | 8,974,111 | 2,347,698 | 2,068,007 | 7,953,355 | 59,861,447 | 58,338,292 |
| Dividends received from DISC's | 110 | 658,665,932 | 566,927,900 | 3,916,765 | 1,773,097 | 1,080,187 | 3,066,884 | 35,188,311 | 33,583,914 |
| All other foreign source income | 4,716 | 4,284,486,953 | 2,350,693,127 | 14,653,855 | 4,847,182 | 3,881,052 | 12,094,778 | 138,532,784 | 132,504,054 |
| Foreign oil and gas extraction income | 59 | 676,218,995 | 542,653,476 | 5,973,180 | 725,000 | 1,137,796 | 5,474,277 | 36,485,620 | 35,162,101 |

| Type of foreign income for which separate credit was computed | U.S. income tax before credits | | Foreign tax credit claimed | U.S. possessions tax credit | General business credit | Other credits | U.S. income tax after credits | Foreign income and taxes reported on Form 1118 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Gross income (less loss) excluding branch operations and specially allocable income | | |
| | Total | Regular and alternative tax | | | | | | Total | Dividends | Dividend gross-up |
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| **Total** | **59,508,965** | **58,451,950** | **21,407,265** | **12,333** | **9,104,476** | **1,391,254** | **27,593,637** | **85,453,725** | **20,834,778** | **12,094,872** |
| Certain interest income | 26,577,776 | 26,052,985 | 13,344,800 | — | 3,172,217 | 771,420 | 9,289,340 | 1,298,348 | 109,976 | 25,299 |
| Dividends received from DISC's | 15,059,635 | 14,684,024 | 6,489,213 | — | 2,310,511 | 335,467 | 5,924,444 | 1,716,894 | 1,709,109 | 7,785 |
| All other foreign source income | 59,305,455 | 58,250,845 | 21,403,346 | 12,333 | 9,060,049 | 1,390,618 | 27,439,108 | 82,438,483 | 19,015,694 | 12,061,787 |
| Foreign oil and gas extraction income | 15,780,409 | 15,462,714 | 10,878,032 | — | 1,526,076 | 137,197 | 3,239,104 | 28,214,058 | 7,776,393 | 5,457,315 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118—Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income—Continued | | Total gross income (less loss) from extraction of oil or gas | Total deductions excluding branch operations and specially allocable income | Total deductions from oil and gas extraction income | Taxable income (less loss) | | | | |
| | | | | | | Before loss recapture | | | | Recapture of prior year foreign losses |
| | Interest income | Other income | | | | Total | Foreign branch income | Specially allocable income (Section 863(B)) | Other than from branch operations and specially allocable income | |
| | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) | (29) |
| **Total** | **17,723,038** | **34,801,037** | **26,903,371** | **38,766,636** | **9,486,672** | **63,587,976** | **14,541,126** | **2,359,760** | **46,687,089** | **181,246** |
| Certain interest income | 1,163,073 | — | — | 297,667 | — | 1,000,682 | — | — | 1,000,682 | 51 |
| Dividends received from DISC's | — | — | — | 374,355 | — | 1,342,539 | — | — | 1,342,539 | 608 |
| All other foreign source income | 16,559,965 | 34,801,037 | 26,903,371 | 38,094,614 | 9,486,672 | 61,244,756 | 14,541,126 | 2,359,760 | 44,343,869 | 180,587 |
| Foreign oil and gas extraction income | 1,149,981 | 13,830,369 | 26,903,371 | 10,804,602 | 9,486,672 | 17,416,699 | 7,255,966 | 166,042 | 17,409,456 | 73,967 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118—Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Taxable income (less loss)—Continued | Foreign taxes available for credit | | | | | | | | |
| | | | | | Paid or accrued on | | | | | |
| | After loss recapture | Total after reduction | Reduction for certain foreign taxes | Total before reduction | Total | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income |
| | (30) | (31) | (32) | (33) | (34) | (35) | (36) | (37) | (38) | (39) |
| **Total** | **63,406,730** | **27,008,241** | **1,596,589** | **28,604,831** | **11,233,040** | **1,398,265** | **958,851** | **1,098,086** | **5,047,204** | **2,730,634** |
| Certain interest income | 1,000,630 | 83,684 | — | 83,664 | 57,399 | 289 | 57,110 | — | — | — |
| Dividends received from DISC's | 1,341,931 | 8,182 | — | 8,182 | 133 | 133 | — | — | — | — |
| All other foreign source income | 61,064,169 | 26,916,395 | 1,596,589 | 28,512,985 | 11,175,508 | 1,397,843 | 901,742 | 1,098,086 | 5,047,204 | 2,730,634 |
| Foreign oil and gas extraction income | 24,757,496 | 14,562,225 | 1,536,755 | 16,140,413 | 5,431,805 | 402,168 | 60,160 | 650,593 | 3,831,239 | 2,062,840 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118—Continued | | | | |
|---|---|---|---|---|---|
| | Foreign taxes available for credit—Continued | | Foreign tax credit computed | | |
| | Total deemed paid | Carryover available for credit | Before reduction for international boycott operations | Reduction for international boycott operations | After reduction for international boycott operations |
| | (40) | (41) | (42) | (43) | (44) |
| **Total** | **12,094,868** | **5,276,923** | **21,415,963** | **1,843** | **21,414,121** |
| Certain interest income | 25,299 | 966 | 76,977 | — | — |
| Dividends received from DISC's | 7,785 | 264 | 8,057 | — | — |
| All other foreign source income | 12,061,783 | 5,275,693 | 21,330,929 | — | — |
| Foreign oil and gas extraction income | 3,611,604 | 590,525 | 10,829,795 | — | — |

NOTE: The data in columns 1-16 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. The data in columns 43 and 44 are reported as corporate totals only, not by type of income. The data in columns 17-21, 23, 26-31, 33, 35-39, and 42 of the foreign oil and gas extraction income line represent the amounts of total all other foreign source income and tax for those corporations reporting foreign oil and gas extraction income and taxes. The data in columns 22, 24, 25, 32, 34, 40, and 41 of the foreign oil and gas extraction income line are the actual foreign oil and gas extraction income and tax amounts. Form 1118 detail may not add to totals because of rounding.



## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

### Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Net income (less deficit) | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All geographic areas, total** | **782** | **4,247,696,231** | **127,200,863** | **121,831,785** | **53,531,583** | **20,664,028** | **61,096,502** | **10,852,937** | **11,687,156** | **1,593,528** |
| **Canada** | **567** | **3,775,719,834** | **117,217,818** | **112,060,793** | **49,138,002** | **20,161,443** | **58,979,708** | **10,375,933** | **11,485,546** | **1,541,785** |
| **Latin America, total** | **499** | **3,731,943,323** | **109,697,647** | **106,100,115** | **46,576,797** | **19,959,968** | **58,772,340** | **10,328,958** | **11,339,649** | **1,535,184** |
| Mexico | 402 | 3,398,513,149 | 99,434,350 | 96,188,232 | 42,262,840 | 18,509,263 | 54,919,739 | 9,636,400 | 10,518,857 | 1,423,577 |
| Central America, total | 236 | 2,836,838,886 | 84,986,203 | 82,496,378 | 36,051,415 | 16,998,230 | 49,758,189 | 8,749,389 | 9,555,059 | 1,215,483 |
| Honduras | 79 | 1,742,895,671 | 52,427,448 | 50,507,494 | 22,187,159 | 11,324,104 | 32,653,417 | 5,749,529 | 6,784,802 | 968,405 |
| Panama (including Canal Zone) | 179 | 2,491,717,367 | 75,011,844 | 72,809,013 | 31,730,013 | 14,463,777 | 43,215,829 | 7,100,567 | 8,557,094 | 1,138,757 |
| Caribbean countries, total | 241 | 2,685,924,708 | 83,531,865 | 80,911,332 | 35,384,112 | 17,030,425 | 49,803,227 | 8,795,697 | 9,694,346 | 1,273,544 |
| Cayman Islands (British) | 121 | 1,970,083,994 | 53,878,225 | 51,679,637 | 22,749,802 | 12,632,548 | 37,090,185 | 7,172,664 | 8,769,282 | 1,143,877 |
| Dominican Republic | 103 | 1,664,092,866 | 57,969,673 | 55,654,967 | 24,479,169 | 12,247,366 | 35,367,359 | 5,463,078 | 7,689,869 | 469,248 |
| Trinidad and Tobago | 103 | 1,714,713,544 | 56,039,201 | 54,697,061 | 23,973,714 | 12,890,060 | 35,573,533 | 6,492,323 | 7,513,557 | 628,365 |
| South America, total | 410 | 3,468,821,384 | 103,807,366 | 100,475,848 | 44,064,647 | 19,511,947 | 57,141,209 | 10,234,667 | 11,039,248 | 1,525,658 |
| Argentina | 246 | 2,916,946,565 | 87,008,919 | 84,799,885 | 37,372,076 | 18,205,855 | 52,758,276 | 9,647,906 | 10,228,176 | 1,472,883 |
| Brazil | 304 | 3,216,615,521 | 92,067,196 | 89,683,659 | 39,306,274 | 18,075,615 | 52,971,550 | 9,175,915 | 10,449,276 | 1,305,087 |
| Chile | 172 | 2,575,245,666 | 77,077,175 | 75,285,279 | 32,904,257 | 15,758,968 | 46,058,739 | 8,361,903 | 8,780,041 | 1,182,090 |
| Colombia | 191 | 2,604,388,582 | 80,813,647 | 78,124,266 | 34,479,960 | 16,938,578 | 48,196,776 | 8,658,664 | 9,778,418 | 1,284,551 |
| Ecuador | 140 | 2,280,462,029 | 71,771,676 | 69,832,418 | 30,697,661 | 15,778,852 | 44,447,563 | 8,279,146 | 8,948,347 | 1,237,930 |
| Peru | 178 | 2,649,277,567 | 76,877,239 | 74,338,336 | 32,679,286 | 16,545,851 | 47,901,294 | 8,706,185 | 9,348,602 | 1,331,438 |
| Venezuela | 264 | 2,967,273,498 | 90,674,541 | 87,626,433 | 38,612,536 | 17,998,526 | 52,458,346 | 9,583,323 | 10,251,964 | 1,504,505 |
| **Other Western Hemisphere, total** | **314** | **3,270,009,156** | **97,515,132** | **94,215,824** | **41,328,717** | **18,837,985** | **55,152,462** | **9,886,709** | **10,609,929** | **1,509,948** |
| The Bahamas | 120 | 2,282,146,861 | 61,828,382 | 59,693,902 | 26,200,174 | 13,573,838 | 40,469,161 | 7,446,345 | 7,396,292 | 1,122,564 |
| Netherlands Antilles | 203 | 2,735,167,690 | 76,345,281 | 73,811,526 | 32,242,128 | 15,006,210 | 44,169,400 | 7,231,997 | 9,216,116 | 1,214,240 |
| **Europe, total** | **527** | **3,715,251,971** | **112,924,034** | **108,759,105** | **47,784,829** | **20,271,969** | **59,640,100** | **10,428,345** | **11,557,448** | **1,534,120** |
| Common Market countries, total | 503 | 3,664,117,625 | 111,768,441 | 107,703,344 | 47,289,769 | 20,197,691 | 59,367,596 | 10,344,394 | 11,538,947 | 1,509,216 |
| Belgium | 246 | 2,889,159,670 | 87,929,068 | 85,597,427 | 37,450,316 | 16,931,280 | 49,706,878 | 8,584,847 | 9,742,078 | 1,200,153 |
| France (including Andorra) | 316 | 3,062,295,580 | 93,349,344 | 90,503,383 | 39,618,429 | 16,748,022 | 50,123,205 | 7,745,877 | 10,373,565 | 1,190,644 |
| Greece | 118 | 1,926,416,950 | 61,112,709 | 59,327,241 | 26,022,599 | 13,541,437 | 38,777,201 | 7,311,213 | 7,475,934 | 1,019,514 |
| Ireland | 120 | 1,992,647,391 | 60,260,322 | 59,276,329 | 25,880,745 | 14,739,831 | 41,367,184 | 8,022,806 | 8,204,093 | 1,263,396 |
| Italy (including San Marino) | 300 | 3,062,806,944 | 93,290,939 | 90,418,609 | 39,583,717 | 18,005,418 | 52,622,621 | 9,406,623 | 10,190,377 | 1,396,633 |
| Luxembourg | 53 | 1,474,281,489 | 31,369,574 | 30,235,051 | 13,350,058 | 8,605,113 | 24,077,222 | 4,458,714 | 5,105,693 | 513,456 |
| Netherlands | 264 | 2,881,586,627 | 86,387,566 | 84,007,963 | 36,770,274 | 17,475,774 | 50,323,834 | 8,935,226 | 10,079,439 | 1,299,445 |
| United Kingdom | 427 | 3,483,222,176 | 107,981,590 | 104,238,786 | 45,768,027 | 19,974,413 | 58,319,678 | 10,222,407 | 11,421,155 | 1,499,768 |
| West Germany | 331 | 3,098,867,049 | 96,869,485 | 93,518,133 | 40,944,052 | 17,986,003 | 52,483,208 | 8,987,676 | 10,396,579 | 1,252,787 |
| Other West European countries, total | 386 | 3,436,599,656 | 102,512,787 | 99,318,002 | 43,571,480 | 19,714,031 | 57,753,912 | 10,234,225 | 11,196,594 | 1,507,848 |
| Austria | 133 | 1,949,486,314 | 62,842,804 | 60,948,781 | 26,750,774 | 13,915,876 | 39,998,323 | 6,661,274 | 8,519,722 | 1,041,657 |
| Finland | 136 | 2,284,132,521 | 64,623,485 | 63,479,697 | 27,651,148 | 12,693,977 | 37,658,868 | 6,170,401 | 7,524,849 | 959,849 |
| Norway | 148 | 1,924,688,335 | 68,124,486 | 66,457,104 | 29,088,652 | 14,946,547 | 42,024,472 | 8,298,064 | 8,265,350 | 1,406,977 |
| Spain | 265 | 3,132,676,340 | 88,994,155 | 86,696,739 | 37,919,713 | 17,627,791 | 52,093,357 | 8,914,580 | 10,161,421 | 1,276,576 |
| Sweden | 199 | 2,523,043,739 | 73,927,710 | 71,919,825 | 31,325,783 | 14,855,358 | 43,739,613 | 7,066,657 | 9,086,166 | 1,139,748 |
| Switzerland | 246 | 2,843,416,538 | 86,541,863 | 84,366,394 | 36,938,323 | 17,586,342 | 50,932,083 | 8,710,008 | 10,332,651 | 1,174,299 |
| Turkey | 87 | 1,707,816,849 | 56,757,236 | 55,574,002 | 24,640,193 | 13,098,450 | 36,624,638 | 6,981,292 | 7,177,644 | 942,134 |
| East European countries, total | 112 | 1,756,323,950 | 63,358,929 | 61,739,007 | 27,266,588 | 13,923,581 | 39,092,618 | 7,959,025 | 7,462,710 | 1,317,483 |
| **Africa, total** | **309** | **3,060,723,690** | **97,123,522** | **94,272,439** | **41,375,758** | **19,160,024** | **54,464,006** | **9,965,897** | **10,874,224** | **1,500,298** |
| North Africa, total | 135 | 2,374,027,341 | 72,633,548 | 70,426,185 | 31,099,907 | 16,174,634 | 45,251,006 | 9,191,261 | 8,554,482 | 1,488,173 |
| Egypt | 104 | 2,071,411,339 | 62,701,460 | 60,669,146 | 26,786,392 | 14,470,645 | 40,846,844 | 8,021,789 | 7,720,064 | 1,196,829 |
| Libya | 24 | 687,474,836 | 29,090,003 | 28,538,376 | 12,837,753 | 8,514,517 | 21,563,440 | 3,650,078 | 5,392,732 | 272,279 |
| East Africa, total | 63 | 1,470,129,251 | 49,666,092 | 48,323,292 | 21,626,151 | 13,287,530 | 35,733,565 | 7,260,153 | 7,358,948 | 1,150,217 |
| West and Central African countries, total | 126 | 2,248,929,336 | 70,514,427 | 68,817,955 | 30,425,008 | 15,450,085 | 42,915,362 | 8,296,895 | 8,651,298 | 1,289,775 |
| Gabon | 30 | 1,067,606,306 | 39,944,606 | 38,947,956 | 17,267,849 | 11,285,860 | 29,829,817 | 6,501,526 | 6,101,673 | 1,090,782 |
| Nigeria | 63 | 1,417,650,136 | 43,866,701 | 42,536,744 | 19,008,460 | 11,789,444 | 31,307,639 | 6,685,777 | 6,503,498 | 1,105,150 |
| Zaire | 27 | 1,031,843,676 | 36,522,519 | 35,653,611 | 16,029,368 | 10,229,628 | 27,366,090 | 5,439,136 | 5,727,628 | 495,219 |
| Southern Africa, total | 249 | 2,630,707,454 | 84,890,323 | 82,633,925 | 36,240,238 | 16,599,155 | 47,240,318 | 8,070,526 | 10,029,644 | 1,337,467 |
| South Africa (includes Namibia) | 240 | 2,479,502,345 | 83,888,519 | 81,784,155 | 35,868,170 | 16,394,355 | 46,507,063 | 7,930,909 | 9,983,565 | 1,337,467 |
| Zimbabwe | 42 | 764,560,646 | 33,020,814 | 32,585,894 | 14,662,999 | 7,920,474 | 22,145,025 | 3,495,558 | 4,998,527 | 212,858 |
| **Asia, total** | **509** | **3,664,194,948** | **113,142,995** | **109,041,699** | **47,925,368** | **20,235,682** | **59,415,845** | **10,612,438** | **11,472,007** | **1,575,167** |
| Middle East, total | 242 | 2,852,163,638 | 84,699,784 | 81,643,281 | 36,025,770 | 17,350,166 | 49,618,879 | 9,145,429 | 9,803,524 | 1,332,693 |
| Iran | 39 | 1,087,114,451 | 46,517,792 | 45,503,735 | 20,356,273 | 11,480,777 | 30,862,483 | 6,484,955 | 6,321,353 | 1,141,036 |
| Israel | 139 | 1,954,909,418 | 56,738,411 | 54,692,470 | 24,215,536 | 11,381,248 | 33,728,818 | 5,174,607 | 7,153,140 | 580,657 |
| Kuwait | 61 | 1,238,736,000 | 42,911,686 | 42,074,235 | 18,860,786 | 9,798,983 | 27,291,457 | 5,132,563 | 5,824,598 | 991,429 |
| Qatar | 25 | 1,079,735,465 | 37,952,852 | 37,016,774 | 16,351,055 | 9,483,763 | 25,931,109 | 4,437,954 | 5,976,487 | 461,474 |
| Saudi Arabia | 125 | 1,751,325,056 | 57,795,342 | 55,930,446 | 24,637,675 | 13,135,465 | 37,009,486 | 6,655,765 | 7,914,648 | 1,152,239 |
| United Arab Emirates | 65 | 1,696,822,101 | 51,342,561 | 50,023,533 | 22,283,368 | 13,087,576 | 35,692,829 | 6,769,478 | 7,456,237 | 747,095 |
| Southern and Southeastern Asia, total | 339 | 3,198,629,767 | 99,989,142 | 96,081,170 | 42,382,141 | 19,437,674 | 56,430,267 | 10,208,281 | 10,921,626 | 1,534,594 |
| India | 155 | 2,155,645,922 | 75,547,921 | 73,819,023 | 32,666,653 | 16,436,142 | 45,751,556 | 8,888,936 | 9,062,163 | 1,408,863 |
| Indonesia | 143 | 2,312,997,632 | 68,514,812 | 66,548,310 | 29,270,487 | 15,583,402 | 43,936,509 | 8,667,284 | 8,390,675 | 1,345,709 |
| Malaysia | 127 | 1,983,339,360 | 62,591,571 | 60,719,629 | 26,644,760 | 14,171,332 | 39,618,335 | 7,795,607 | 7,629,046 | 1,228,209 |
| Philippines | 196 | 2,710,061,454 | 81,146,783 | 78,203,142 | 34,468,502 | 16,874,133 | 48,885,081 | 8,714,615 | 9,578,943 | 1,278,700 |
| Singapore | 197 | 2,766,606,511 | 83,063,586 | 79,994,368 | 35,215,176 | 17,073,608 | 49,701,165 | 8,875,855 | 9,713,583 | 1,324,763 |
| Thailand | 145 | 2,203,344,343 | 65,694,034 | 63,766,080 | 27,926,767 | 14,512,405 | 41,460,639 | 7,896,960 | 7,863,810 | 1,134,047 |
| Eastern Asia, total | 466 | 3,540,157,034 | 110,382,687 | 106,395,081 | 46,762,212 | 19,854,011 | 57,981,753 | 10,164,285 | 11,402,825 | 1,531,224 |
| China | 100 | 1,563,696,747 | 44,766,204 | 43,794,318 | 19,173,601 | 9,827,177 | 28,541,204 | 7,067,616 | 4,269,232 | 1,414,542 |
| Hong Kong | 204 | 2,534,190,299 | 73,152,734 | 70,604,603 | 30,991,720 | 15,271,435 | 45,174,565 | 8,061,863 | 8,485,552 | 1,109,117 |
| Japan (Okinawa, Ryukyu) | 441 | 3,473,983,318 | 107,844,361 | 104,036,427 | 45,696,417 | 19,290,619 | 56,496,607 | 9,482,949 | 11,323,362 | 1,334,199 |
| South Korea, Republic of | 163 | 2,472,616,344 | 69,218,750 | 67,368,645 | 29,398,738 | 14,468,664 | 42,662,902 | 7,438,352 | 8,542,383 | 1,260,603 |
| Taiwan | 175 | 2,533,274,675 | 76,587,641 | 74,506,402 | 32,727,280 | 16,226,965 | 46,639,162 | 8,849,596 | 8,856,633 | 1,385,709 |
| **Oceania, total** | **395** | **3,435,116,006** | **103,722,377** | **100,391,574** | **44,057,288** | **19,237,440** | **58,492,332** | **9,562,431** | **11,150,730** | **1,328,405** |
| Australia | 376 | 3,381,607,288 | 101,972,891 | 98,901,468 | 43,388,861 | 19,061,082 | 55,923,441 | 9,520,334 | 11,012,113 | 1,325,405 |
| New Zealand | 187 | 2,112,655,509 | 77,563,334 | 75,245,566 | 33,252,386 | 16,260,698 | 45,048,395 | 8,073,879 | 9,510,403 | 1,216,378 |
| **Puerto Rico and U.S. Possessions, total** | **256** | **2,640,081,898** | **82,970,712** | **80,093,874** | **34,994,221** | **16,124,712** | **45,968,228** | **7,952,293** | **9,670,478** | **1,259,362** |
| Puerto Rico | 243 | 2,595,237,589 | 82,093,888 | 79,236,562 | 34,640,971 | 15,917,426 | 45,167,208 | 7,776,678 | 9,639,603 | 1,259,361 |
| U.S. possessions, total | 81 | 1,767,204,032 | 53,951,550 | 52,129,931 | 22,926,559 | 11,748,924 | 31,581,864 | 5,206,718 | 7,496,614 | 524,710 |
| **Country not stated** | **379** | **3,231,642,829** | **95,070,522** | **92,236,263** | **40,408,743** | **18,298,546** | **52,425,372** | **9,094,287** | **10,653,888** | **1,344,158** |
| **DISC dividends** | **80** | **656,274,032** | **34,879,033** | **33,279,718** | **14,548,052** | **6,481,406** | **17,414,591** | **4,243,905** | **3,044,293** | **647,970** |
| **OPEC countries, total (included above)** | **336** | **3,120,262,338** | **98,464,906** | **94,787,733** | **41,778,634** | **19,294,732** | **55,942,154** | **10,382,654** | **10,795,238** | **1,577,631** |

Footnotes at end of table

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

### Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from all sources—Continued | Foreign tax credit computed | | Income and taxes from specific geographic area or country: Gross income excluding branch operations and specially allocable income (less loss) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations | Total | Dividends | Dividend gross-up | Interest | Rents, royalties and license fees | Service income |
| | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| **All geographic areas, total** | **5,076,178** | **20,872,689** | **1,827** | **80,856,236** | **20,125,302** | **11,667,156** | **17,230,958** | **9,213,691** | **5,161,153** |
| **Canada** | **4,444,377** | **20,180,103** | **1,827** | **8,361,696** | **2,437,378** | **1,918,928** | **1,617,139** | **816,142** | **238,293** |
| **Latin America, total** | **4,376,237** | **19,967,425** | **1,827** | **11,949,976** | **1,994,928** | **829,611** | **5,014,337** | **432,637** | **987,472** |
| Mexico | 3,153,499 | 18,516,718 | 1,827 | 2,180,929 | 174,814 | 66,362 | 1,548,663 | 170,131 | 69,137 |
| Central America, total | 2,925,760 | 17,005,668 | 1,808 | 1,892,791 | 670,410 | 153,001 | 187,724 | 38,433 | 766,622 |
| Honduras | 2,333,783 | 11,324,437 | 333 | 306,589 | 3,423 | 2,354 | 9,534 | 2,163 | 277,380 |
| Panama (including Canal Zone) | 2,629,949 | 14,471,175 | 1,769 | 1,234,819 | 645,687 | 141,448 | 98,921 | 22,354 | 311,893 |
| Caribbean countries, total | 3,910,579 | 17,037,865 | 1,611 | 2,047,723 | 154,857 | 18,882 | 544,707 | 15,308 | 20,779 |
| Cayman Islands (British) | 2,607,999 | 12,633,738 | 1,190 | 620,470 | 128,517 | 13,606 | 476,689 | 440 | 306 |
| Dominican Republic | 1,179,612 | 12,246,930 | 1,565 | 59,953 | 667 | 65 | 20,385 | 3,970 | 13,623 |
| Trinidad and Tobago | 2,288,893 | 12,896,876 | 1,187 | 1,276,361 | 2,723 | 2,104 | 15,247 | 6,854 | 2,924 |
| South America, total | 4,263,405 | 19,519,404 | 1,827 | 5,612,549 | 994,641 | 591,565 | 2,523,620 | 208,577 | 130,926 |
| Argentina | 4,006,058 | 18,207,291 | 1,436 | 742,154 | 81,853 | 4,180 | 419,746 | 68,326 | 16,612 |
| Brazil | 3,947,863 | 18,082,693 | 1,449 | 2,525,103 | 675,507 | 483,530 | 1,189,702 | 56,635 | 16,692 |
| Chile | 2,730,104 | 15,765,985 | 1,388 | 250,582 | 30,343 | 18,542 | 172,757 | 18,500 | 4,013 |
| Colombia | 3,894,161 | 16,939,980 | 1,402 | 390,530 | 69,841 | 34,937 | 83,577 | 23,152 | 39,280 |
| Ecuador | 3,710,370 | 15,780,052 | 1,200 | 509,692 | 49,235 | 1,324 | 68,041 | 6,353 | 11,196 |
| Peru | 3,868,762 | 16,547,617 | 1,766 | 387,139 | 14,253 | 8,212 | 86,608 | 8,866 | 3,736 |
| Venezuela | 4,022,473 | 18,003,598 | 1,444 | 596,452 | 69,448 | 39,314 | 363,362 | 22,081 | 32,366 |
| **Other Western Hemisphere, total** | **4,183,626** | **18,848,561** | **1,811** | **3,583,463** | **1,823,203** | **194,395** | **1,589,648** | **11,577** | **34,038** |
| The Bahamas | 2,608,262 | 13,579,984 | 717 | 1,435,336 | 84,741 | 28,862 | 1,302,299 | 2,420 | 7,910 |
| Netherlands Antilles | 3,645,794 | 15,013,515 | 541 | 1,645,709 | 1,359,517 | 161,681 | 94,382 | 3,131 | 14,847 |
| **Europe, total** | **4,438,175** | **20,279,494** | **1,827** | **29,235,883** | **8,029,517** | **6,497,747** | **4,615,489** | **5,126,090** | **1,007,270** |
| Common Market countries, total | 4,402,604 | 20,205,217 | 1,827 | 23,598,475 | 7,001,220 | 5,987,529 | 3,426,786 | 3,367,268 | 829,604 |
| Belgium | 2,815,094 | 16,938,894 | 1,785 | 892,582 | 286,315 | 193,108 | 221,634 | 170,938 | 70,491 |
| France (including Andorra) | 2,837,009 | 16,755,478 | 1,827 | 1,921,596 | 412,571 | 361,572 | 374,079 | 623,975 | 33,937 |
| Greece | 2,578,481 | 13,542,825 | 1,388 | 315,946 | 6,622 | 2,331 | 37,166 | 11,229 | 18,016 |
| Ireland | 3,610,858 | 14,740,900 | 1,069 | 190,014 | 43,952 | 7,542 | 38,184 | 46,134 | 9,003 |
| Italy (including San Marino) | 3,063,591 | 18,012,458 | 1,411 | 1,383,924 | 323,016 | 208,648 | 309,406 | 372,469 | 118,653 |
| Luxembourg | 1,029,636 | 8,605,519 | 406 | 90,121 | 33,341 | 31,024 | 16,676 | 3,309 | 5,618 |
| Netherlands | 3,900,785 | 17,483,053 | 1,581 | 2,952,090 | 1,068,357 | 641,888 | 153,246 | 326,411 | 22,011 |
| United Kingdom | 4,347,996 | 19,981,938 | 1,827 | 12,708,206 | 3,877,070 | 3,619,085 | 1,885,234 | 1,022,564 | 434,352 |
| West Germany | 3,048,534 | 17,993,459 | 1,827 | 2,934,752 | 918,784 | 908,016 | 284,526 | 722,224 | 108,875 |
| Other West European countries, total | 4,339,207 | 19,721,483 | 1,824 | 4,908,310 | 1,027,054 | 510,194 | 944,335 | 1,724,718 | 175,795 |
| Austria | 2,405,651 | 13,917,438 | 1,562 | 189,917 | 47,212 | 37,465 | 44,515 | 48,123 | 5,796 |
| Finland | 2,508,120 | 12,694,311 | 333 | 144,556 | 38,460 | 24,461 | 29,987 | 50,034 | 1,884 |
| Norway | 2,793,310 | 14,946,883 | 336 | 2,131,350 | 66,873 | 38,884 | 338,719 | 1,236,444 | 64,324 |
| Spain | 3,969,270 | 17,635,037 | 1,617 | 551,629 | 136,217 | 63,341 | 228,799 | 108,863 | 11,445 |
| Sweden | 2,689,982 | 14,856,763 | 1,405 | 421,039 | 67,148 | 38,091 | 132,966 | 112,490 | 16,629 |
| Switzerland | 3,920,499 | 17,593,750 | 1,779 | 1,177,131 | 608,895 | 248,947 | 75,567 | 138,032 | 65,516 |
| Turkey | 2,372,010 | 13,098,799 | 349 | 173,535 | 22,072 | 49,657 | 60,653 | 8,572 | 4,634 |
| East European countries, total | 2,629,963 | 13,929,415 | 205 | 173,763 | 93 | — | 117,277 | 34,104 | 1,661 |
| **Africa, total** | **4,227,372** | **19,167,471** | **1,819** | **4,067,876** | **561,773** | **317,634** | **251,207** | **131,964** | **145,169** |
| North Africa, total | 3,901,184 | 16,175,172 | 537 | 2,159,443 | 65,283 | 11,095 | 79,540 | 17,235 | 102,860 |
| Egypt | 2,645,788 | 14,470,979 | 333 | 1,581,415 | 15,101 | 7,365 | 38,539 | 9,569 | 36,892 |
| Libya | 1,665,869 | 8,514,648 | 131 | 451,973 | — | — | 5,881 | 265 | 39,718 |
| East Africa, total | 3,518,773 | 13,288,512 | 982 | 59,138 | 23,828 | 16,678 | 3,401 | 1,284 | 8,874 |
| West and Central African countries, total | 3,671,072 | 15,456,261 | 538 | 1,244,365 | 281,080 | 73,272 | 104,007 | 8,002 | 21,779 |
| Gabon | 2,325,480 | 11,286,193 | 333 | 105,349 | 1,147 | 880 | 6,468 | 512 | 3,163 |
| Nigeria | 3,322,638 | 11,795,205 | 132 | 404,156 | 127,058 | 64,882 | 46,271 | 3,394 | 7,065 |
| Zaire | 1,065,038 | 10,230,035 | 406 | 8,400 | 1,709 | 1,417 | 1,019 | 522 | 984 |
| Southern Africa, total | 2,923,036 | 16,606,603 | 1,818 | 601,822 | 191,583 | 216,590 | 63,294 | 105,299 | 9,676 |
| South Africa (includes Namibia) | 2,876,261 | 16,401,802 | 1,818 | 564,572 | 178,882 | 201,337 | 60,146 | 100,073 | 9,077 |
| Zimbabwe | 887,612 | 7,921,660 | 1,186 | 13,761 | 5,413 | 6,945 | 435 | 352 | 369 |
| **Asia, total** | **4,969,640** | **20,243,209** | **1,827** | **14,825,809** | **2,685,020** | **1,501,606** | **2,317,560** | **2,068,980** | **1,379,577** |
| Middle East, total | 4,440,559 | 17,357,184 | 1,389 | 4,980,475 | 445,793 | 15,008 | 262,745 | 540,669 | 459,399 |
| Iran | 2,335,284 | 11,480,777 | — | 11,783 | 2,970 | 1,195 | 439 | 1,067 | 80 |
| Israel | 1,284,300 | 11,388,266 | 1,388 | 130,152 | 11,324 | 5,643 | 77,719 | 24,477 | 2,394 |
| Kuwait | 2,248,242 | 9,802,612 | — | 31,365 | 696 | 2 | 9,309 | 4,443 | 9,243 |
| Qatar | 745,898 | 9,463,763 | — | 14,406 | 4,019 | 4,167 | 97 | 924 | 2,110 |
| Saudi Arabia | 2,920,399 | 13,141,632 | 538 | 3,893,523 | 402,989 | 2,274 | 40,900 | 487,764 | 314,119 |
| United Arab Emirates | 2,224,677 | 13,093,409 | 202 | 733,809 | 10,953 | 86 | 24,924 | 9,829 | 121,690 |
| Southern and Southeastern Asia, total | 4,288,181 | 19,445,160 | 1,788 | 4,142,557 | 1,106,480 | 617,480 | 594,763 | 160,280 | 455,136 |
| India | 2,824,805 | 16,437,415 | 1,273 | 202,066 | 14,834 | 17,244 | 25,664 | 17,226 | 109,123 |
| Indonesia | 3,815,681 | 15,584,659 | 1,257 | 2,435,631 | 720,645 | 467,886 | 74,474 | 20,104 | 114,175 |
| Malaysia | 2,780,241 | 14,178,744 | 1,782 | 186,515 | 54,911 | 43,204 | 46,548 | 14,994 | 14,573 |
| Philippines | 3,888,564 | 16,875,972 | 1,769 | 350,118 | 12,592 | 4,695 | 127,031 | 30,857 | 108,898 |
| Singapore | 3,880,084 | 17,075,395 | 1,787 | 715,673 | 260,050 | 57,017 | 253,038 | 49,907 | 40,350 |
| Thailand | 2,646,817 | 14,514,172 | 1,766 | 200,968 | 37,608 | 22,528 | 50,615 | 24,210 | 55,335 |
| Eastern Asia, total | 4,365,310 | 19,881,468 | 1,827 | 5,625,836 | 1,102,747 | 869,118 | 1,416,020 | 1,365,979 | 464,930 |
| China | 3,335,444 | 9,827,586 | 409 | 50,413 | 133 | — | 10,887 | 16,047 | 16,852 |
| Hong Kong | 2,868,799 | 15,278,645 | 1,581 | 703,353 | 280,986 | 36,302 | 199,101 | 42,484 | 81,025 |
| Japan (Okinawa, Ryukyu) | 4,199,612 | 19,304,076 | 1,827 | 4,047,125 | 703,783 | 800,108 | 821,753 | 1,213,848 | 256,699 |
| South Korea, Republic of | 2,614,097 | 14,473,735 | 1,243 | 518,565 | 55,620 | 18,120 | 303,223 | 48,400 | 26,612 |
| Taiwan | 2,893,480 | 16,233,985 | 1,392 | 276,926 | 58,711 | 13,760 | 68,638 | 36,879 | 82,328 |
| **Oceania, total** | **4,144,135** | **19,244,966** | **1,827** | **2,004,014** | **409,145** | **388,120** | **262,606** | **340,579** | **82,138** |
| Australia | 4,143,164 | 19,068,230 | 1,450 | 1,864,255 | 389,254 | 371,523 | 239,046 | 297,595 | 65,343 |
| New Zealand | 2,848,393 | 16,262,302 | 1,604 | 122,771 | 19,264 | 16,473 | 22,487 | 42,268 | 8,176 |
| **Puerto Rico and U.S. Possessions, total** | **2,840,714** | **18,131,991** | **1,581** | **1,231,524** | **263,740** | **27,174** | **98,660** | **56,600** | **262,992** |
| Puerto Rico | 2,825,356 | 15,924,705 | 1,581 | 1,108,546 | 189,092 | 26,315 | 91,270 | 49,175 | 240,547 |
| U.S. possessions, total | 1,105,597 | 11,750,177 | 1,184 | 122,978 | 74,648 | 859 | 7,391 | 7,424 | 22,445 |
| **Country not stated** | **4,105,013** | **18,306,069** | **1,824** | **3,710,118** | **241,912** | **4,356** | **1,464,309** | **229,123** | **1,044,194** |
| **DISC dividends** | **879,214** | **8,482,637** | **1,229** | **1,686,074** | **1,678,686** | **7,387** | — | — | — |
| **OPEC countries, total (included above)** | **4,768,843** | **19,291,809** | **1,447** | **9,236,597** | **1,369,165** | **582,010** | **685,164** | **557,408** | **881,588** |

Footnotes at end of table.



RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued: Gross income excluding branch operations and specially allocable income (less loss)—Continued | | | Oil and gas extraction gross income (less loss) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Net capital gain | Partnership income | Other income | Total | From extraction of oil or gas | From sale of business assets | Dividends from foreign corporations | Includable income of Controlled Foreign Corporations | Partnership income |
| | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| **All geographic areas, total** | **743,255** | **300,502** | **15,174,209** | **26,669,686** | **19,334,688** | **51,591** | **7,408,641** | **2,773** | **-108,007** |
| **Canada** | **81,076** | **196,325** | **1,054,419** | **1,807,926** | **1,317,187** | **45,893** | **442,098** | **2,756** | **-7** |
| **Latin America, total** | **-4,564** | **20,393** | **2,874,984** | **2,155,221** | **2,130,038** | **1,012** | **24,171** | — | — |
| Mexico | -7,568 | 11,699 | 149,691 | (1) | (1) | — | — | — | — |
| Central America, total | 1,622 | 298 | 74,480 | 23,867 | -289 | -14 | 24,171 | — | — |
| Honduras | -13 | 11 | 11,737 | -1 | -1 | — | — | — | — |
| Panama (including Canal Zone) | 1,909 | 37 | 12,569 | 24,086 | -85 | — | 24,171 | — | — |
| Caribbean countries, total | 2,725 | 460 | 1,290,005 | 1,114,871 | 1,112,685 | 2,186 | — | — | — |
| Cayman Islands (British) | -25 | 14 | 722 | — | — | — | — | — | — |
| Dominican Republic | 21 | 68 | 21,155 | -2 | -2 | — | — | — | — |
| Trinidad and Tobago | 2,669 | 232 | 1,243,608 | 1,114,897 | 1,112,686 | 2,211 | — | — | — |
| South America, total | -1,564 | 7,936 | 1,156,647 | 1,016,483 | 1,017,643 | -1,160 | — | — | — |
| Argentina | -8,334 | 549 | 159,222 | 96,932 | 97,652 | -720 | — | — | — |
| Brazil | 3,032 | -1,040 | 101,045 | -11,806 | -11,694 | -113 | — | — | — |
| Chile | 4,669 | 193 | 1,563 | 18 | 18 | — | — | — | — |
| Colombia | -8,885 | 831 | 146,997 | 212,451 | 212,594 | -143 | — | — | — |
| Ecuador | -290 | 108 | 373,725 | 358,022 | 358,213 | -191 | — | — | — |
| Peru | -218 | -146 | 265,828 | 319,595 | 319,595 | — | — | — | — |
| Venezuela | 986 | 7,700 | 61,196 | 2,382 | 2,375 | 7 | — | — | — |
| **Other Western Hemisphere, total** | **752** | **320** | **-70,471** | **-87,580** | **-87,982** | — | **402** | — | — |
| The Bahamas | — | 41 | 9,063 | 2,396 | 2,396 | — | — | — | — |
| Netherlands Antilles | 637 | 82 | 11,431 | — | — | — | — | — | — |
| **Europe, total** | **111,246** | **-35,701** | **3,884,225** | **12,380,329** | **6,507,174** | **5,412** | **5,882,848** | **17** | **-15,122** |
| Common Market countries, total | 99,187 | -19,043 | 2,905,725 | 8,699,504 | 2,831,288 | 5,480 | 5,865,247 | — | -2,512 |
| Belgium | -177,825 | 523 | 127,400 | (1) | (1) | — | — | — | — |
| France (including Andorra) | 6,058 | -8,528 | 115,932 | 24,938 | 25 | -6 | 24,919 | — | — |
| Greece | -18,470 | 130 | 258,922 | (1) | (1) | — | — | — | — |
| Ireland | -2 | 26 | 45,174 | -698 | -698 | — | — | — | — |
| Italy (including San Marino) | 13,055 | 1,449 | 39,228 | -2,108 | -2,002 | -106 | — | — | — |
| Luxembourg | -805 | -77 | 1,034 | — | — | — | — | — | — |
| Netherlands | 375,137 | -4,138 | 369,177 | 1,290,404 | 418,541 | 5,689 | 869,489 | — | -3,317 |
| United Kingdom | 5,594 | -566 | 1,864,873 | 7,053,990 | 2,335,746 | -97 | 4,717,535 | — | 804 |
| West Germany | -47,189 | -6,482 | 45,996 | 253,636 | 332 | — | 253,304 | — | — |
| Other West European countries, total | 11,756 | -16,750 | 531,208 | 3,688,891 | 3,683,951 | -68 | 17,600 | 17 | -12,610 |
| Austria | 164 | -21 | 6,662 | 17,610 | 10 | — | 17,600 | — | — |
| Finland | -38 | -3,356 | 3,128 | — | — | — | — | — | — |
| Norway | -367 | -5,452 | 391,924 | 3,557,201 | 3,563,426 | -2 | — | 17 | -6,239 |
| Spain | -19,007 | -3,516 | 25,487 | 92,944 | 99,380 | -66 | — | — | -6,371 |
| Sweden | 23,665 | -3,038 | 33,087 | — | — | — | — | — | — |
| Switzerland | 4,613 | 6 | 35,558 | — | — | — | — | — | — |
| Turkey | 2,635 | -1,391 | 26,705 | 21,138 | 21,138 | — | — | — | — |
| East European countries, total | 435 | 91 | 20,102 | -6,760 | -6,760 | — | — | — | — |
| **Africa, total** | **8,717** | **18,389** | **2,633,004** | **3,509,171** | **3,308,491** | **3,264** | **172,709** | — | **24,709** |
| North Africa, total | 7,870 | -3,246 | 1,878,806 | 2,301,964 | 2,298,843 | 542 | 5,830 | — | -3,250 |
| Egypt | 38 | 15 | 1,473,895 | 1,437,290 | 1,431,460 | — | 5,830 | — | — |
| Libya | -37 | (1) | 406,072 | 844,418 | 844,403 | 15 | — | — | — |
| East Africa, total | -1,327 | 29 | 6,372 | 581 | 497 | 63 | — | — | — |
| West and Central African countries, total | 181 | 21,174 | 734,871 | 1,206,646 | 1,009,151 | 2,659 | 166,878 | — | 27,959 |
| Gabon | — | 27,963 | 65,216 | 92,183 | 61,744 | 2,480 | — | — | 27,959 |
| Nigeria | 269 | 47 | 155,169 | 519,110 | 351,963 | 269 | 166,878 | — | — |
| Zaire | -1 | -13 | 2,762 | 95,480 | 95,480 | — | — | — | — |
| Southern Africa, total | 1,993 | 431 | 12,954 | — | — | — | — | — | — |
| South Africa (includes Namibia) | 1,993 | 343 | 12,719 | — | — | — | — | — | — |
| Zimbabwe | — | 89 | 156 | — | — | — | — | — | — |
| **Asia, total** | **122,397** | **71,332** | **4,881,136** | **4,561,216** | **3,796,541** | **-4,300** | **885,843** | — | **-116,868** |
| Middle East, total | 2,687 | 197,045 | 3,057,130 | 1,379,248 | 1,371,097 | -35 | 8,186 | — | — |
| Iran | 873 | 13 | 5,146 | 558 | 558 | — | — | — | — |
| Israel | 368 | 493 | 7,734 | — | — | — | — | — | — |
| Kuwait | — | 70 | 7,601 | — | — | — | — | — | — |
| Qatar | -2,992 | 16 | 6,065 | 8,186 | — | — | 8,186 | — | — |
| Saudi Arabia | 3,697 | 196,626 | 2,445,153 | 376,281 | 376,281 | — | — | — | — |
| United Arab Emirates | 266 | -47 | 566,109 | 994,526 | 994,581 | -35 | — | — | — |
| Southern and Southeastern Asia, total | 12,038 | -127,929 | 1,324,310 | 3,142,865 | 2,388,881 | -4,266 | 875,117 | — | -116,868 |
| India | 3,545 | 66 | 14,364 | -8,937 | -8,937 | — | — | — | — |
| Indonesia | -1,694 | -126,538 | 1,166,678 | 2,439,095 | 1,684,948 | -4,102 | 875,117 | — | -116,868 |
| Malaysia | 1,966 | 2,646 | 7,672 | 697,705 | 697,705 | — | — | — | — |
| Philippines | -443 | 640 | 65,846 | 22,563 | 22,563 | — | — | — | — |
| Singapore | 5,994 | -4,803 | 54,120 | 8,807 | 6,884 | -77 | — | — | — |
| Thailand | 2,743 | 96 | 7,834 | -28,258 | -28,252 | -7 | — | — | — |
| Eastern Asia, total | 107,792 | 2,216 | 296,833 | 39,546 | 37,005 | — | 2,540 | — | — |
| China | 3,442 | -1,142 | 4,194 | -274 | -274 | — | — | — | — |
| Hong Kong | 4,051 | -174 | 59,578 | — | — | — | — | — | — |
| Japan (Okinawa, Ryukyu) | 77,224 | 3,252 | 170,458 | 41,830 | 39,290 | — | 2,540 | — | — |
| South Korea, Republic of | 13,298 | 157 | 53,135 | -2,010 | -2,010 | — | — | — | — |
| Taiwan | 9,361 | 122 | 9,126 | — | — | — | — | — | — |
| **Oceania, total** | **403,279** | **-835** | **118,981** | **2,374,927** | **2,375,097** | **-170** | — | — | — |
| Australia | 403,393 | -1,091 | 99,192 | 2,375,318 | 2,375,488 | -170 | — | — | — |
| New Zealand | -102 | 258 | 13,927 | -363 | -363 | — | — | — | — |
| **Puerto Rico and U.S. Possessions, total** | **1,454** | **-1,689** | **522,593** | — | — | — | — | — | — |
| Puerto Rico | 1,461 | -2,744 | 513,429 | — | — | — | — | — | — |
| U.S. possessions, total | -7 | 1,055 | 9,164 | — | — | — | — | — | — |
| **Country not stated** | **18,918** | **31,969** | **675,337** | **-11,323** | **-11,657** | **480** | **572** | — | **-718** |
| **DISC dividends** | — | — | — | — | — | — | — | — | — |
| **OPEC countries, total (included above)** | **1,442** | **102,556** | **5,257,264** | **5,631,509** | **4,875,045** | **-1,557** | **1,050,180** | — | **-92,180** |

Footnotes at end of table.

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

### Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued: Deductions other than from branch operations and specially allocable income: Total | Deductions allocable to specific types of income: Total | Rental, royalty, and licensing expenses: Depreciation, depletion and amortization | Rental, royalty, and licensing expenses: Other | Service expenses | Other deductions | Deductions not allocable to specific types of income: Total | Research and development | Interest | General and administrative |
|---|---|---|---|---|---|---|---|---|---|---|
| | (29) | (30) | (31) | (32) | (33) | (34) | (35) | (36) | (37) | (38) |
| **All geographic areas, total** | **36,266,863** | **23,366,015** | **283,716** | **779,581** | **1,651,096** | **20,651,620** | **12,900,848** | **39,598** | **4,635,432** | **1,376,769** |
| **Canada** | **2,304,760** | **1,296,749** | **21,133** | **54,516** | **58,789** | **1,162,310** | **1,008,012** | **2,633** | **171,438** | **88,138** |
| **Latin America, total** | **6,768,189** | **4,062,952** | **35,772** | **55,603** | **155,130** | **3,816,246** | **2,705,238** | **6,255** | **969,069** | **249,727** |
| Mexico | 1,263,367 | 500,148 | 22,006 | 29,568 | 47,433 | 401,141 | 763,219 | 1,282 | 311,393 | 65,441 |
| Central America, total | 1,124,496 | 933,754 | 1,115 | 1,578 | 45,153 | 885,908 | 190,742 | 487 | 44,898 | 18,952 |
| Honduras | 280,214 | 270,638 | — | 176 | 1,533 | 268,929 | 9,576 | 14 | 6,026 | 1,261 |
| Panama (including Canal Zone) | 553,782 | 434,795 | 1,046 | 1,248 | 41,132 | 391,370 | 118,987 | 278 | 32,764 | 9,295 |
| Caribbean countries, total | 1,359,416 | 1,128,948 | 1,015 | 2,031 | 1,910 | 1,123,992 | 230,468 | 80 | 31,560 | 21,282 |
| Cayman Islands (British) | 253,372 | 83,890 | 101 | 1,071 | 41 | 82,677 | 169,483 | 3 | 17,720 | 3,355 |
| Dominican Republic | 25,606 | 9,866 | 56 | 113 | 235 | 9,462 | 15,740 | 13 | 2,116 | 3,290 |
| Trinidad and Tobago | 1,023,624 | 1,003,955 | 500 | 153 | 813 | 1,002,488 | 19,669 | 37 | 3,264 | 13,615 |
| South America, total | 2,827,008 | 1,448,279 | 11,626 | 22,411 | 60,634 | 1,353,608 | 1,378,728 | 4,405 | 572,984 | 144,024 |
| Argentina | 390,863 | 185,868 | 859 | 3,333 | 9,242 | 172,433 | 204,995 | 736 | 80,602 | 9,266 |
| Brazil | 999,560 | 356,312 | 1,966 | 6,527 | 25,618 | 322,201 | 643,248 | 2,660 | 273,267 | 55,368 |
| Chile | 155,623 | 62,553 | 371 | 1,365 | 821 | 59,996 | 93,270 | 202 | 45,309 | 12,085 |
| Colombia | 238,726 | 197,076 | 7,438 | 4,701 | 6,462 | 178,475 | 41,650 | 404 | 9,864 | 6,014 |
| Ecuador | 399,194 | 368,890 | 148 | 677 | 6,859 | 361,206 | 30,304 | 38 | 13,047 | 3,793 |
| Peru | 178,590 | 85,351 | 194 | 622 | 2,687 | 81,848 | 93,240 | 31 | 36,112 | 25,989 |
| Venezuela | 347,050 | 148,139 | 612 | 4,916 | 7,286 | 135,325 | 198,911 | 249 | 103,798 | 26,020 |
| **Other Western Hemisphere, total** | **1,628,122** | **581,374** | **82** | **5,591** | **20,022** | **555,679** | **1,046,748** | **1,062** | **592,262** | **17,802** |
| The Bahamas | 1,030,720 | 271,992 | 1 | 2,398 | 2,566 | 267,027 | 758,728 | 14 | 462,255 | 637 |
| Netherlands Antilles | 502,446 | 252,801 | — | 2,665 | 8,443 | 241,694 | 249,644 | 619 | 123,525 | 14,611 |
| **Europe, total** | **9,784,569** | **6,311,316** | **141,832** | **509,734** | **358,186** | **5,303,564** | **3,473,252** | **13,044** | **1,529,972** | **437,413** |
| Common Market countries, total | 7,245,844 | 4,522,225 | 73,045 | 203,511 | 328,880 | 3,916,790 | 2,723,619 | 9,863 | 1,221,004 | 393,244 |
| Belgium | 513,321 | 332,743 | 357 | 4,114 | 18,769 | 309,504 | 180,578 | 799 | 89,430 | 17,667 |
| France (including Andorra) | 726,448 | 368,593 | 2,690 | 8,586 | 13,942 | 343,376 | 357,854 | 2,612 | 160,643 | 39,368 |
| Greece | 348,192 | 287,495 | (1) | 455 | 2,320 | 284,719 | 60,697 | 17 | 17,218 | 11,275 |
| Ireland | 80,086 | 54,439 | 1 | 82 | 1,755 | 52,602 | 25,647 | 9 | 9,524 | 2,766 |
| Italy (including San Marino) | 592,019 | 351,038 | 232 | 10,499 | 10,283 | 330,024 | 240,981 | 898 | 115,362 | 18,859 |
| Luxembourg | 38,932 | 7,319 | 24 | 461 | 152 | 6,683 | 31,612 | 3 | 7,905 | 1,003 |
| Netherlands | 499,951 | 330,067 | 648 | 11,586 | 8,751 | 309,082 | 169,884 | 1,630 | 45,126 | 32,948 |
| United Kingdom | 3,475,166 | 2,224,641 | 68,753 | 148,453 | 249,953 | 1,757,482 | 1,250,525 | 2,308 | 620,726 | 230,071 |
| West Germany | 781,058 | 421,669 | 246 | 18,206 | 21,435 | 381,782 | 359,390 | 1,505 | 128,204 | 36,301 |
| Other West European countries, total | 1,915,215 | 1,318,868 | 68,788 | 303,653 | 26,881 | 919,546 | 596,347 | 2,449 | 236,928 | 41,241 |
| Austria | 70,191 | 25,964 | — | 593 | 302 | 25,069 | 44,228 | 270 | 25,369 | 8,144 |
| Finland | 49,679 | 23,311 | 1,202 | 1,648 | 503 | 19,957 | 26,569 | 20 | 10,044 | 451 |
| Norway | 788,631 | 723,474 | 58,033 | 284,992 | 8,465 | 371,983 | 65,157 | 71 | 45,218 | 6,039 |
| Spain | 306,180 | 173,256 | 819 | 5,869 | 2,721 | 163,847 | 132,924 | 660 | 54,918 | 5,439 |
| Sweden | 198,581 | 105,688 | 8,718 | 5,274 | 1,598 | 90,098 | 92,893 | 54 | 58,717 | 2,011 |
| Switzerland | 373,356 | 177,122 | 3 | 4,063 | 7,120 | 165,936 | 196,233 | 1,212 | 26,664 | 18,555 |
| Turkey | 75,015 | 60,403 | 7 | 315 | 4,742 | 55,339 | 14,612 | 133 | 4,124 | -761 |
| East European countries, total | 107,972 | 48,042 | — | 2,570 | 425 | 45,047 | 59,930 | 725 | 24,407 | 2,893 |
| **Africa, total** | **1,920,515** | **1,614,855** | **2,115** | **11,376** | **66,017** | **1,535,346** | **305,660** | **920** | **127,149** | **35,084** |
| North Africa, total | 880,310 | 762,366 | 899 | 2,333 | 39,157 | 719,976 | 117,944 | 108 | 70,234 | 29,823 |
| Egypt | 517,088 | 464,790 | 437 | 781 | 11,657 | 451,914 | 52,298 | 91 | 19,807 | 26,372 |
| Libya | 197,656 | 195,301 | — | — | 24,450 | 170,851 | 2,355 | — | 22 | 17 |
| East Africa, total | 34,756 | 26,999 | 41 | 94 | 7,254 | 19,610 | 7,757 | 191 | 4,049 | -232 |
| West and Central African countries, total | 857,739 | 735,012 | 1,175 | 1,037 | 16,946 | 715,855 | 122,727 | 74 | 27,740 | 2,760 |
| Gabon | 59,924 | 55,268 | 1,063 | 3 | 1,541 | 52,660 | 4,656 | (1) | 942 | 2,200 |
| Nigeria | 274,292 | 220,143 | 7 | 716 | 3,860 | 215,560 | 54,148 | 51 | 11,126 | 430 |
| Zaire | 5,805 | 4,278 | 9 | 27 | 206 | 4,037 | 1,527 | — | 191 | 6 |
| Southern Africa, total | 147,631 | 90,420 | 1 | 7,912 | 2,659 | 79,847 | 57,211 | 548 | 25,123 | 2,727 |
| South Africa (includes Namibia) | 137,534 | 85,703 | 1 | 7,683 | 2,229 | 75,791 | 51,831 | 540 | 23,853 | 2,686 |
| Zimbabwe | 2,801 | 1,771 | — | 1 | 241 | 1,530 | 1,030 | 7 | 13 | 5 |
| **Asia, total** | **8,871,702** | **6,446,243** | **60,307** | **98,164** | **352,671** | **5,935,100** | **2,425,459** | **5,933** | **915,166** | **381,646** |
| Middle East, total | 4,422,670 | 4,144,780 | 17,051 | 15,489 | 206,001 | 3,906,239 | 277,891 | 276 | 63,549 | 40,982 |
| Iran | -2,276 | -4,464 | 10 | 14 | 44 | -4,532 | 2,188 | 1 | 683 | 378 |
| Israel | 88,259 | 29,354 | 453 | 1,923 | 1,305 | 25,673 | 58,905 | (1) | 12,850 | 1,158 |
| Kuwait | 27,582 | 12,664 | (1) | 172 | 600 | 11,892 | 14,918 | 3 | 11,034 | 2,432 |
| Qatar | 6,292 | 3,717 | — | — | (1) | 3,716 | 2,575 | — | 12 | 1,330 |
| Saudi Arabia | 3,695,025 | 3,610,267 | 15,319 | 12,805 | 172,868 | 3,409,275 | 84,758 | 128 | 3,951 | 15,638 |
| United Arab Emirates | 469,225 | 424,831 | 1,265 | 374 | 27,903 | 395,290 | 44,393 | (1) | 15,929 | 10,756 |
| Southern and Southeastern Asia, total | 1,949,543 | 1,178,914 | 18,476 | 18,119 | 93,734 | 1,048,586 | 770,629 | 658 | 273,704 | 163,214 |
| India | 130,302 | 17,820 | 1 | 918 | 8,934 | 7,967 | 112,482 | 6 | 15,464 | 26,231 |
| Indonesia | 889,294 | 755,227 | 10,101 | 2,461 | 54,225 | 688,440 | 134,067 | 13 | 61,317 | 25,152 |
| Malaysia | 92,041 | 53,986 | 66 | 190 | 1,615 | 52,114 | 38,056 | 20 | 13,757 | 7,306 |
| Philippines | 303,050 | 129,938 | 7,851 | 10,385 | 5,107 | 106,596 | 173,112 | 23 | 40,017 | 29,932 |
| Singapore | 358,851 | 150,706 | — | 2,282 | 22,505 | 125,920 | 208,144 | 534 | 116,868 | 53,898 |
| Thailand | 129,527 | 47,446 | 383 | 1,866 | 697 | 44,501 | 82,081 | 51 | 18,843 | 16,399 |
| Eastern Asia, total | 2,456,184 | 1,106,178 | 24,780 | 64,557 | 52,931 | 963,910 | 1,350,006 | 4,999 | 571,857 | 177,251 |
| China | 134,256 | 120,296 | 12,275 | 6,774 | 7,944 | 93,304 | 13,960 | 3 | 3,458 | 997 |
| Hong Kong | 393,928 | 177,085 | 556 | 2,188 | 6,136 | 168,205 | 216,844 | 631 | 105,910 | 44,706 |
| Japan (Okinawa, Ryukyu) | 1,432,423 | 633,430 | 8,486 | 47,982 | 28,478 | 548,484 | 798,993 | 4,344 | 325,939 | 90,583 |
| South Korea, Republic of | 314,332 | 111,536 | 1,258 | 4,709 | 3,349 | 102,220 | 202,796 | 17 | 111,138 | 21,208 |
| Taiwan | 165,539 | 51,561 | — | 2,323 | 5,844 | 43,394 | 113,979 | 4 | 23,987 | 19,690 |
| **Oceania, total** | **643,557** | **435,764** | **3,284** | **25,171** | **47,704** | **359,624** | **207,793** | **631** | **58,154** | **17,075** |
| Australia | 574,814 | 388,722 | 3,009 | 23,698 | 35,311 | 326,704 | 186,092 | 488 | 49,589 | 14,376 |
| New Zealand | 46,855 | 27,271 | 247 | 1,454 | 4,935 | 20,636 | 19,583 | 143 | 7,457 | 2,668 |
| **Puerto Rico and U.S. Possessions, total** | **1,021,398** | **797,001** | **1,136** | **2,318** | **46,086** | **747,462** | **224,396** | **139** | **15,754** | **49,436** |
| Puerto Rico | 880,383 | 665,786 | 671 | 2,119 | 36,308 | 626,689 | 214,597 | 139 | 13,783 | 47,322 |
| U.S. possessions, total | 141,015 | 131,215 | 465 | 199 | 9,778 | 120,773 | 9,800 | (1) | 1,970 | 2,116 |
| **Country not stated** | **2,957,589** | **1,663,494** | **18,074** | **16,907** | **548,492** | **1,080,022** | **1,294,095** | **8,781** | **254,598** | **66,102** |
| **DISC dividends** | **366,463** | **156,267** | **—** | **—** | **—** | **156,267** | **210,196** | **—** | **1,671** | **34,445** |
| **OPEC countries, total (included above)** | [illegible] | [illegible] | [illegible] | [illegible] | **300,430** | **5,444,858** | **593,471** | **484** | **223,989** | **88,489** |



## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

### Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued: Deductions from oil and gas extraction income: Total | Allocable to specific types of income | Not allocable to specific types of income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(B)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|
| | (39) | (40) | (41) | (42) | (43) | (44) | (45) |
| **All geographic areas, total** | **9,406,452** | **9,234,245** | **172,207** | **61,096,502** | **14,423,063** | **2,284,066** | **44,389,373** |
| **Canada** | **406,061** | **403,335** | **2,727** | **7,538,516** | **718,740** | **762,839** | **6,056,937** |
| **Latin America, total** | **1,438,345** | **1,395,566** | **42,779** | **6,620,724** | **1,375,001** | **63,935** | **5,181,788** |
| Mexico | 22 | 22 | — | 1,145,830 | 205,229 | 23,039 | 917,562 |
| Central America, total | 6,786 | 6,786 | — | 923,719 | 160,561 | -5,137 | 768,294 |
| Honduras | 60 | 60 | — | 28,435 | 1,925 | 134 | 26,375 |
| Panama (including Canal Zone) | 1,431 | 1,431 | — | 819,359 | 145,190 | -6,869 | 681,038 |
| Caribbean countries, total | 848,964 | 848,964 | — | 1,071,778 | 380,818 | 2,653 | 688,307 |
| Cayman Islands (British) | — | — | — | 705,956 | 337,231 | 1,626 | 367,098 |
| Dominican Republic | -57 | -57 | — | 36,020 | 1,505 | 167 | 34,348 |
| Trinidad and Tobago | 848,557 | 848,557 | — | 264,404 | 11,199 | 467 | 252,737 |
| South America, total | 582,418 | 539,639 | 42,779 | 3,463,475 | 638,670 | 39,264 | 2,785,542 |
| Argentina | 40,589 | 40,589 | — | 713,515 | 352,452 | 9,772 | 351,291 |
| Brazil | 6,109 | 6,109 | — | 1,694,642 | 151,699 | 17,401 | 1,525,542 |
| Chile | 10 | 10 | — | 238,004 | 141,567 | 1,678 | 94,758 |
| Colombia | 94,584 | 94,455 | 129 | 209,938 | 55,649 | 2,486 | 151,804 |
| Ecuador | 278,724 | 278,724 | (1) | 114,752 | 3,722 | 633 | 110,498 |
| Peru | 156,665 | 114,047 | 42,618 | 236,393 | 26,413 | 1,430 | 208,549 |
| Venezuela | 2,189 | 2,180 | 10 | 295,403 | 40,406 | 5,596 | 249,401 |
| **Other Western Hemisphere, total** | **2,493** | **2,458** | **36** | **3,815,326** | **1,856,227** | **3,758** | **1,955,341** |
| The Bahamas | 1,755 | 1,720 | 36 | 2,114,945 | 1,710,114 | 216 | 404,615 |
| Netherlands Antilles | 608 | 607 | 1 | 1,289,512 | 145,274 | 975 | 1,143,263 |
| **Europe, total** | **2,255,712** | **2,199,667** | **56,044** | **25,422,028** | **5,517,867** | **452,847** | **19,451,314** |
| Common Market countries, total | 1,080,595 | 1,051,921 | 28,673 | 20,009,488 | 3,292,668 | 364,189 | 16,352,631 |
| Belgium | — | — | — | 425,448 | 31,261 | 14,926 | 379,261 |
| France (including Andorra) | 2,119 | 2,119 | 1 | 1,457,804 | 178,836 | 83,819 | 1,195,148 |
| Greece | 10 | 10 | — | 22,356 | 54,563 | 39 | -32,246 |
| Ireland | 2,326 | 2,326 | (1) | 166,527 | 53,072 | 3,527 | 109,928 |
| Italy (including San Marino) | 3,916 | 3,866 | 51 | 988,859 | 173,782 | 23,171 | 791,905 |
| Luxembourg | — | — | — | 60,628 | 9,352 | 86 | 51,189 |
| Netherlands | 121,205 | 116,373 | 4,832 | 2,587,879 | 115,427 | 20,314 | 2,452,139 |
| United Kingdom | 852,425 | 828,850 | 23,575 | 11,912,951 | 2,568,919 | 110,993 | 9,233,039 |
| West Germany | 9,865 | 9,654 | 211 | 2,322,551 | 67,011 | 101,846 | 2,153,693 |
| Other West European countries, total | 1,170,992 | 1,143,621 | 27,371 | 5,270,318 | 2,202,478 | 74,744 | 2,993,095 |
| Austria | 198 | 141 | 57 | 130,781 | 7,485 | 3,571 | 119,725 |
| Finland | — | — | — | 93,452 | -3,930 | 2,703 | 94,679 |
| Norway | 1,107,932 | 1,080,619 | 27,313 | 3,278,593 | 1,932,562 | 3,312 | 1,342,719 |
| Spain | 60,089 | 60,088 | 1 | 392,137 | 134,516 | 12,173 | 245,448 |
| Sweden | 14 | 14 | — | 245,601 | 7,278 | 15,866 | 222,458 |
| Switzerland | 7 | 7 | — | 859,667 | 20,130 | 35,761 | 803,776 |
| Turkey | 2,275 | 2,275 | — | 162,837 | 64,329 | -12 | 98,520 |
| East European countries, total | 4,125 | 4,125 | — | 94,030 | 25,406 | 2,833 | 65,791 |
| **Africa, total** | **1,699,706** | **1,692,940** | **6,766** | **2,786,252** | **626,533** | **12,358** | **2,147,361** |
| North Africa, total | 972,262 | 966,161 | 6,101 | 1,570,271 | 289,395 | 1,742 | 1,279,133 |
| Egypt | 421,307 | 421,219 | 88 | 1,066,084 | 34 | 1,722 | 1,064,327 |
| Libya | 494,329 | 488,555 | 5,774 | 519,680 | 265,362 | — | 254,317 |
| East Africa, total | 15,215 | 15,214 | 1 | 35,967 | 11,554 | 31 | 24,382 |
| West and Central African countries, total | 712,142 | 711,477 | 665 | 668,094 | 280,826 | 642 | 386,626 |
| Gabon | 53,239 | 52,696 | 543 | 44,472 | -1,149 | 195 | 45,425 |
| Nigeria | 174,870 | 174,749 | 121 | 384,006 | 253,848 | 294 | 129,864 |
| Zaire | 64,695 | 64,695 | — | 36,651 | 34,051 | 4 | 2,595 |
| Southern Africa, total | 65 | 65 | — | 510,590 | 46,757 | 9,642 | 454,191 |
| South Africa (includes Namibia) | 46 | 46 | — | 477,917 | 41,429 | 9,450 | 427,038 |
| Zimbabwe | 30 | 30 | — | 15,946 | 4,802 | 183 | 10,960 |
| **Asia, total** | **1,766,010** | **1,718,159** | **47,851** | **9,675,598** | **3,399,835** | **321,855** | **5,953,907** |
| Middle East, total | 825,676 | 817,211 | 8,465 | 1,310,731 | 735,406 | 17,520 | 557,804 |
| Iran | 995 | 989 | 7 | 8,568 | -5,509 | 16 | 14,059 |
| Israel | 43 | 41 | 2 | 98,767 | 51,908 | 4,965 | 41,893 |
| Kuwait | 4 | 4 | — | 19,704 | 14,654 | 1,267 | 3,783 |
| Qatar | 5 | 5 | — | 10,187 | 2,065 | 7 | 8,115 |
| Saudi Arabia | 331,670 | 331,670 | — | 381,800 | 177,744 | 5,558 | 198,498 |
| United Arab Emirates | 468,773 | 460,316 | 8,457 | 579,679 | 310,310 | 4,785 | 264,584 |
| Southern and Southeastern Asia, total | 871,148 | 831,766 | 39,383 | 4,549,888 | 2,336,260 | 20,615 | 2,193,013 |
| India | 793 | 793 | — | 103,799 | 31,350 | 686 | 71,764 |
| Indonesia | 493,511 | 454,128 | 39,383 | 2,938,291 | 1,391,346 | 608 | 1,546,337 |
| Malaysia | 321,737 | 321,737 | — | 540,412 | 442,636 | 3,302 | 94,473 |
| Philippines | 8,560 | 8,560 | — | 186,811 | 133,651 | 6,092 | 47,068 |
| Singapore | 9,979 | 9,979 | — | 654,877 | 291,305 | 6,750 | 356,822 |
| Thailand | 19,028 | 19,028 | — | 86,655 | 12,261 | 2,954 | 71,441 |
| Eastern Asia, total | 69,186 | 69,183 | 3 | 3,774,492 | 329,034 | 276,006 | 3,169,452 |
| China | 57,732 | 57,732 | — | -70,181 | 934 | 12,728 | -83,843 |
| Hong Kong | 3 | (1) | 3 | 482,406 | 160,333 | 12,648 | 309,425 |
| Japan (Okinawa, Ryukyu) | 7,077 | 7,077 | — | 2,883,896 | 55,380 | 213,813 | 2,614,702 |
| South Korea, Republic of | 2,219 | 2,219 | — | 261,541 | 30,002 | 27,305 | 204,233 |
| Taiwan | 2,156 | 2,156 | — | 206,051 | 83,089 | 9,575 | 113,387 |
| **Oceania, total** | **1,733,119** | **1,733,119** | **—** | **2,409,077** | **1,010,442** | **38,178** | **1,360,457** |
| Australia | 1,732,583 | 1,732,583 | — | 2,318,772 | 998,746 | 30,585 | 1,289,441 |
| New Zealand | 441 | 441 | — | 88,948 | 10,234 | 2,798 | 75,917 |
| **Puerto Rico and U.S. Possessions, total** | **9** | **9** | **—** | **382,771** | **78,913** | **83,731** | **210,128** |
| Puerto Rico | 9 | 9 | — | 396,596 | 91,784 | 76,649 | 228,163 |
| U.S. possessions, total | — | — | — | -13,825 | -12,871 | 17,082 | -18,036 |
| **Country not stated** | **104,996** | **88,993** | **16,003** | **1,124,499** | **-162,595** | **534,565** | **752,529** |
| **DISC dividends** | **—** | **—** | **—** | **1,319,611** | **—** | **—** | **1,319,611** |
| **OPEC countries, total (included above)** | **2,298,656** | **2,244,361** | **54,296** | **5,319,609** | **2,453,769** | **16,858** | **2,848,982** |

Footnotes at end of table

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

**Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued**

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Service income | Other taxes paid or accrued on: Partnership income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|---|---|
| | (45) | (47) | (48) | (49) | (50) | (51) | (52) | (53) | (54) | (55) |
| **All geographic areas, total** | **22,540,093** | **10,852,937** | **1,351,731** | **918,666** | **1,058,292** | **5,010,397** | **168,315** | **120,181** | **2,227,375** | **11,687,186** |
| **Canada** | **3,195,882** | **1,278,958** | **284,522** | **59,535** | **86,191** | **461,971** | **6,912** | **41,837** | **356,088** | **1,916,926** |
| **Latin America, total** | **2,519,654** | **1,689,843** | **358,036** | **554,683** | **67,384** | **321,197** | **42,788** | **7,019** | **340,735** | **829,811** |
| Mexico | 494,340 | 427,977 | 99,259 | 186,837 | 34,135 | 76,527 | 12,479 | 3,703 | 15,036 | 66,362 |
| Central America, total | 193,424 | 40,423 | 6,256 | 2,784 | 4,501 | 9,546 | 6,556 | (1) | 10,779 | 153,001 |
| Honduras | 10,403 | 8,048 | 445 | 421 | 197 | 388 | 5,146 | — | 1,452 | 2,354 |
| Panama (including Canal Zone) | 152,610 | 11,162 | 3,034 | 1,993 | 2,326 | 1,966 | 718 | (1) | 1,124 | 141,448 |
| Caribbean countries, total | 261,629 | 242,746 | 557 | 3,162 | 1,476 | 29,678 | 472 | 45 | 207,356 | 18,882 |
| Cayman Islands (British) | 13,864 | 58 | — | 58 | — | — | — | — | — | 13,806 |
| Dominican Republic | 22,829 | 22,764 | 164 | 76 | 561 | 15,814 | 266 | 4 | 5,879 | 65 |
| Trinidad and Tobago | 210,288 | 208,185 | 201 | 2,931 | 425 | 7,042 | 34 | (1) | 197,551 | 2,104 |
| South America, total | 1,564,636 | 973,071 | 249,964 | 356,276 | 27,271 | 205,445 | 23,280 | 3,270 | 107,565 | 591,565 |
| Argentina | 88,460 | 84,280 | 20,693 | 34,962 | 9,760 | 9,453 | 2,473 | 314 | 6,624 | 4,180 |
| Brazil | 1,096,807 | 613,278 | 183,438 | 303,747 | 4,231 | 101,148 | 9,136 | 2,674 | 8,903 | 483,530 |
| Chile | 38,633 | 20,091 | 875 | 175 | 5,679 | 11,311 | 1,431 | (1) | 621 | 18,542 |
| Colombia | 104,149 | 69,211 | 17,561 | 428 | -837 | 29,705 | 3,389 | 225 | 18,739 | 34,937 |
| Ecuador | 41,646 | 40,321 | 2,461 | (1) | 1,796 | 2,219 | 1,549 | 4 | 32,293 | 1,324 |
| Peru | 73,165 | 64,953 | 2,884 | 1,295 | 2,373 | 34,587 | 326 | 45 | 23,443 | 8,212 |
| Venezuela | 88,498 | 49,184 | 21,921 | 15,125 | 3,395 | 2,416 | 4,868 | (1) | 1,461 | 39,314 |
| **Other Western Hemisphere, total** | **234,656** | **40,261** | **1,304** | **2,513** | **8** | **35,163** | **113** | **3** | **1,158** | **194,395** |
| The Bahamas | 62,217 | 33,355 | — | 10 | 1 | 33,144 | — | — | 200 | 28,862 |
| Netherlands Antilles | 167,995 | 6,314 | 1,246 | 2,466 | — | 1,764 | 77 | 3 | 759 | 161,681 |
| **Europe, total** | **9,954,060** | **3,456,314** | **527,772** | **181,096** | **691,388** | **1,820,133** | **11,752** | **974** | **223,199** | **6,497,747** |
| Common Market countries, total | 7,529,914 | 1,542,385 | 427,148 | 91,933 | 56,421 | 758,592 | 8,235 | 973 | 199,083 | 5,987,529 |
| Belgium | 255,494 | 62,386 | 30,173 | 23,527 | 371 | 6,499 | 106 | 13 | 1,697 | 193,108 |
| France (including Andorra) | 434,704 | 73,132 | 19,788 | 14,880 | 24,610 | 8,956 | 953 | 724 | 3,220 | 361,572 |
| Greece | 23,201 | 20,869 | 3,869 | 101 | 74 | 16,374 | 335 | 41 | 76 | 2,331 |
| Ireland | 14,701 | 7,160 | (1) | 6 | — | 7,155 | — | -2 | — | 7,542 |
| Italy (including San Marino) | 287,921 | 79,273 | 18,688 | 3,346 | 25,693 | 29,583 | 733 | 37 | 1,191 | 208,648 |
| Luxembourg | 34,052 | 3,028 | 2,386 | — | 2 | 614 | 26 | — | — | 31,024 |
| Netherlands | 789,581 | 147,692 | 43,413 | 2,182 | 1,451 | 53,436 | 361 | — | 46,849 | 641,888 |
| United Kingdom | 4,604,319 | 985,234 | 173,634 | 32,396 | 2,374 | 626,069 | 5,613 | (1) | 145,148 | 3,619,085 |
| West Germany | 1,067,488 | 159,470 | 133,488 | 15,395 | 1,814 | 7,659 | 53 | 158 | 903 | 908,018 |
| Other West European countries, total | 2,419,340 | 1,909,146 | 100,295 | 87,720 | 634,178 | 1,060,018 | 3,377 | 2 | 23,556 | 510,194 |
| Austria | 42,792 | 5,327 | 2,795 | 33 | 184 | 2,297 | 17 | — | (1) | 37,465 |
| Finland | 26,293 | 1,832 | 1,799 | 2 | 32 | — | — | — | — | 24,461 |
| Norway | 1,754,759 | 1,715,875 | 39,679 | 71,786 | 614,686 | 974,484 | 35 | (1) | 15,204 | 38,884 |
| Spain | 137,357 | 74,017 | 24,053 | 4,812 | 13,950 | 27,636 | 2,056 | -1 | 1,510 | 63,341 |
| Sweden | 43,298 | 5,206 | 3,003 | 25 | 110 | 2,067 | — | — | — | 38,091 |
| Switzerland | 291,648 | 42,701 | 26,889 | 8,840 | 264 | 6,275 | 175 | (1) | 258 | 248,947 |
| Turkey | 99,946 | 50,289 | 680 | 158 | 1,904 | 40,103 | 920 | — | 6,525 | 49,657 |
| East European countries, total | 4,532 | 4,532 | 329 | 1,274 | 789 | 1,442 | 139 | (1) | 560 | — |
| **Africa, total** | **1,438,159** | **1,120,526** | **35,253** | **1,165** | **12,037** | **394,812** | **11,441** | **171** | **665,647** | **317,634** |
| North Africa, total | 838,982 | 827,887 | 613 | 90 | 1,458 | 188,416 | 7,597 | (1) | 629,712 | 11,095 |
| Egypt | 475,441 | 468,076 | 27 | 42 | 1,120 | 12,550 | 1,406 | (1) | 452,931 | 7,365 |
| Libya | 340,545 | 340,545 | — | — | — | 160,605 | 3,188 | — | 176,752 | — |
| East Africa, total | 25,583 | 8,905 | 3,474 | 25 | 444 | 4,678 | 198 | — | 87 | 16,678 |
| West and Central African countries, total | 285,504 | 212,233 | 3,611 | 765 | 830 | 167,847 | 3,484 | 24 | 35,672 | 73,272 |
| Gabon | 15,167 | 14,287 | 202 | — | 4 | 1,042 | 126 | — | 12,912 | 880 |
| Nigeria | 164,453 | 99,571 | 1,882 | 721 | 433 | 82,782 | 834 | — | 12,920 | 64,882 |
| Zaire | 19,818 | 18,400 | 321 | — | 17 | 18,062 | — | — | — | 1,417 |
| Southern Africa, total | 288,091 | 71,501 | 27,556 | 285 | 9,306 | 33,871 | 162 | 146 | 176 | 216,590 |
| South Africa (includes Namibia) | 269,027 | 67,690 | 26,221 | 272 | 9,178 | 31,557 | 162 | 146 | 155 | 201,337 |
| Zimbabwe | 9,857 | 2,912 | 658 | 12 | 12 | 2,209 | — | — | 21 | 6,945 |
| **Asia, total** | **3,930,437** | **2,428,831** | **109,047** | **45,791** | **154,434** | **1,367,206** | **86,973** | **66,800** | **598,581** | **1,501,606** |
| Middle East, total | 689,424 | 674,416 | 3,727 | 4,092 | 3,655 | 301,906 | 56,241 | 65,062 | 239,733 | 15,008 |
| Iran | 3,253 | 2,058 | 1,817 | — | 218 | 23 | — | — | — | 1,195 |
| Israel | 31,411 | 25,768 | 1,066 | 3,838 | 1,578 | 16,848 | 59 | 3 | 2,375 | 5,643 |
| Kuwait | 10,392 | 10,391 | — | 15 | 106 | 9,399 | 372 | — | 500 | 2 |
| Qatar | 4,577 | 410 | — | — | — | 389 | 21 | — | — | 4,167 |
| Saudi Arabia | 325,256 | 322,982 | 717 | 196 | 1,220 | 70,337 | 34,903 | 65,053 | 150,556 | 2,274 |
| United Arab Emirates | 303,472 | 303,386 | — | 11 | — | 197,080 | 20,102 | — | 86,192 | 86 |
| Southern and Southeastern Asia, total | 1,999,907 | 1,382,427 | 20,974 | 26,765 | 32,448 | 954,895 | 18,501 | 1,148 | 327,696 | 617,480 |
| India | 62,166 | 44,922 | 3,710 | 98 | 4,031 | 27,437 | 6,838 | 1 | 2,806 | 17,244 |
| Indonesia | 1,483,680 | 1,015,794 | 5,002 | 18,960 | 2,122 | 672,726 | 2,206 | 950 | 313,828 | 467,886 |
| Malaysia | 235,845 | 192,641 | 129 | 22 | 2,887 | 186,478 | 2,228 | 42 | 855 | 43,204 |
| Philippines | 47,823 | 43,128 | 3,275 | 5,571 | 5,009 | 20,426 | 1,904 | 41 | 6,902 | 4,695 |
| Singapore | 99,436 | 42,419 | 263 | 1,634 | 13,846 | 23,011 | 1,264 | 40 | 2,362 | 57,017 |
| Thailand | 46,263 | 23,735 | 8,369 | 400 | 4,411 | 7,827 | 1,936 | 34 | 758 | 22,528 |
| Eastern Asia, total | 1,240,861 | 371,743 | 84,345 | 14,763 | 118,323 | 110,339 | 12,231 | 590 | 31,152 | 869,118 |
| China | 5,456 | 5,456 | — | 8 | 2,374 | 161 | 2,212 | 81 | 620 | — |
| Hong Kong | 55,862 | 19,560 | 217 | 994 | 849 | 14,506 | 2,805 | (1) | 189 | 36,302 |
| Japan (Okinawa, Ryukyu) | 1,074,949 | 274,841 | 67,412 | 9,474 | 105,754 | 62,354 | 4,281 | 486 | 25,079 | 800,108 |
| South Korea, Republic of | 52,211 | 34,091 | 6,775 | 1,710 | 3,538 | 17,393 | 296 | 13 | 4,366 | 18,120 |
| Taiwan | 50,534 | 36,773 | 9,648 | 2,546 | 5,180 | 15,886 | 2,607 | 9 | 896 | 13,760 |
| **Oceania, total** | **1,042,256** | **654,139** | **42,463** | **23,404** | **33,613** | **538,104** | **1,205** | **270** | **15,077** | **388,120** |
| Australia | 1,010,667 | 639,144 | 39,555 | 23,061 | 26,858 | 533,939 | 1,060 | 238 | 14,433 | 371,523 |
| New Zealand | 31,107 | 14,634 | 2,832 | 342 | 6,670 | 3,994 | 125 | 30 | 641 | 16,473 |
| **Puerto Rico and U.S. Possessions, total** | **111,486** | **84,312** | **8,850** | **5,067** | **4,193** | **46,302** | **3,183** | **144** | **16,574** | **27,174** |
| Puerto Rico | 105,099 | 78,784 | 8,726 | 5,017 | 3,857 | 42,599 | 2,564 | 92 | 15,930 | 26,315 |
| U.S. possessions, total | 6,387 | 5,528 | 124 | 49 | 336 | 3,703 | 619 | 52 | 644 | 859 |
| **Country not stated** | **105,999** | **101,643** | **6,370** | **43,413** | **9,042** | **25,509** | **4,049** | **2,945** | **10,316** | **4,356** |
| **DISC dividends** | **7,500** | **113** | **113** | — | — | — | — | — | — | **7,387** |
| **OPEC countries, total (included above)** | **2,783,859** | **2,201,849** | **34,002** | **35,029** | **9,371** | **1,199,064** | **70,963** | **66,007** | **787,415** | **582,010** |



## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

**Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued**

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued: Income and taxes of related foreign corporations and DISC's: Gains, profits and income | Taxes paid on gains, profits and income | Dividends paid or constructively distributed to domestic corporations | Taxes deemed paid by related foreign corporations | Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations | Dividends paid to second-tier foreign corporations by third-tier foreign corporations |
|---|---|---|---|---|---|---|
| | (56) | (57) | (58) | (59) | (60) | (61) |
| **All geographic areas, total** | **66,382,784** | **25,434,723** | **15,844,901** | **4,352,581** | **5,532,581** | **254,969** |
| **Canada** | **12,820,620** | **5,244,577** | **2,340,564** | **722,370** | **822,138** | **56,111** |
| **Latin America, total** | **6,652,150** | **2,003,199** | **1,717,893** | **114,776** | **183,974** | **12,240** |
| Mexico | 1,090,657 | 335,483 | 145,404 | 7,501 | 21,561 | 3,924 |
| Central America, total | 1,294,821 | 140,272 | 596,790 | 43,854 | 75,680 | 47 |
| Honduras | 10,104 | 3,009 | 3,324 | — | — | — |
| Panama (including Canal Zone) | 1,228,670 | 123,408 | 572,587 | 43,662 | 74,738 | 47 |
| Caribbean countries, total | 201,795 | 31,657 | 105,686 | 4,503 | 7,217 | — |
| Cayman Islands (British) | 151,245 | 20,257 | 80,564 | 4,503 | 7,217 | — |
| Dominican Republic | 2,150 | 370 | 214 | — | — | — |
| Trinidad and Tobago | 13,072 | 5,540 | 2,561 | — | — | — |
| South America, total | 4,264,877 | 1,495,788 | 870,013 | 58,917 | 69,516 | 8,269 |
| Argentina | 143,570 | 20,818 | 21,541 | — | — | — |
| Brazil | 3,131,273 | 1,148,056 | 658,239 | 46,820 | 58,816 | 636 |
| Chile | 132,146 | 43,131 | 30,283 | 251 | 5,627 | — |
| Colombia | 398,376 | 130,155 | 68,615 | 1,241 | 7,774 | 732 |
| Ecuador | 23,708 | 4,379 | 5,470 | 29 | 505 | — |
| Peru | 161,322 | 56,245 | 14,226 | 21 | 36 | — |
| Venezuela | 252,683 | 89,773 | 68,530 | 10,539 | 16,738 | 6,901 |
| **Other Western Hemisphere, total** | **1,802,238** | **221,003** | **1,363,308** | **12,889** | **38,407** | **10,000** |
| The Bahamas | 161,138 | 38,327 | 75,800 | 12,846 | 36,336 | 10,000 |
| Netherlands Antilles | 1,520,574 | 177,762 | 1,200,844 | — | — | — |
| **Europe, total** | **30,170,435** | **11,613,973** | **7,373,424** | **3,239,861** | **4,149,682** | **144,650** |
| Common Market countries, total | 27,191,038 | 10,814,679 | 6,382,184 | 3,070,316 | 3,794,727 | 126,259 |
| Belgium | 1,212,583 | 480,186 | 282,248 | 1,247 | 2,194 | 17 |
| France (including Andorra) | 1,774,435 | 756,282 | 408,148 | 110,326 | 134,665 | 2,568 |
| Greece | 17,438 | 7,147 | 3,248 | 1 | 5 | — |
| Ireland | 93,685 | 11,138 | 41,726 | 21 | 4,155 | — |
| Italy (including San Marino) | 1,243,605 | 465,697 | 320,153 | 11,345 | 19,761 | — |
| Luxembourg | 67,913 | 33,137 | 31,592 | 746 | 1,301 | — |
| Netherlands | 7,141,766 | 2,993,376 | 989,141 | 72,873 | 245,570 | 54,005 |
| United Kingdom | 8,791,464 | 2,762,830 | 3,365,388 | 2,758,076 | 3,222,503 | 54,836 |
| West Germany | 6,687,481 | 3,245,245 | 909,464 | 115,407 | 164,119 | 14,833 |
| Other West European countries, total | 2,978,223 | 799,270 | 990,090 | 169,545 | 354,955 | 18,390 |
| Austria | 160,084 | 65,781 | 46,741 | 11,107 | 22,286 | — |
| Finland | 107,183 | 42,816 | 38,446 | 552 | 1,183 | 1,183 |
| Norway | 205,986 | 69,022 | 66,786 | 534 | 771 | — |
| Spain | 605,458 | 179,340 | 135,867 | 5,105 | 9,935 | 711 |
| Sweden | 212,264 | 77,330 | 59,793 | 11,699 | 44,474 | 7,304 |
| Switzerland | 1,435,096 | 231,413 | 589,811 | 140,221 | 276,070 | 9,192 |
| Turkey | 168,992 | 113,483 | 22,010 | — | — | — |
| East European countries, total | — | — | — | — | — | — |
| **Africa, total** | **1,426,681** | **567,566** | **383,533** | **32,055** | **45,781** | **3,965** |
| North Africa, total | 84,566 | 33,166 | 18,042 | 346 | 349 | — |
| Egypt | 62,912 | 22,970 | 14,901 | — | — | — |
| Libya | — | — | — | — | — | — |
| East Africa, total | 73,796 | 26,493 | 23,751 | 5,566 | 4,857 | — |
| West and Central African countries, total | 528,326 | 176,611 | 137,330 | 68 | 110 | — |
| Gabon | 4,552 | 1,991 | 1,147 | — | — | — |
| Nigeria | 346,872 | 98,231 | 127,058 | — | — | — |
| Zaire | 20,013 | 9,287 | 1,682 | — | — | — |
| Southern Africa, total | 740,192 | 331,298 | 184,410 | 26,075 | 40,465 | 3,965 |
| South Africa (includes Namibia) | 690,160 | 304,608 | 173,873 | 25,932 | 40,304 | 3,960 |
| Zimbabwe | 16,463 | 9,118 | 3,613 | 74 | 124 | 5 |
| **Asia, total** | **10,523,634** | **4,880,234** | **1,803,958** | **39,764** | **43,469** | **3,100** |
| Middle East, total | 191,279 | 75,707 | 35,847 | 5 | 17 | — |
| Iran | 13,377 | 4,100 | 2,970 | — | — | — |
| Israel | 75,230 | 27,961 | 10,477 | 5 | 17 | — |
| Kuwait | 823 | 10 | 127 | — | — | — |
| Qatar | 68,932 | 35,352 | 4,019 | — | — | — |
| Saudi Arabia | 11,582 | 5,344 | 2,742 | — | — | — |
| United Arab Emirates | 4,380 | 66 | 4,294 | — | — | — |
| Southern and Southeastern Asia, total | 5,061,933 | 2,451,388 | 717,355 | 4,304 | 3,994 | — |
| India | 214,705 | 97,496 | 13,349 | 2,195 | 569 | — |
| Indonesia | 3,990,597 | 2,072,599 | 445,578 | — | — | — |
| Malaysia | 203,278 | 82,987 | 53,826 | 1,520 | 1,955 | — |
| Philippines | 52,098 | 20,203 | 9,561 | 356 | 1,090 | — |
| Singapore | 381,852 | 92,022 | 152,662 | 228 | 369 | — |
| Thailand | 193,720 | 72,247 | 37,227 | 6 | 10 | — |
| Eastern Asia, total | 5,270,422 | 2,353,140 | 1,050,755 | 35,455 | 39,458 | 3,100 |
| China | — | — | — | — | — | — |
| Hong Kong | 708,123 | 95,899 | 242,265 | 3,499 | 5,689 | 3,088 |
| Japan (Okinawa, Ryukyu) | 4,190,904 | 2,174,609 | 894,055 | 31,860 | 33,611 | 11 |
| South Korea, Republic of | 141,008 | 38,434 | 55,216 | 95 | 157 | — |
| Taiwan | 213,769 | 40,898 | 55,793 | — | — | — |
| **Oceania, total** | **2,101,973** | **836,758** | **399,847** | **187,011** | **211,607** | **24,904** |
| Australia | 2,013,912 | 797,556 | 380,435 | 184,293 | 207,241 | 24,904 |
| New Zealand | 87,209 | 38,931 | 18,944 | 2,718 | 4,366 | — |
| **Puerto Rico and U.S. Possessions, total** | **110,734** | **39,432** | **37,933** | **486** | **6,197** | — |
| Puerto Rico | 104,456 | 38,364 | 34,163 | 466 | 6,197 | — |
| U.S. possessions, total | 6,278 | 1,068 | 3,770 | — | — | — |
| **Country not stated** | **61,175** | **22,840** | **9,686** | — | — | — |
| **DISC dividends** | **512,944** | **5,340** | **435,056** | **3,390** | **21,327** | — |
| **OPEC countries, total (included above)** | **4,717,506** | **2,311,886** | **659,935** | **10,568** | **17,243** | **6,901** |

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH $250 MILLION OR MORE IN TOTAL ASSETS

**Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued**

[Money amounts are in thousands of dollars]

| Country and DISC dividends | Income and taxes from specific geographic area or country—Continued | | | | |
|---|---|---|---|---|---|
| | Income and taxes of related foreign corporations and DISC's—Continued | | | | |
| | Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received | | | | |
| | Gains, profits and income | Taxes paid on gains, profits and income | Dividends constructively distributed to domestic corporations | Taxes deemed paid by related foreign corporations | Taxes deemed paid by domestic corporations |
| | (62) | (63) | (64) | (65) | (66) |
| **All geographic areas, total** | **6,953,365** | **1,783,141** | **2,937,158** | **382,826** | **1,244,757** |
| **Canada** | **410,726** | **147,688** | **151,769** | **41,368** | **120,963** |
| **Latin America, total** | **1,161,453** | **181,208** | **466,715** | **43,414** | **127,452** |
| Mexico | 105,156 | 33,637 | 19,928 | — | 13,032 |
| Central America, total | 662,454 | 41,139 | 319,745 | 36,607 | 72,482 |
| Honduras | — | — | — | — | — |
| Panama (including Canal Zone) | 660,051 | 40,925 | 317,918 | 36,585 | 72,265 |
| Caribbean countries, total | 152,876 | 13,802 | 87,853 | 4,503 | 8,246 |
| Cayman Islands (British) | 129,765 | 13,095 | 68,427 | 4,503 | 7,737 |
| Dominican Republic | — | — | — | — | — |
| Trinidad and Tobago | 139 | 61 | (¹) | — | (¹) |
| South America, total | 260,967 | 92,631 | 39,189 | 2,303 | 33,692 |
| Argentina | 14,382 | 2,461 | 1,695 | — | 534 |
| Brazil | 229,634 | 82,900 | 36,342 | 2,190 | 32,815 |
| Chile | 883 | 140 | 153 | — | 28 |
| Colombia | 6,472 | 2,553 | 400 | — | 96 |
| Ecuador | — | — | — | — | — |
| Peru | — | — | — | — | — |
| Venezuela | 8,902 | 4,159 | 583 | 113 | 196 |
| **Other Western Hemisphere, total** | **1,505,714** | **193,472** | **1,121,623** | **12,884** | **178,604** |
| The Bahamas | 130,163 | 24,140 | 68,013 | 12,846 | 22,239 |
| Netherlands Antilles | 1,334,277 | 167,708 | 1,030,407 | — | 153,062 |
| **Europe, total** | **2,930,009** | **963,302** | **954,327** | **201,907** | **672,795** |
| Common Market countries, total | 2,016,341 | 786,345 | 432,329 | 72,383 | 426,535 |
| Belgium | 227,727 | 86,034 | 50,253 | 262 | 43,353 |
| France (including Andorra) | 274,865 | 152,790 | 39,753 | 34,507 | 53,990 |
| Greece | 517 | 474 | (¹) | — | 3 |
| Ireland | 21,344 | 583 | 2,899 | — | 166 |
| Italy (including San Marino) | 57,112 | 20,361 | 943 | 234 | 963 |
| Luxembourg | 8,893 | 3,389 | 4,289 | 746 | 3,424 |
| Netherlands | 319,066 | 112,156 | 181,207 | 27,255 | 107,479 |
| United Kingdom | 790,197 | 239,014 | 118,435 | 7,166 | 131,271 |
| West Germany | 313,324 | 169,669 | 54,233 | 2,213 | 85,761 |
| Other West European countries, total | 912,494 | 178,833 | 520,848 | 129,525 | 246,237 |
| Austria | 18,143 | 2,562 | 13,661 | 9,140 | 10,537 |
| Finland | — | — | — | — | — |
| Norway | 77,798 | 31,405 | 34,714 | — | 26,303 |
| Spain | 35,023 | 15,073 | 5,064 | 238 | 3,524 |
| Sweden | 874 | 554 | 127 | — | 13 |
| Switzerland | 748,060 | 124,944 | 455,577 | 119,825 | 204,179 |
| Turkey | — | — | — | — | — |
| East European countries, total | — | — | — | — | — |
| **Africa, total** | **19,194** | **7,714** | **2,773** | **483** | **1,940** |
| North Africa, total | — | — | — | — | — |
| Egypt | — | — | — | — | — |
| Libya | — | — | — | — | — |
| East Africa, total | — | — | — | — | — |
| West and Central African countries, total | 15,298 | 6,224 | 2,754 | — | 1,829 |
| Gabon | — | — | — | — | — |
| Nigeria | 14,814 | 6,092 | 2,563 | — | 1,790 |
| Zaire | — | — | — | — | — |
| Southern Africa, total | 3,897 | 1,489 | 19 | 483 | 111 |
| South Africa (includes Namibia) | 3,897 | 1,489 | 19 | 483 | 111 |
| Zimbabwe | — | — | — | — | — |
| **Asia, total** | **567,659** | **189,330** | **153,425** | **8,414** | **68,292** |
| Middle East, total | 10,253 | 650 | 9,302 | — | 421 |
| Iran | — | — | — | — | — |
| Israel | — | — | — | — | — |
| Kuwait | — | — | — | — | — |
| Qatar | — | — | — | — | — |
| Saudi Arabia | — | — | — | — | — |
| United Arab Emirates | — | — | — | — | — |
| Southern and Southeastern Asia, total | 111,562 | 31,682 | 22,383 | 1,077 | 5,928 |
| India | 9,002 | 8,005 | 4 | 747 | 38 |
| Indonesia | 4 | 2 | 2 | — | 2 |
| Malaysia | 5,112 | 2,216 | 211 | — | 254 |
| Philippines | 6,508 | 3,101 | 426 | 330 | 310 |
| Singapore | 84,886 | 14,901 | 21,803 | — | 5,018 |
| Thailand | 3,512 | 1,664 | 75 | — | 140 |
| Eastern Asia, total | 445,843 | 158,998 | 121,740 | 4,337 | 61,944 |
| China | — | — | — | — | — |
| Hong Kong | 123,179 | 15,913 | 52,970 | 312 | 6,982 |
| Japan (Okinawa, Ryukyu) | 322,384 | 141,014 | 68,605 | 4,026 | 54,911 |
| South Korea, Republic of | — | — | — | — | — |
| Taiwan | 281 | 71 | 165 | — | 51 |
| ***Oceania, total*** | **304,867** | **92,362** | **84,177** | **77,130** | **75,037** |
| Australia | 302,266 | 90,746 | 83,874 | 77,130 | 74,640 |
| New Zealand | 2,393 | 1,555 | 303 | — | 396 |
| ***Puerto Rico and U.S. Possessions, total*** | **32,956** | **7,714** | **1,912** | **206** | **1,323** |
| Puerto Rico | 32,956 | 7,714 | 1,912 | 206 | 1,323 |
| U.S. possessions, total | — | — | — | — | — |
| **Country not stated** | **787** | **349** | **437** | **—** | **349** |
| **DISC dividends** | **—** | **—** | **—** | **—** | **—** |
| **OPEC countries, total (included above)** | **23,720** | **10,254** | **3,148** | **113** | **1,988** |

¹ Less than $500

Note: The number of parent corporations which received income from or paid taxes to a specific country are identified in column 1. The data in columns 2–13 are not limited to amounts attributable to a specific country, i.e., if the number of parent corporations which received income from or paid taxes to more than one country, that corporation is included in (column 1) and the corporation's same aggregate data are included in ... taxes from all sources." When a corporation received income from or paid taxes to ... for columns 1–13 are not additive to the all geographic areas, total. However, the data in columns 14–66 are amounts for the specific country. The data ... not additive as data are present for only selected countries.

# Corporate Foreign Tax Credit, 1986: An Industry Focus

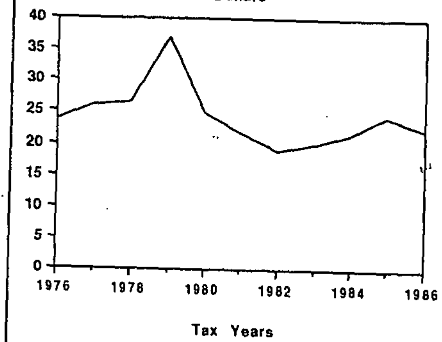
By Lissa Redmiles*

For 1986, U.S. corporations paid approximately $23.1 billion in taxes to foreign governments on over $65.8 billion of foreign-source taxable (net) income. Although only 4,506 corporations, 0.1 percent of the total number of corporations that filed U.S. income tax returns, claimed a foreign tax credit, the amount they claimed for 1986 reduced the total U.S. corporation income tax liability by $22.3 billion, or by 23.2 percent [1]. The petroleum industry, with a total foreign tax credit exceeding $7 billion, accounted for 31.8 percent of the total credit.

Even though the total credit was 8.2 percent lower than the total foreign tax credit claimed for 1985, it was larger than the total foreign tax credit of any other year since 1980 (Figure A). A major factor behind the small increase in the foreign tax credit claimed between 1984 and 1986 was the relatively slow growth in foreign-source taxable income. Although corporate profits, as measured by total worldwide taxable income, increased 7 percent between 1984 and 1986, almost 90 percent of this increase resulted from the $16.1 billion growth of domestic-source taxable income [2, 3].

Figure A
Corporate Foreign Tax Credit, 1978-1986

Amounts in Billions of Dollars




## BACKGROUND

Congress established the foreign tax credit in 1918 to encourage foreign trade and investment by eliminating double taxation on foreign-source income [4]. Previously, they could only use these taxes as deductions to lower their U.S. taxable income. The law originally allowed U.S. corporations to reduce their U.S. tax liability by all of the income taxes they paid to other nations. The Revenue Act of 1921 restricted the amount that could be claimed as a credit against the U.S. tax liability to an amount equivalent to the U.S. tax on foreign-source taxable income. This was determined by taking the percentage of foreign-source taxable income to worldwide taxable income and applying it to the overall U.S. tax liability, before credits.

This limitation attempted to prohibit corporations from using their foreign taxes, which often reflected higher tax rates than those imposed by the United States, to offset their domestic tax liability. Nevertheless, corporations were still able to maximize their foreign tax credit by combining income from overseas investments, such as most interest-bearing investments, which, if taxed at all, were taxed at a low rate, with foreign-source income taxed at rates higher than the domestic rate, to increase the ratio used to compute the credit limit. To reduce such averaging across countries, from 1932 through 1961 taxpayers had to calculate their limitation on a per country basis. From 1961 to the repeal of the per country limitation in 1976, they could elect to use the overall limitation. However, the Revenue Act of 1962 required corporations to compute their foreign tax credit limitation separately for certain investment interest income. Although there have been other modifications to the foreign tax credit provisions, the guiding principle remains that of eliminating double taxation without reducing the total U.S. tax liability below the U.S tax rate.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

For 1986, U.S. corporations had to calculate separate foreign tax credit limitations for (1) certain investment income, (2) dividends received from an Interest Charge Domestic International Sales Corporation (IC-DISC) or former DISC (see Definitions section), (3) foreign trade income of a Foreign Sales Corporation (FSC) (see Definitions section), (4) distributions from a FSC or former FSC, and (5) all other income from sources outside the United States. The sum of the foreign tax credits for each income type comprised the total foreign tax credit that could be claimed. If the actual taxes paid, accrued, or deemed paid exceeded the limitation, the excess could be carried back 2 years and then carried forward for 5 years. Participation in, or cooperation with, an international boycott reduced the total foreign tax credit claimed for 1986 by $727,000.

## WORLDWIDE TAXABLE INCOME

The domestic economic recovery that started in 1983 continued through 1986, albeit at a slower pace. Worldwide taxable income for all U.S. industries increased 7 percent between 1984 and 1986, compared to 26.5 percent between 1982 and 1984. At $277.8 billion for 1986, worldwide taxable income was higher (in current dollars) than it had ever been during the 1980's but not quite as high as 1979 when it peaked at $280.2 billion.

Increases in domestic profits (as measured by domestic-source taxable income), particularly in the banking and insurance industries, fueled most of the growth between 1984 and 1986. (For a comparison between foreign-source and domestic-source taxable income for 1984 and 1986, see Figure B.)

Domestic-source taxable income for the banking industry recovered from a net loss of $493 million for 1984 (caused primarily by declines in the agriculture, petroleum and commercial real estate industries and losses on loans to third world countries) to a net gain of over $5 billion for 1986, as banks increased their loan-loss reserves, interest rates fell and consumer demand for loans grew [5]. In the insurance industry, 50 percent hikes in property and casualty insurance premiums ended the 6-year decline in profits caused by escalating liability claims [6]. This helped to explain the nearly 250 percent increase in domestic-source taxable income in this industry.

Foreign-source taxable income, during the same time, expanded by just 3.5 percent. Although it increased considerably (by over 76 percent) in the insurance industry, it fell by more than $1 billion (17.5 percent) in the banking industry.

Nevertheless, on a percentage basis, some industries experienced much more growth between 1984 and 1986 in their foreign-source taxable income than in their domestic-source taxable income. For example, within the electrical and electronic equipment manufacturing industries, foreign-source taxable income climbed 118 percent, from $2.5 to $5.5 billion, even though the total domestic-source taxable income fell by more than one third, from nearly $9 billion to $5.7 billion. Another example was the non-electrical machinery manufacturers. Foreign-source taxable income for this group rose 39.8 percent, to $9.6 billion, while domestic-source taxable income plummeted almost 85 percent, from $6.5 billion to less than $1.0 billion. There were similar patterns for the agriculture, forestry, and fishing; retail trade; and service industries. But, because the combined foreign-source taxable income for these industries was only about 3 percent of the total, the effect of these changes on the aggregate statistics was minimal.

**Figure B.—Domestic and Foreign Source Taxable Income, by Selected Industries, 1984 and 1986**

[Money amounts are in millions of dollars]

| Industry | Domestic-source taxable income | | | Foreign-source taxable income | | |
|---|---|---|---|---|---|---|
| | 1984 | 1986 | Percentage increase | 1984 | 1986 | Percentage increase |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All industries | $195,883 | $211,989 | 8.2% | $63,588 | $65,809 | 3.5% |
| Agriculture, forestry and fishing | 1,564 | 1,794 | 14.7 | 50 | 89 | 79.8 |
| Mining | 2,349 | 1,767 | -24.8 | 2,818 | 1,475 | -47.7 |
| Construction | 5,334 | 7,375 | 38.3 | 295 | 204 | -31.1 |
| Manufacturing | 88,328 | 69,454 | -21.4 | 45,583 | 48,809 | 7.1 |
| Food and kindred products | 7,718 | 8,221 | 6.5 | 1,784 | 2,030 | 13.8 |
| Chemicals and allied products | 10,098 | 12,895 | 27.7 | 6,294 | 7,744 | 23.0 |
| Petroleum (including integrated) and coal products | 9,147 | 2,508 | -72.6 | 19,131 | 16,000 | -16.4 |
| Machinery (except electrical) | 6,464 | 985 | -84.8 | 6,867 | 9,597 | 39.8 |
| Electrical and electronic equipment | 8,969 | 5,730 | -36.1 | 2,503 | 5,459 | 118.1 |
| Motor vehicles | 7,454 | 3,015 | -59.6 | 2,503 | 2,169 | -13.3 |
| Transportation and public utilities | 33,004 | 34,962 | 5.9 | 1,308 | 1,702 | 30.2 |
| Wholesale trade | 17,071 | 18,796 | 10.1 | 780 | 900 | 15.4 |
| Retail trade | 21,546 | 23,299 | 8.1 | 540 | 957 | 77.0 |
| Finance, insurance and real estate | 13,704 | 40,060 | 192.3 | 11,504 | 10,620 | -7.7 |
| Banking | -493 | 5,206 | na | 9,831 | 8,107 | -17.5 |
| Insurance | 4,070 | 14,115 | 246.8 | 913 | 1,611 | 76.4 |
| Services | 12,804 | 14,284 | 11.6 | 711 | 1,043 | 46.7 |



Despite the economic recovery that occurred after 1982, the foreign-source taxable income of the petroleum industry continued the rapid decline that began with the deterioration of the controlled prices of 1979 set by the Organization of Petroleum Exporting Countries (OPEC) (see Definitions section). As a result of severe drops in oil prices in 1986, it fell by $3.1 billion (16.4 percent) from its 1984 level, while domestic-source taxable income dropped by $6.6 billion (72.6 percent). Total foreign-source taxable oil and gas extraction income (see Definitions section) for all industries fell to $12.0 billion for 1986, 31 percent below 1984. The remainder of foreign-source taxable income for all industries rose by 16.5 percent.

Foreign-source taxable income comprised nearly a quarter of the total worldwide taxable income reported by all U.S. corporations. For the mining division, it was over 45 percent. Income from abroad comprised as much as 41 percent of the worldwide taxable income for manufacturing, but only 21 percent of the worldwide taxable income of the finance, insurance and real estate industries. The remaining industries earned only a small proportion of their worldwide taxable income overseas.

## FOREIGN TAXES

Changes between 1984 and 1986 in foreign taxes (see Definitions section) and the foreign tax credit claimed by each industry generally reflected the changes in foreign-source taxable income. In the finance, insurance and real estate industries, foreign taxes were up 31 percent even though foreign-source taxable income went down by about 8 percent, because taxes withheld on interest are generally withheld on gross income, which increased 19.6 percent, rather than on net or taxable income.

In most industries, almost all of the total foreign taxes could be claimed as a foreign tax credit (Figure C). The foreign tax credit claimed exceeded the current-year foreign taxes for some industries because corporations were permitted to carry forward to 1986 the taxes they paid in excess of their limitations for prior years.

## EFFECTIVE FOREIGN TAX RATES

U.S. corporations had approximately the same average tax rate, about 35 percent, on both their total worldwide and foreign-source taxable income. (The average foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income. The average U.S. tax is the ratio of U.S. income tax liability, after all credits except the foreign tax credit, to the U.S. income subject to tax). This U.S. rate was considerably less than the top corporate statutory rate of 46 percent for 1986.

The average U.S. and foreign tax rates for the agriculture, forestry and fishing; transportation and public utilities; and finance, insurance, and real estate industries were much lower than the averages for all industries while they were much higher for the mining and petroleum industries due to the high tax rates generally imposed on oil and gas extraction income (Figure D).

In many industries the foreign average rate was considerably lower than the U.S. rate. For example, in the finance, real estate, and insurance industries the U.S. rate

**Figure C.—Corporations Claiming a Foreign Tax Credit: Current-Year Foreign Taxes and Foreign Tax Credit by Industry Group, 1986**

[Money amounts are in millions of dollars]

| Industry group | Current-year foreign taxes | Foreign tax credit |
|---|---|---|
| All industries | $23,103 | $22,261 |
| Agriculture, forestry and fishing | 16 | 13 |
| Mining | 832 | 619 |
| Construction | 76 | 82 |
| Manufacturing | 18,803 | 18,094 |
| Petroleum (including integrated and coal products) | 7,081 | 7,071 |
| Transportation and public utilities | 224 | 232 |
| Wholesale trade | 304 | 290 |
| Retail trade | 373 | 352 |
| Finance, insurance and real estate | 2,180 | 2,262 |
| Services | 294 | 317 |

**Figure D.—Corporations Claiming a Foreign Tax Credit: Effective Tax Rates on Foreign-Source Taxable Income by Industry Group, 1986**

| Industry group | Foreign effective tax rate [1] | Worldwide U.S. effective tax rate [2] |
|---|---|---|
| All Industries | 35.1% | 34.6% |
| Agriculture, forestry and fishing | 17.5 | 25.9 |
| Mining | 56.4 | 40.5 |
| Construction | 37.4 | 29.9 |
| Manufacturing | 38.5 | 37.2 |
| Petroleum (including integrated) and coal products | 44.3 | 42.0 |
| Transportation and public utilities | 13.1 | 30.6 |
| Wholesale trade | 33.8 | 37.7 |
| Retail trade | 39.0 | 34.5 |
| Finance, insurance and real estate | 20.5 | 33.4 |
| Services | 28.2 | 27.3 |

[1] The effective foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income.

[2] The effective worldwide U.S. tax rate is the ratio of U.S. income tax after all credits except the foreign tax credit to U.S. income subject to tax.

was 33.4 percent while the foreign rate, since many countries have low withholding rates on interest income, was only 20.5 percent. Transportation and public utilities had a U.S. tax rate of 30.6 but a foreign rate of only 13.1, possibly because some of the income earned by this industry is tax exempt in other countries.

## INDUSTRY COMPOSITION OF THE TOTAL FOREIGN TAX CREDIT

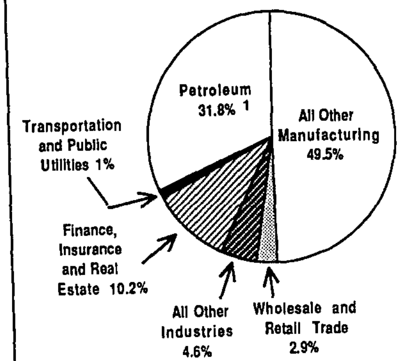
Since some industries earn more of their income abroad than others, the distribution by industry of the total foreign tax credit claimed for 1986, $22.3 billion, does not resemble the industry distribution of the total U.S. income tax liability (Figure E). For instance, the manufacturing industries claimed 81.3 percent of the total foreign tax credit and 74.2 percent of the total foreign-source taxable income, but they accounted for less than 46 percent of the total U.S. income tax (and 32.8 percent of the total domestic-source taxable income). The industries which had a relatively high share of the total U.S. income tax, such as finance, real estate, and insurance; transportation and public utilities; and wholesale and retail trade, claimed only a small percentage of the total foreign tax credit.

The petroleum industry (a subset of the manufacturing category) was the most dominant. It accounted for less than 1 percent of the total returns claiming a foreign tax credit for 1986, yet these returns accounted for 31.8 percent of the total foreign tax credit and 24.3 percent of the total foreign-source taxable income. This industry was responsible for only 8.1 percent of the total U.S. income tax liability before all credits except the foreign tax credit, and constituted not quite 1.2 percent of the total domestic-source taxable income. The foreign tax credit reduced the total U.S. tax liability of petroleum companies by over $7 billion, a 91 percent reduction, from $7,778 million to $707 million. The major factors which contributed to the size of the foreign tax credit in the petroleum industry were the relatively high foreign tax rates and the fact that income from foreign sources accounted for over 86 percent of the worldwide taxable income of petroleum companies.

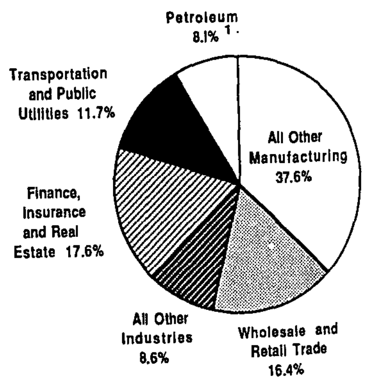
## GROSS INCOME AND TAXES BY INCOME TYPE

Total foreign-source gross income, excluding branch and specially allocable income, (see Definitions section) rose 9 percent from 1984 to 1986, to $93.5 billion. (As taxpayers are only required to report net branch and specially allocable income, these will be discussed in a separate section.) Most of this increase occurred in dividends, dividend gross-up (see Definitions section),

Figure E
**Industry Composition of the Corporate Foreign Tax Credit, 1986**




Total Foreign Tax Credit: $22.3 Billion




Total U.S. Income Tax, before the Foreign Tax Credit:[2] $96.2 Billion

[1]Petroleum includes integrated and coal products.
[2]Income tax after all credits except the foreign tax credit.



net capital gains, and rents, royalties and licensing fees.

Total gross income from dividends increased 23.8 percent, to $25.8 billion, while income from dividend gross-up grew 21.0 percent, to $14.6 billion. With the fall of the dollar against most major foreign currencies in 1985, foreign stocks became more profitable, contributing to a 400 percent leap in net capital gains income, from $0.8 to $3.9 billion [7]. Rents, royalties, and licensing fees expanded 21.2 percent to $11.9 billion. In contrast, total gross interest income rose only from $17.7 to $18.6 billion, or 5.3 percent, while total gross income from the performance of services increased about 4 percent, to $6.4 billion. All other gross income, which includes sales and partnership income, declined by 32.2 percent, to $12.3 billion.

Overall, the composition of total gross income was slightly different between 1984 and 1986. Dividends and dividend gross-up (combined) still comprised the largest percentage of total gross income, 43.2 percent; but interest income, with 20 percent of the total, was second. Other income (13.1 percent) was third followed by rents, royalties, and licensing fees (12.7 percent); service income (6.8 percent), and net capital gains (4.2 percent).

The type of income reported demonstrates the ways in which U.S. corporations conduct their foreign business activities. If they establish unincorporated foreign branches to carry out their foreign operations, their income would be reported as branch taxable income but if they establish controlled foreign corporations (see Definitions section) their income would be reported as dividends and dividend gross-up. If, however, U.S. corporations choose to conduct their foreign business through direct transactions with related foreign corporations or unrelated entities, their income would appear as gross income, usually as interest; rents, royalties and licensing fees; service or other income.

The high percentage (59.4) of dividends and dividend gross-up to total foreign-source gross income for manufacturing corporations confirms that these corporations operate primarily through foreign subsidiaries. Corporations which produce non-electrical machinery also earn a significant proportion, 42 percent, of their income from rents, royalties and licensing fees, which suggests that these corporations may operate to a certain extent by leasing or licensing their machinery abroad to foreign subsidiaries and unrelated entities.

A large proportion of the gross income of the construction; transportation and public utilities; and agriculture, forestry and fishing industries was from the performance of services while corporations engaged primarily in finance, insurance, or real estate activities, received most of their foreign gross income from interest. Mining, and wholesale and retail trade are the only industries which have a significant share of income reported as other income (Figure F).

The proportion of total foreign taxes paid or accrued on interest and on income from the performance of services is less than the corresponding proportion of foreign gross income, while the percentage of total taxes paid or accrued on other income exceeds the percentage of total gross income reported as other income (Figure G) [8].

One reason why interest income was 20 percent of the total foreign gross income but taxes on interest income were only 15 percent of the total taxes paid or accrued is the low foreign tax rates on interest income in certain countries as well as the numerous tax treaties between the United States and other countries which have established a zero tax rate on this particular income type.

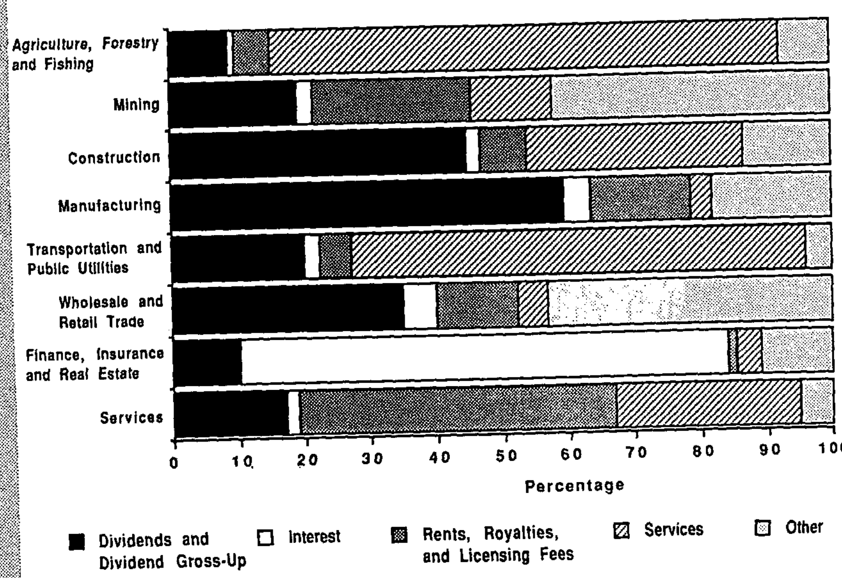
## BRANCH AND SPECIALLY ALLOCABLE INCOME

Income from foreign branches comprised 14.4 percent of total foreign taxable income for 1986, compared to nearly 23 percent for 1984. Between 1984 and 1986 branch income fell 34.7 percent, from $14.5 billion to $9.5 billion.

The banking and petroleum manufacturing industries were more likely than other industries to operate through foreign branches. The banking industry, which historically makes its foreign loans through branches rather than through subsidiaries, derived 48.2 percent of its total foreign taxable income from branch activities. The $2.6 billion decrease in branch income for the petroleum industry accounted for half of the fall in total foreign branch income while the $2.1 billion drop in branch income in the banking industry was responsible for 41.4 percent. However, total foreign gross income (exclusive of branch income) of the banking industry rose between 1984 and 1986.

Specially allocable Code section 863(b) income (see Definitions section), which constituted 2.9 percent of the total foreign-source taxable income for 1986, also fell from 1984 to 1986, from $2.4 billion to $1.9 billion, a drop of 19 percent. The manufacturing industries, especially producers of motor vehicles and nonelectrical machinery, earned most of this income.

Figure F
**Total Gross Income by Industrial Division and Income Type, 1986[1]**




[1]Of Corporations claiming a Foreign Tax Credit. Excludes branch and specially allocable income.

## SUMMARY

The foreign tax credit rose from $21.4 billion for 1984 to $24.3 billion for 1985 before falling to $22.3 billion for 1986. Worldwide taxable income, however, increased steadily, from $259.5 billion for 1984 to $277.8 billion for 1986, reflecting domestic economic growth as evidenced by the expansion of domestic-source taxable income.

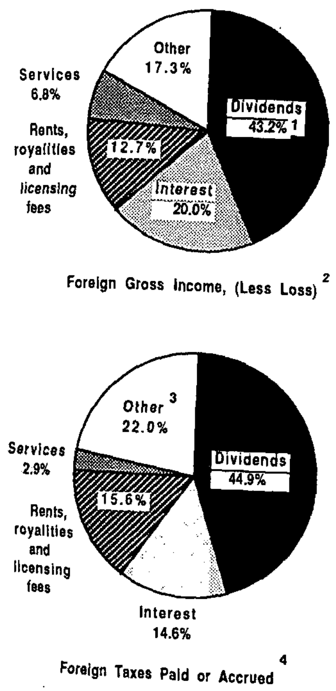
Foreign-source taxable income for all industries grew 3.5 percent between 1984 and 1986. It declined in the mining; construction; and finance, insurance, and real estate industrial divisions but rose in all others. Total foreign taxes paid and the foreign tax credit claimed also dropped in mining and construction but grew in finance, insurance, and real estate industries. They also declined in the transportation and public utilities.

The decrease of income and taxes paid in the petroleum and related industries is responsible for most of the decline in the income and taxes reported for the manufacturing and mining industrial divisions. Foreign-source taxable income reported by petroleum companies fell by 16.4 percent, or $3.1 billion, while their total foreign taxes declined 29 percent. However, the petroleum industry still claimed the largest portion, 31.8 percent, of the total foreign tax credit claimed for 1986.

Gross income, excluding branch and specially allocable income, from dividends, dividend gross-up, rents, royalties, and licensing fees; and from the performance of services, and net capital gains increased between 1984 and 1986 while other gross income declined. Taxes on branch income decreased significantly between



Figure G
Corporations Claiming A Foreign Tax Credit: Foreign Gross Income and Taxes, by Income Type, 1986




1 Includes dividend gross-up.
2 Excludes branch and specially allocable income.
3 Includes taxes on specially allocable income.
4 Excludes taxes paid on branch income.

and 1986. For 1986, it constituted only 14.4 percent of the total foreign-source taxable income, compared to nearly 23 percent of the foreign-source taxable income for 1984 [9, 10].

## DATA SOURCES AND LIMITATIONS

The 1986 data presented in this article were derived from returns in the corporation Statistics of Income sample with an accounting period ending between July 1986 and June 1987 and with a foreign tax credit. The corporate sample included approximately 85,100 returns chosen after Internal Revenue Service administrative processing but before audit examination from the approximately 3.4 million active corporation income tax returns filed for Tax Year 1986. Because some returns with foreign tax credits that were included in the 100 percent sample class for this study had arrived too late to be included in the regular corporate statistics, there are slight differences between the statistics presented here and those previously published in *Statistics of Income–1986, Corporation Income Tax Returns*. Estimates for these returns, however, were included in the corporate statistics.

Sampling error is not considered to be a limitation of the data presented in this article inasmuch as all returns with $250 million or more in total assets were 100 percent sampled and these returns accounted for most of the data: they composed 95.1 percent of the total foreign-source taxable income, 95.6 percent of the total foreign tax credit and 98.3 percent of the total assets reported on returns with a foreign tax credit.

## GENERAL LIMITATIONS

The foreign tax credit is claimed under Code section 901 of the Internal Revenue Code. In accordance with the Internal Revenue Code, corporations file the foreign income and tax data on Form 1118 that support the foreign tax credit claimed on the corporate return, Form 1120. The statistics in this article were based on the information reported on Forms 1118. Therefore, they do not reflect adjustments made during audit examination, which finally determines the acceptability of the foreign income and taxes reported. Some corporations file preliminary data only because complete information on their foreign operations is often not available when they file their U.S. income tax return.

Foreign income and taxes are underreported in this article to the extent that they were not reported on Form 1118. Some corporations did not file the form because they had no U.S. income tax to report and consequently no foreign tax credit to claim. Others chose to deduct their foreign taxes from their gross income instead of taking the credit, while some corporations simply failed to file the Form 1118 to support the foreign tax credit they claimed on their corporate return. The amount of foreign income and taxes attributable to these returns is considered to be minimal.

## DEFINITIONS

*Interest Charge Domestic International Sales Corporations* are corporations primarily engaged in the sale of U.S. exports. Most income from these corporations is generally not taxed until it has been distributed to a parent corporation in the form of dividends.

*Foreign Sales Corporations* are corporations established mainly to sell the U.S. exports of a U.S. parent corporation. Part of their foreign trade income is tax exempt. Congress imposed a separate foreign tax credit limitation on the foreign taxes paid on this type of income in 1985.

*Industry* in this article refers to the industrial classifications determined under the 1974 Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Management and Budget. The underlying Standard Industrial Classification was that for 1972, as revised in 1977.

*Petroleum industry* (unless otherwise stated) refers to the integrated petroleum industry; that is, all corporations primarily engaged in extraction, or refining, and marketing of crude petroleum.

*The Organization of Petroleum Exporting Countries (OPEC)* is an oil cartel which includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

*Foreign taxes* (unless otherwise stated) refers to current-year foreign taxes, which are withholding taxes on dividends, interest, rents, royalties and licensing fees; taxes directly paid or accrued on income from partnerships, services or other income or on foreign branch profits; or taxes deemed paid. The latter are a proportion of the taxes paid on the profits of a related foreign corporation (and its subsidiaries) from which a U.S. parent corporation receives dividends.

*Specially allocable income under Code section 863(b)* is that income which has been earned partially within and partially without the United States, usually from producing in the United States and selling abroad or vice versa, or by transportation, telegraph or cable services.

*Controlled Foreign Corporations (CFC's)* are corporations established outside the United States, more than 50 percent of whose voting stock of all classes of stock was owned by U.S. persons on any day of the taxable year of the CFC.

*Dividend gross-up* is income associated with dividends received or constructively received from a controlled foreign corporation and is equivalent to the tax deemed paid.

*Foreign oil and gas extraction income* is income associated with the extraction of minerals from oil and gas. The amount of taxes on this income that could be used as part of the foreign tax credit is restricted to the highest U.S. rate of corporate tax, 46 percent for 1986.

## NOTES AND REFERENCES

[1] Total U.S. income tax liability, unless otherwise stated, refers to total U.S. income tax, after all credits except the foreign tax credit. For a more detailed explanation of this definition, see *Statistics of Income Bulletin*, Spring 1987, p. 13-14.

[2] Domestic-source taxable income is calculated by subtracting the foreign-source taxable income reported on Form 1118 from the worldwide taxable income (total U.S. income subject to tax, reported on Form 1120). Because not all foreign-source income is reported on Form 1118, statistics for foreign-source and domestic-source taxable income are estimates. See "Data Sources and Limitations."

[3] The 1986 data are compared to 1984 because detailed Form 1118 data on foreign income and taxes are not available for 1985.

[4] For additional information about the foreign tax credit, see McDaniel, Paul R. and Hugh J. Ault, *Introduction to United States International Taxation*, Kluwer, 1977; and Owens, Elizabeth A., *The Foreign Tax Credit, A Study of the Credit for Foreign Taxes under United States Income Tax Law*, Harvard Law School, 1961.

[5] Frederick H. Schultz, "Why the Banking System is Getting Stronger," *Fortune*, July 7, 1986, p. 37.

[6] Richard Morais, "Insurance," *Forbes*, January 13, 1986, p. 170.

[7] J. Templeman, "Hitching a Ride on the High-flying Overseas Markets," *Business Week*, December 1985, p. 114.

[8] The percentage of other taxes paid to total taxes paid exceeds the percentage of gross other income to total gross income partly because other taxes includes taxes on Section 863(b) income.

[9] A future issue of the *Statistics of Income Bulletin* will present the foreign income and taxes data for 1986 by geographical classifications.



[10] These statistics do not include taxes in excess of the limitation that have been carried back to 1986 since these taxes will be reported on amended returns and not were available at the time this article was written.

## EXPLANATORY TABLE NOTES

The data for the following tables are tabulated from the Forms 1120 and 1118 (See Data Sources and Limitations).

For Table 1, the rows are the major industrial divisions (see definition of "industry" in the Definitions section above). Columns 1 through 16 are amounts reported on Form 1120 while the remaining columns are amounts reported on the Form 1118. Columns 18 through 25 reveal the distribution of total foreign gross income across different types of income and sum to column 17 [1]. Gross branch and specially allocable income are not included in this section because taxpayers were required to report only taxable or net income for these two income types prior to the 1986 Tax Reform Act. Foreign oil and gas extraction gross income appears in columns 27 through 31 and adds to the total in column 26. These amounts are also included in the foreign gross income on columns 17 through 25. Columns 32 through 44 contain deductions from the gross income. They are divided into allocable, columns 33 through 37, and not directly allocable deductions, columns 38 through 41. Columns 33 and 38 are the totals, respectively, and sum to column 32. Columns 39 through 41 do not add to the total on column 38 because there are types of not allocable deductions other than research and development, interest, and general and administrative. Columns 42 through 44 are the deductions to oil and gas extraction income. These amounts are also included in the amounts on columns 32 through 41. Column 45, the total foreign-source taxable income equals column 17 minus column 32 plus columns 46 and 47. Column 48 equals column 17 minus column 32. Column 49 contains the adjustment necessary to derive the total foreign-source taxable income to be used in the calculation of the foreign tax credit limitation. Columns 54 through 62 are the foreign taxes paid, accrued, or deemed paid while columns 67 through 69 are the dividends and deemed paid taxes reported on Schedule C of the Form 1118.

The columns in Table 2 are identical to those in Table 1 but the rows are the different types of separate limitation incomes for which the taxpayer was required to file for 1986. The last row, foreign oil and gas extraction income, is also part of the fourth row, general limitation income.

[1] Columns and rows may not sum exactly due to rounding.

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Number of returns | Total assets | Total receipts | Dividends received from foreign corporations | Dividends received from IC-DISC's or former DISC's | Includable income of controlled foreign corporations | Foreign dividend income resulting from foreign taxes deemed paid (gross-up) | Net income (less deficit) |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All industries | 4,506 | 5,436,591,981 | 2,442,649,277 | 21,554,661 | 325,208 | 3,941,836 | 14,636,401 | 140,791,295 |
| Agriculture, forestry and fishing | 101 | 2,250,028 | 3,074,117 | 43,098 | 98 | 976 | 4,730 | 221,938 |
| Mining | 144 | 18,135,933 | 10,578,720 | 225,995 | — | 54,645 | 226,611 | 2,042,478 |
| Metal mining | *9 | *738,369 | *849,760 | *393 | — | — | *2,927 | *105,396 |
| Coal mining | 5 | 3,198,740 | 2,977,727 | — | — | — | — | 141,794 |
| Oil and gas extraction | 114 | 12,245,445 | 4,564,777 | 223,606 | — | 54,190 | 222,741 | 1,551,874 |
| Nonmetallic minerals, except fuels | *16 | *1,953,380 | *2,186,456 | *1,996 | — | *455 | *943 | *243,413 |
| Construction | 154 | 16,593,659 | 11,500,745 | 79,665 | 24 | 20,315 | 45,748 | 390,551 |
| General building contractors and operative builders | 80 | 4,706,097 | 4,244,370 | 22,474 | — | 7,439 | 13,184 | 80,841 |
| Heavy construction contractors | 19 | 11,461,261 | 6,316,073 | 52,114 | 24 | 12,876 | 28,497 | 281,642 |
| Special trade contractors | *54 | *426,302 | *940,301 | *5,077 | — | — | *4,067 | *28,067 |
| Manufacturing | 1,591 | 1,652,856,963 | 1,368,075,147 | 18,844,833 | 285,857 | 3,020,856 | 12,990,901 | 87,924,560 |
| Food and kindred products | 87 | 96,670,391 | 101,127,181 | 760,086 | 5,588 | 159,305 | 560,588 | 5,922,881 |
| Tobacco manufactures | 5 | 48,249,238 | 46,369,396 | 262,448 | 8,889 | 109,231 | 226,438 | 2,412,849 |
| Textile mill products | 24 | 11,230,426 | 13,027,749 | 46,277 | 131 | 8,094 | 22,826 | 564,203 |
| Apparel and other textile products | 43 | 7,905,450 | 7,804,911 | 3,766 | 22 | 9,536 | 3,019 | 655,925 |
| Lumber and wood products | *10 | *24,834,794 | *21,804,651 | *43,058 | *953 | *10,717 | *41,494 | *1,002,830 |
| Furniture and fixtures | 90 | 4,783,864 | 7,700,055 | 12,652 | 182 | 354 | 4,457 | 771,066 |
| Paper and allied products | 58 | 40,452,977 | 38,960,512 | 278,068 | 12,063 | 15,166 | 203,248 | 2,669,947 |
| Printing and publishing | 92 | 35,274,802 | 35,550,914 | 152,975 | 1,012 | 10,184 | 91,428 | 4,465,067 |
| Chemicals and allied products | 184 | 212,359,180 | 215,763,743 | 2,976,228 | 129,918 | 930,324 | 2,197,585 | 16,337,757 |
| Petroleum (including integrated) and coal products | 15 | 311,401,958 | 221,389,593 | 5,743,173 | 3,357 | 964,664 | 4,177,622 | 18,675,186 |
| Rubber and miscellaneous plastic products | *157 | 18,787,354 | 21,563,104 | 291,098 | 3,137 | 26,116 | 137,082 | 985,883 |
| Leather and leather products | 13 | 5,744,475 | 6,521,932 | 19,212 | 357 | 8,302 | 21,349 | 492,699 |
| Stone, clay and glass products | 45 | 48,705,651 | 27,621,733 | 332,353 | 3,709 | 16,172 | 173,175 | 2,404,693 |
| Primary metal industries | 31 | 43,362,139 | 23,245,278 | 177,727 | 2,780 | 79,072 | 118,858 | 915,301 |
| Fabricated metal products | 121 | 34,143,653 | 31,830,178 | 461,935 | 7,957 | 16,942 | 230,511 | 2,434,369 |
| Machinery, except electrical | 237 | 113,752,737 | 103,822,926 | 3,437,287 | 39,934 | 90,153 | 2,829,741 | 8,671,992 |
| Electrical and electronic equipment | 155 | 213,464,450 | 148,944,384 | 2,314,782 | 13,589 | 271,444 | 1,024,909 | 9,492,358 |
| Motor vehicles and equipment | 52 | 309,180,131 | 221,044,934 | 1,068,694 | 32,510 | 164,737 | 577,362 | 5,226,179 |
| Transportation equipment, except motor vehicles | 34 | 41,225,861 | 39,484,162 | 240,678 | 13,025 | 27,665 | 171,701 | 1,861,885 |
| Instruments and related products | 78 | 21,755,324 | 23,354,765 | 175,606 | 4,524 | 86,772 | 148,237 | 1,070,512 |
| Miscellaneous manufacturing products & manufacturing not allocable | 58 | 9,572,106 | 11,143,047 | 46,730 | 2,221 | 15,906 | 29,271 | 690,978 |
| Transportation and public utilities | 160 | 258,100,948 | 146,288,983 | 235,511 | 1,156 | 233,294 | 164,112 | 9,221,750 |
| Transportation | 122 | 37,156,243 | 30,265,040 | 93,982 | 138 | 51,854 | 31,055 | 1,149,118 |
| Communication | 19 | 145,874,163 | 87,904,841 | 130,183 | 846 | 144,627 | 115,921 | 5,365,575 |
| Electric, gas and sanitary services | 18 | 75,070,543 | 28,119,102 | 11,346 | 172 | 36,812 | 17,135 | 2,707,056 |
| Wholesale and retail trade | 719 | 228,590,902 | 339,012,482 | 733,117 | 5,444 | 155,257 | 440,615 | 9,962,491 |
| Wholesale trade | 604 | 59,287,685 | 132,168,795 | 356,873 | 5,069 | 38,640 | 150,196 | 3,307,278 |
| Groceries and related products | *25 | *536,016 | *2,099,304 | *809 | — | *49 | *9 | *54,686 |
| Machinery, equipment and supplies | 49 | 5,876,724 | 9,689,187 | 36,041 | 347 | 808 | 12,053 | 514,003 |
| Miscellaneous wholesale trade | 530 | 52,874,946 | 120,380,303 | 320,022 | 4,721 | 37,783 | 138,134 | 2,738,589 |
| Drugs, chemicals and allied products | 21 | 3,840,678 | 9,670,596 | 24,398 | 55 | 482 | 14,041 | 324,909 |
| Petroleum and petroleum products | 18 | 13,014,146 | 19,124,195 | 117,975 | 147 | 22,526 | 43,427 | 874,243 |
| Other miscellaneous wholesale trade | 491 | 36,020,122 | 91,585,512 | 177,649 | 4,519 | 14,774 | 80,665 | 1,539,436 |
| Retail trade | 115 | 169,303,217 | 206,843,687 | 376,244 | 375 | 116,618 | 290,419 | 6,655,213 |
| General merchandise stores | 11 | 122,660,041 | 112,294,417 | 101,881 | 54 | 93,617 | 61,261 | 3,556,867 |
| Food stores | 8 | 12,245,212 | 51,451,627 | 83,801 | — | 650 | 51,206 | 750,059 |
| Apparel and accessory stores | 7 | 6,728,465 | 11,562,929 | 1,495 | — | 991 | 202 | 645,569 |
| Eating and drinking places | 73 | 21,111,330 | 19,659,731 | 150,745 | 313 | 21,360 | 166,952 | 1,274,627 |
| Miscellaneous retail stores | 16 | 6,558,169 | 11,874,984 | 38,323 | 8 | — | 10,798 | 428,092 |
| Finance, insurance and real estate | 999 | 3,199,635,300 | 513,718,421 | 1,148,392 | 25,216 | 408,699 | 608,452 | 27,941,354 |
| Banking | 146 | 1,930,813,897 | 192,631,798 | 756,709 | 302 | 215,315 | 400,992 | 8,231,284 |
| Credit agencies other than banks | 58 | 138,412,457 | 23,460,681 | 69,183 | 15,596 | 28,218 | 29,123 | 1,109,651 |
| Security, commodity brokers and services | 113 | 280,565,610 | 27,803,199 | 25,980 | — | 10,641 | 7,178 | 2,457,994 |
| Insurance | 147 | 814,997,433 | 256,993,307 | 181,986 | 39 | 141,803 | 91,787 | 14,104,334 |
| Insurance agents, brokers and services | 56 | 11,042,041 | 4,666,480 | 50,814 | — | 11,326 | 37,369 | 634,241 |
| Real estate | 109 | 4,151,247 | 1,981,744 | 3,922 | 86 | 1,236 | 2,942 | 405,222 |
| Holding & other investment companies except bank holding companies | 370 | 19,652,615 | 6,181,211 | 59,798 | 9,194 | 159 | 39,061 | 998,627 |
| Services | 637 | 60,428,247 | 50,376,901 | 231,899 | 7,413 | 47,794 | 155,132 | 3,062,313 |
| Hotels and other lodging places | *29 | *4,983,609 | *3,587,233 | *52,382 | — | *18,207 | *17,630 | *405,656 |
| Personal services | 8 | 2,451,161 | 2,974,934 | 23,300 | — | 720 | 20,709 | 203,064 |
| Business services | 377 | 13,939,990 | 19,450,540 | 130,298 | 3,639 | 7,755 | 91,499 | 1,282,727 |
| Auto repair; miscellaneous repair services | *5 | *5,053,715 | *4,716,930 | *660 | — | — | — | *197,682 |
| Amusement and recreational services | 176 | 24,908,796 | 12,449,859 | 16,768 | 3,679 | 15,148 | 18,966 | 718,942 |
| Other services | 42 | 9,090,976 | 7,197,406 | 8,491 | 95 | 5,964 | 6,328 | 254,244 |

Footnotes at end of table.



## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Income subject to U.S. tax | U.S. income tax before credits: Total | U.S. income tax before credits: Regular and alternative tax | Foreign tax credit claimed | U.S. possessions tax credit | General business credit | Other credits | U.S. income tax after credits |
|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| All industries | 130,825,826 | 54,807,185 | 53,491,339 | 22,261,231 | 5,054 | 6,392,426 | 35,249 | 26,113,226 |
| Agriculture, forestry and fishing | 213,785 | 93,908 | 93,496 | 12,641 | — | 8,814 | — | 72,452 |
| Mining | 1,942,335 | 858,618 | 845,094 | 618,542 | — | 27,405 | 192 | 212,480 |
| Metal mining | *105,396 | *48,402 | *48,402 | *47,478 | — | — | — | *924 |
| Coal mining | 94,728 | 39,868 | 32,223 | 1,790 | — | 18,690 | 148 | 19,240 |
| Oil and gas extraction | 1,528,521 | 670,249 | 667,004 | 567,707 | — | 2,599 | 44 | 99,900 |
| Nonmetallic minerals, except fuels | *213,689 | *100,099 | *97,464 | *1,567 | — | *6,116 | — | *92,416 |
| Construction | 240,788 | 123,234 | 116,877 | 81,723 | — | 13,490 | — | 28,012 |
| General building contractors and operative builders | 48,266 | 32,150 | 31,648 | 21,039 | — | 4,655 | — | 6,456 |
| Heavy construction contractors | 165,026 | 79,554 | 73,748 | 55,982 | — | 8,045 | — | 15,526 |
| Special trade contractors | *27,497 | *11,530 | *11,481 | *4,702 | — | *798 | — | *6,030 |
| Manufacturing | 82,103,134 | 35,871,228 | 34,952,184 | 18,094,452 | 1,752 | 3,329,316 | 38,338 | 14,407,370 |
| Food and kindred products | 5,572,858 | 2,435,320 | 2,399,112 | 762,682 | — | 206,449 | 1,003 | 1,465,186 |
| Tobacco manufactures | 2,324,734 | 1,050,264 | 1,039,308 | 268,650 | — | 119,589 | — | 662,025 |
| Textile mill products | 555,860 | 255,486 | 247,023 | 29,499 | — | 42,904 | — | 183,082 |
| Apparel and other textile products | 650,177 | 297,778 | 297,538 | 7,401 | 332 | 4,551 | — | 285,493 |
| Lumber and wood products | *987,961 | *355,043 | *343,190 | *41,986 | — | *82,812 | — | *230,245 |
| Furniture and fixtures | 749,752 | 339,660 | 337,116 | 9,494 | — | 10,228 | — | 319,938 |
| Paper and allied products | 2,339,182 | 1,004,010 | 977,085 | 275,948 | — | 188,872 | — | 539,190 |
| Printing and publishing | 4,368,788 | 1,792,745 | 1,779,998 | 129,943 | — | 95,034 | — | 1,567,768 |
| Chemicals and allied products | 15,392,062 | 6,425,245 | 6,201,505 | 3,070,633 | 51 | 688,589 | 4,246 | 2,661,726 |
| Petroleum (including integrated) and coal products | 18,188,438 | 7,902,064 | 7,739,022 | 7,071,083 | — | 229,913 | 32,349 | 568,719 |
| Rubber and miscellaneous plastic products | 951,797 | 406,589 | 389,968 | 136,324 | — | 30,351 | 89 | 239,825 |
| Leather and leather products | 306,160 | 136,596 | 134,879 | 20,899 | 1,369 | 6,037 | — | 108,291 |
| Stone, clay and glass products | 2,207,894 | 964,564 | 940,655 | 229,511 | — | 124,913 | 2 | 610,138 |
| Primary metal industries | 708,294 | 295,032 | 289,022 | 119,105 | — | 67,017 | — | 108,909 |
| Fabricated metal products | 2,238,194 | 965,342 | 953,450 | 302,961 | — | 48,785 | 408 | 613,188 |
| Machinery, except electrical | 8,439,952 | 3,869,877 | 3,806,911 | 3,092,437 | — | 93,901 | — | 683,539 |
| Electrical and electronic equipment | 8,058,564 | 3,700,469 | 3,561,466 | 1,498,244 | — | 694,417 | — | 1,507,808 |
| Motor vehicles and equipment | 4,737,984 | 2,218,482 | 2,104,506 | 591,351 | — | 302,175 | 1 | 1,234,956 |
| Transportation equipment, except motor vehicles | 1,555,380 | 647,687 | 620,942 | 211,316 | — | 120,347 | — | 316,023 |
| Instruments and related products | 1,040,165 | 476,110 | 459,400 | 180,805 | — | 48,253 | 238 | 246,815 |
| Miscellaneous manufacturing products & manufacturing not allocable | 728,937 | 332,864 | 330,085 | 44,182 | — | 34,178 | — | 254,505 |
| Transportation and public utilities | 8,886,365 | 3,860,895 | 3,740,313 | 232,474 | — | 1,520,840 | 1,367 | 2,106,214 |
| Transportation | 1,044,811 | 415,657 | 393,224 | 58,258 | — | 178,190 | 49 | 179,159 |
| Communication | 5,135,485 | 2,257,335 | 2,176,500 | 154,343 | — | 940,207 | — | 1,162,784 |
| Electric, gas and sanitary services | 2,706,069 | 1,187,903 | 1,170,588 | 19,872 | — | 402,443 | 1,317 | 764,271 |
| Wholesale and retail trade | 9,623,141 | 4,084,701 | 4,015,277 | 641,899 | 2,998 | 443,425 | 154 | 2,996,225 |
| Wholesale trade | 3,159,088 | 1,368,428 | 1,348,146 | 290,030 | — | 76,338 | 154 | 1,001,908 |
| Groceries and related products | *54,059 | *17,356 | *16,605 | *267 | — | *18 | *154 | *16,918 |
| Machinery, equipment and supplies | 455,263 | 179,285 | 173,465 | 22,584 | — | 22,377 | — | 134,324 |
| Miscellaneous wholesale trade | 2,649,767 | 1,171,787 | 1,158,077 | 267,180 | — | 53,943 | — | 850,664 |
| Drugs, chemicals and allied products | 306,521 | 134,652 | 133,366 | 20,306 | — | 2,754 | — | 111,591 |
| Petroleum and petroleum products | 866,989 | 394,619 | 393,646 | 143,748 | — | 11,402 | — | 239,469 |
| Other miscellaneous wholesale trade | 1,476,257 | 642,516 | 631,064 | 103,125 | — | 39,787 | — | 499,604 |
| Retail trade | 6,464,053 | 2,716,273 | 2,667,130 | 351,868 | 2,998 | 367,087 | — | 1,994,319 |
| General merchandise stores | 3,433,697 | 1,419,804 | 1,402,461 | 97,171 | — | 213,160 | — | 1,109,473 |
| Food stores | 732,982 | 288,394 | 278,819 | 61,364 | 2,998 | 43,292 | — | 180,740 |
| Apparel and accessory stores | 600,833 | 276,611 | 275,701 | 4,122 | — | 4,352 | — | 268,137 |
| Eating and drinking places | 1,260,160 | 530,500 | 510,900 | 176,898 | — | 94,637 | — | 258,966 |
| Miscellaneous retail stores | 436,381 | 200,964 | 199,249 | 12,315 | — | 11,646 | — | 177,003 |
| Finance, insurance and real estate | 24,915,927 | 8,650,940 | 8,488,561 | 2,262,119 | 303 | 809,846 | -5,570 | 5,584,242 |
| Banking | 7,566,724 | 3,008,333 | 2,917,677 | 1,769,609 | — | 396,914 | — | 841,809 |
| Credit agencies other than banks | 979,931 | 440,454 | 435,968 | 116,709 | — | 30,256 | — | 293,490 |
| Security, commodity brokers and services | 2,144,746 | 870,192 | 859,668 | 42,567 | — | 210,500 | 4 | 617,120 |
| Insurance | 12,332,627 | 3,624,434 | 3,585,465 | 235,839 | 303 | 125,162 | -5,576 | 3,268,706 |
| Insurance agents, brokers and services | 626,967 | 279,307 | 277,989 | 43,746 | — | 6,791 | (1) | 228,770 |
| Real estate | 392,334 | 126,371 | 117,075 | 6,709 | — | 1,585 | — | 118,077 |
| Holding & other investment companies except bank holding companies | 872,598 | 301,848 | 294,719 | 46,941 | — | 38,637 | 1 | 216,269 |
| Services | 2,881,261 | 1,254,137 | 1,230,737 | 317,281 | — | 239,281 | 768 | 696,806 |
| Hotels and other lodging places | *386,830 | *146,753 | *141,778 | *39,023 | — | *8,089 | — | *99,642 |
| Personal services | 196,211 | 86,941 | 86,256 | 22,763 | — | 9,000 | — | 55,178 |
| Business services | 1,204,204 | 548,738 | 540,093 | 138,237 | — | 45,147 | 768 | 364,587 |
| Auto repair; miscellaneous repair services | *188,317 | *83,985 | *83,960 | *558 | — | *46,545 | — | *36,881 |
| Amusement and recreational services | 660,518 | 283,823 | 278,816 | 100,275 | — | 104,090 | — | 79,457 |
| Other services | 245,180 | 103,897 | 99,833 | 16,426 | — | 26,409 | — | 61,062 |

Footnotes at end of table

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | | | | |
| | Total | Dividends | Dividend gross-up | Interest | Rents, royalties and license fees | Service income | Net capital gain | Partnership income | Other income |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) |
| All industries | 93,530,645 | 25,789,233 | 14,635,179 | 18,670,536 | 11,901,161 | 6,372,908 | 3,900,464 | 120,416 | 12,140,747 |
| Agriculture, forestry and fishing | 531,190 | 42,126 | 4,730 | 5,182 | 28,417 | 409,463 | 73 | 18 | 41,181 |
| Mining | 2,626,853 | 279,561 | 226,611 | 62,018 | 630,501 | 321,364 | -870 | -7,171 | 1,114,839 |
| Metal mining | *423,336 | *393 | *2,927 | *10,981 | *788 | *314,298 | — | — | *93,949 |
| Coal mining | 49,655 | — | — | 4,276 | 1,451 | — | — | — | 43,929 |
| Oil and gas extraction | 2,147,458 | 276,721 | 222,741 | 45,947 | 628,181 | 6,790 | -2,704 | -7,171 | 976,952 |
| Nonmetallic minerals, except fuels | *6,404 | *2,447 | *943 | *813 | *81 | *276 | *1,834 | — | *9 |
| Construction | 303,462 | 90,256 | 45,748 | 6,043 | 21,220 | 99,460 | 3,712 | 27,606 | 9,417 |
| General building contractors and operative builders | 122,630 | 29,913 | 13,184 | 2,469 | 4,209 | 65,446 | 2,879 | -279 | 4,809 |
| Heavy construction contractors | 147,393 | 55,270 | 28,497 | 3,066 | 16,988 | 11,847 | 833 | 27,884 | 3,006 |
| Special trade contractors | *33,439 | *5,073 | *4,067 | *508 | *23 | *22,167 | — | — | *1,601 |
| Manufacturing | 59,317,598 | 22,226,131 | 12,989,791 | 2,364,414 | 9,157,558 | 1,830,261 | 3,038,153 | 38,700 | 7,672,589 |
| Food and kindred products | 2,155,316 | 853,557 | 560,589 | 145,544 | 367,042 | 28,602 | 96,562 | 11,871 | 91,548 |
| Tobacco manufactures | 920,266 | 297,730 | 226,438 | 39,055 | 218,698 | 6,057 | 54,563 | 1,539 | 76,185 |
| Textile mill products | 111,191 | 48,804 | 22,825 | 7,318 | 20,181 | 6,669 | 3,918 | 302 | 1,174 |
| Apparel and other textile products | 54,476 | 13,185 | 3,019 | 551 | 37,034 | 261 | 7 | 79 | 339 |
| Lumber and wood products | *123,917 | *53,776 | *41,494 | *13,341 | *1,197 | *883 | — | *1 | *13,225 |
| Furniture and fixtures | 46,399 | 11,230 | 4,456 | 1,377 | 7,015 | 4,026 | 16,180 | — | 2,115 |
| Paper and allied products | 927,078 | 292,297 | 203,248 | 32,486 | 233,175 | 6,727 | 124,975 | 319 | 33,851 |
| Printing and publishing | 579,190 | 156,672 | 91,424 | 40,830 | 115,623 | 79,612 | 6,399 | 10,069 | 78,561 |
| Chemicals and allied products | 10,187,367 | 4,297,233 | 2,197,589 | 315,514 | 1,406,010 | 191,449 | 408,445 | 5,777 | 1,365,349 |
| Petroleum (including integrated) and coal products | 18,941,529 | 7,274,064 | 4,177,618 | 867,807 | 161,874 | 569,770 | 949,959 | 12,286 | 4,928,152 |
| Rubber and miscellaneous plastic products | 616,033 | 302,770 | 135,964 | 5,264 | 81,000 | 66,555 | -737 | 135 | 25,082 |
| Leather and leather products | 68,585 | 25,705 | 21,349 | 1,852 | 8,972 | 5,537 | 298 | — | 4,872 |
| Stone, clay and glass products | 771,037 | 330,100 | 173,175 | 10,486 | 112,709 | 10,726 | 3,954 | 2,156 | 127,730 |
| Primary metal industries | 673,470 | 273,259 | 118,854 | 12,042 | 165,152 | 25,949 | 6,226 | -568 | 72,556 |
| Fabricated metal products | 956,812 | 428,748 | 230,512 | 25,549 | 113,124 | 37,580 | 67,707 | -10,276 | 63,867 |
| Machinery, except electrical | 11,697,742 | 3,383,443 | 2,829,754 | 205,688 | 4,929,587 | 100,263 | 32,105 | 2,569 | 214,335 |
| Electrical and electronic equipment | 6,486,951 | 2,534,174 | 1,024,914 | 274,871 | 699,676 | 479,353 | 1,147,123 | -434 | 327,274 |
| Motor vehicles and equipment | 2,324,715 | 1,027,111 | 577,362 | 233,365 | 182,194 | 81,518 | 49,836 | 2,826 | 170,503 |
| Transportation equipment, except motor vehicles | 814,954 | 328,585 | 171,701 | 78,706 | 40,449 | 110,774 | 68,621 | — | 16,118 |
| Instruments and related products | 687,562 | 234,013 | 148,235 | 36,842 | 207,804 | 16,118 | 20 | 47 | 44,484 |
| Miscellaneous manufacturing products & manufacturing not allocable | 173,008 | 59,675 | 29,271 | 15,925 | 49,043 | 1,831 | 1,994 | — | 15,269 |
| Transportation and public utilities | 2,961,694 | 428,294 | 164,110 | 70,807 | 138,956 | 2,046,139 | 18,184 | 19,283 | 75,921 |
| Transportation | 774,805 | 112,924 | 31,053 | 31,547 | 9,445 | 572,421 | 9,928 | 1,169 | 6,317 |
| Communication | 2,103,690 | 267,387 | 115,921 | 37,658 | 126,347 | 1,473,073 | 8,249 | 18,114 | 56,940 |
| Electric, gas and sanitary services | 83,200 | 47,983 | 17,135 | 1,602 | 3,164 | 645 | 7 | — | 12,664 |
| Wholesale and retail trade | 3,721,614 | 867,938 | 440,615 | 191,409 | 457,892 | 162,284 | 107,644 | 482 | 1,493,350 |
| Wholesale trade | 2,497,228 | 381,510 | 150,195 | 116,804 | 330,437 | 103,300 | 77,571 | 1,103 | 1,336,308 |
| Groceries and related products | *2,329 | *809 | *9 | *677 | *148 | — | — | — | *686 |
| Machinery, equipment and supplies | 109,416 | 35,524 | 12,052 | 7,498 | 21,769 | 4,964 | 6,668 | 30 | 20,911 |
| Miscellaneous wholesale trade | 2,385,483 | 345,177 | 138,134 | 108,629 | 308,521 | 98,337 | 70,903 | 1,072 | 1,314,711 |
| Drugs, chemicals and allied products | 246,695 | 24,880 | 14,041 | 2,085 | 9,587 | 724 | 37 | — | 195,339 |
| Petroleum and petroleum products | 595,917 | 178,580 | 43,427 | 5,093 | 260,140 | — | -13 | — | 108,689 |
| Other miscellaneous wholesale trade | 1,542,872 | 141,717 | 80,665 | 101,450 | 38,793 | 97,612 | 70,878 | 1,072 | 1,010,683 |
| Retail trade | 1,224,386 | 486,428 | 290,420 | 74,605 | 127,455 | 58,984 | 30,073 | -621 | 157,042 |
| General merchandise stores | 480,443 | 191,112 | 61,262 | 51,589 | 6,966 | 55,549 | -296 | 1 | 114,261 |
| Food stores | 179,860 | 84,451 | 51,206 | 765 | 22,375 | — | 203 | — | 20,880 |
| Apparel and accessory stores | 25,839 | 2,486 | 202 | 128 | 2,308 | — | 1,235 | — | 19,479 |
| Eating and drinking places | 457,638 | 170,251 | 166,952 | 22,015 | 93,202 | 3,178 | 316 | -622 | 2,346 |
| Miscellaneous retail stores | 80,605 | 38,128 | 10,798 | 109 | 2,604 | 257 | 28,615 | — | 96 |
| Finance, insurance and real estate | 21,559,140 | 1,572,343 | 608,343 | 15,921,461 | 270,511 | 802,632 | 715,723 | 11,451 | 1,656,675 |
| Banking | 15,895,500 | 935,731 | 400,992 | 13,398,257 | 202,066 | 112,733 | 265,673 | 3,340 | 576,708 |
| Credit agencies other than banks | 1,868,099 | 170,820 | 29,123 | 829,912 | 29,364 | 260,771 | 64,810 | 333 | 482,966 |
| Security, commodity brokers and services | 392,295 | 33,264 | 7,178 | 291,800 | 5,708 | 49,120 | — | 4,894 | 331 |
| Insurance | 2,979,360 | 307,621 | 91,787 | 1,364,449 | 17,487 | 255,148 | 367,958 | 891 | 574,020 |
| Insurance agents, brokers and services | 202,867 | 60,425 | 37,372 | 23,237 | 6,378 | 68,937 | 2,109 | 607 | 3,801 |
| Real estate | 30,357 | 4,814 | 2,942 | 546 | 1,773 | 14,056 | — | 11 | 6,214 |
| Holding & other investment companies except bank holding companies | 190,664 | 59,669 | 38,949 | 13,259 | 7,735 | 41,868 | 15,173 | 1,375 | 12,634 |
| Services | 2,496,841 | 270,431 | 155,132 | 49,202 | 1,196,105 | 701,304 | 17,845 | 30,048 | 76,773 |
| Hotels and other lodging places | *132,785 | *64,331 | *17,630 | *778 | *35,413 | *12,002 | *65 | *430 | *2,137 |
| Personal services | 103,918 | 23,785 | 20,709 | 1,627 | 2,089 | 55,290 | — | 338 | 99 |
| Business services | 810,161 | 132,861 | 91,499 | 23,825 | 189,809 | 300,330 | 14,896 | 6,970 | 49,972 |
| Auto repair; miscellaneous repair services | *15,614 | — | — | *4,482 | *5,779 | *457 | — | — | *4,896 |
| Amusement and recreational services | 1,212,758 | 35,538 | 18,966 | 10,933 | 959,131 | 166,824 | — | 3,734 | 17,630 |
| Other services | 221,605 | 13,936 | 6,328 | 7,558 | 3,883 | 166,401 | 2,885 | 18,576 | 2,039 |

Footnotes at end of table.



## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Oil and gas extraction income (less loss) | | | | | | Deductions other than from branch operations and specially allocable income | |
| | Total | From extraction of oil or gas | From sale of business assets | Dividends from foreign corporations | Includable income of controlled foreign corporations | Partnership income | Total | Deductions allocable to specific types of income: Total |
| | (26) | (27) | (28) | (29) | (30) | (31) | (32) | (33) |
| All industries | 18,093,774 | 10,909,143 | 237,186 | 6,827,128 | 123,828 | -3,511 | 39,118,710 | 23,757,954 |
| Agriculture, forestry and fishing | — | — | — | — | — | — | 440,643 | 431,706 |
| Mining | 1,931,262 | 1,592,354 | -243 | 231,604 | 114,737 | -7,190 | 1,205,761 | 1,176,837 |
| Metal mining | — | — | — | — | — | — | *387,973 | *382,409 |
| Coal mining | — | — | — | — | — | — | 37,655 | 35,347 |
| Oil and gas extraction | 1,931,262 | 1,592,354 | -243 | 231,604 | 114,737 | -7,190 | 778,303 | 757,905 |
| Nonmetallic minerals, except fuels | — | — | — | — | — | — | *1,829 | *1,175 |
| Construction | — | — | — | — | — | — | 109,751 | 92,536 |
| General building contractors and operative builders | — | — | — | — | — | — | 64,731 | 57,075 |
| Heavy construction contractors | — | — | — | — | — | — | 23,074 | 14,149 |
| Special trade contractors | — | — | — | — | — | — | *21,946 | *21,312 |
| Manufacturing | 15,884,903 | 9,050,274 | 237,422 | 6,593,597 | — | 3,609 | 17,156,327 | 13,597,936 |
| Food and kindred products | — | — | — | — | — | — | 342,990 | 227,392 |
| Tobacco manufactures | — | — | — | — | — | — | 313,102 | 139,082 |
| Textile mill products | — | — | — | — | — | — | 21,003 | 12,762 |
| Apparel and other textile products | — | — | — | — | — | — | 9,288 | 6,493 |
| Lumber and wood products | — | — | — | — | — | — | *5,966 | *603 |
| Furniture and fixtures | — | — | — | — | — | — | 6,211 | 4,071 |
| Paper and allied products | — | — | — | — | — | — | 182,189 | 43,054 |
| Printing and publishing | — | — | — | — | — | — | 159,505 | 116,923 |
| Chemicals and allied products | 1,053,885 | 466,105 | — | 587,781 | — | — | 3,297,112 | 2,393,009 |
| Petroleum (including integrated) and coal products | 14,830,925 | 8,584,077 | 237,422 | 6,005,817 | — | 3,609 | 6,802,704 | 6,490,749 |
| Rubber and miscellaneous plastic products | — | — | — | — | — | — | 77,805 | 15,047 |
| Leather and leather products | — | — | — | — | — | — | 7,545 | 6,257 |
| Stone, clay and glass products | — | — | — | — | — | — | 162,263 | 93,420 |
| Primary metal industries | — | — | — | — | — | — | 276,888 | 163,178 |
| Fabricated metal products | — | — | — | — | — | — | 209,768 | 117,304 |
| Machinery, except electrical | — | — | — | — | — | — | 2,718,771 | 2,206,227 |
| Electrical and electronic equipment | 93 | 93 | — | — | — | — | 1,422,759 | 1,037,035 |
| Motor vehicles and equipment | — | — | — | — | — | — | 600,063 | 212,932 |
| Transportation equipment, except motor vehicles | — | — | — | — | — | — | 278,539 | 250,076 |
| Instruments and related products | — | — | — | — | — | — | 214,095 | 31,352 |
| Miscellaneous manufacturing products & manufacturing not allocable | — | — | — | — | — | — | 47,763 | 30,968 |
| Transportation and public utilities | 14,419 | 12,664 | 7 | 1,678 | — | 70 | 1,376,497 | 1,095,970 |
| Transportation | 70 | — | — | — | — | 70 | 599,077 | 545,907 |
| Communication | — | — | — | — | — | — | 753,357 | 533,103 |
| Electric, gas and sanitary services | 14,349 | 12,664 | 7 | 1,678 | — | — | 24,063 | 16,960 |
| Wholesale and retail trade | 257,080 | 247,740 | — | 249 | 9,091 | — | 2,015,194 | 1,495,117 |
| Wholesale trade | 257,080 | 247,740 | — | 249 | 9,091 | — | 1,654,524 | 1,305,820 |
| Groceries and related products | — | — | — | — | — | — | *680 | *633 |
| Machinery, equipment and supplies | — | — | — | — | — | — | 38,486 | 20,993 |
| Miscellaneous wholesale trade | 257,080 | 247,740 | — | 249 | 9,091 | — | 1,615,358 | 1,284,193 |
| Drugs, chemicals and allied products | — | — | — | — | — | — | 147,880 | 144,911 |
| Petroleum and petroleum products | 257,080 | 247,740 | — | 249 | 9,091 | — | 279,859 | 207,054 |
| Other miscellaneous wholesale trade | — | — | — | — | — | — | 1,187,618 | 932,227 |
| Retail trade | — | — | — | — | — | — | 360,670 | 189,297 |
| General merchandise stores | — | — | — | — | — | — | 254,301 | 147,950 |
| Food stores | | | | | | | 19,776 | 19,404 |
| Apparel and accessory stores | — | — | — | — | — | — | 12,867 | 12,825 |
| Eating and drinking places | — | — | — | — | — | — | 73,066 | 8,908 |
| Miscellaneous retail stores | — | — | — | — | — | — | 661 | 210 |
| Finance, insurance and real estate | 6,110 | 6,110 | — | — | — | — | 15,241,411 | 5,087,736 |
| Banking | — | — | — | — | — | — | 11,691,953 | 2,483,017 |
| Credit agencies other than banks | — | — | — | — | — | — | 1,659,250 | 977,772 |
| Security, commodity brokers and services | — | — | — | — | — | — | 147,976 | 63,474 |
| Insurance | 6,110 | 6,110 | — | — | — | — | 1,588,466 | 1,457,960 |
| Insurance agents, brokers and services | — | — | — | — | — | — | 74,564 | 47,224 |
| Real estate | — | — | — | — | — | — | 18,190 | 16,252 |
| Holding & other investment companies except bank holding companies | — | — | — | — | — | — | 61,014 | 42,038 |
| Services | — | — | — | — | — | — | 1,573,125 | 780,117 |
| Hotels and other lodging places | — | — | — | — | — | — | *52,844 | *21,020 |
| Personal services | — | — | — | — | — | — | 53,178 | 47,527 |
| Business services | — | — | — | — | — | — | 391,075 | 323,512 |
| Auto repair; miscellaneous repair services | — | — | — | — | — | — | *12,776 | *6,928 |
| Amusement and recreational services | — | — | — | — | — | — | 890,520 | 237,235 |
| Other services | — | — | — | — | — | — | 172,732 | 143,895 |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Deductions other than from branch operations and specially allocable income—Continued | | | | | | | |
| | Deductions allocable to specific types of income—Continued | | | | Deductions not allocable to specific types of income | | | |
| | Rental, royalty and licensing expenses | | Service expenses | Other deductions | Total | Research and development | Interest | General and administrative |
| | Depreciation, depletion and amortization | Other | | | | | | |
| | (34) | (35) | (36) | (37) | (38) | (39) | (40) | (41) |
| All industries | 318,003 | 973,931 | 2,877,092 | 19,588,927 | 15,360,756 | 83,188 | 5,307,304 | 1,926,676 |
| Agriculture, forestry and fishing | — | 283 | — | 431,423 | 8,937 | — | 6,937 | 1,901 |
| Mining | 75,249 | 325,938 | 172,006 | 603,644 | 28,924 | 9 | 3,270 | 77 |
| Metal mining | — | — | *168,955 | *213,454 | *5,564 | — | *38 | *66 |
| Coal mining | — | 1,079 | — | 34,268 | 2,308 | — | — | — |
| Oil and gas extraction | 75,249 | 324,859 | 3,051 | 354,747 | 20,398 | 9 | 3,233 | 11 |
| Nonmetallic minerals, except fuels | — | — | — | *1,175 | *654 | — | — | — |
| Construction | 5 | 1,383 | 83,033 | 8,115 | 17,216 | — | 446 | 4,418 |
| General building contractors and operative builders | — | — | 56,402 | 673 | 7,656 | — | 446 | 4,422 |
| Heavy construction contractors | 5 | 1 | 6,701 | 7,442 | 8,926 | — | — | — |
| Special trade contractors | — | *1,383 | *19,930 | — | *634 | — | — | *−4 |
| Manufacturing | 121,352 | 252,974 | 642,355 | 12,581,254 | 3,558,391 | 82,608 | 547,556 | 1,226,419 |
| Food and kindred products | 203 | 59,134 | 12,914 | 155,142 | 115,597 | — | 20,354 | 5,138 |
| Tobacco manufactures | — | 437 | 4,727 | 133,918 | 174,020 | — | 65,374 | 94,028 |
| Textile mill products | 67 | 2,670 | 5,330 | 4,695 | 8,241 | — | 2,303 | 731 |
| Apparel and other textile products | 5 | 2,714 | 1 | 3,773 | 2,795 | — | 432 | 246 |
| Lumber and wood products | — | — | *439 | *164 | *5,363 | — | *188 | *72 |
| Furniture and fixtures | — | — | 2,566 | 1,505 | 2,140 | — | — | — |
| Paper and allied products | — | 137 | 2,394 | 40,523 | 139,134 | 7,308 | 6,940 | 76,898 |
| Printing and publishing | 246 | 17,094 | 38,410 | 61,174 | 42,582 | — | — | — |
| Chemicals and allied products | 3,754 | 14,558 | 99,991 | 2,274,707 | 904,102 | 14,860 | 77,323 | 347,974 |
| Petroleum (including integrated) and coal products | 9 | 4,724 | 57,314 | 6,428,703 | 311,954 | — | 101,213 | 160,408 |
| Rubber and miscellaneous plastic products | 56 | 1,848 | 1,438 | 11,705 | 62,759 | 10,826 | 12,768 | 25,097 |
| Leather and leather products | 11 | 127 | 2,421 | 3,698 | 1,288 | — | 352 | — |
| Stone, clay and glass products | 507 | 1,157 | 12,524 | 79,232 | 68,843 | — | 8,409 | 17,295 |
| Primary metal industries | 26,952 | 62,842 | 4,982 | 68,403 | 113,709 | — | 11,511 | 80,891 |
| Fabricated metal products | 2,039 | 1,475 | 24,057 | 89,732 | 92,464 | 3,233 | 19,551 | 34,677 |
| Machinery, except electrical | 36,260 | 16,982 | 16,051 | 2,136,934 | 512,544 | 22,456 | 35,698 | 165,913 |
| Electrical and electronic equipment | 18,507 | 41,350 | 180,769 | 796,409 | 385,724 | 23,768 | 23,654 | 69,058 |
| Motor vehicles and equipment | 22,831 | 4,156 | 63,675 | 122,270 | 387,130 | −35 | 135,084 | 61,423 |
| Transportation equipment, except motor vehicles | 9,872 | 7,474 | 101,425 | 131,305 | 28,463 | — | 19,125 | 3,704 |
| Instruments and related products | 14 | 651 | 10,728 | 19,959 | 182,743 | 189 | 7,018 | 82,678 |
| Miscellaneous manufacturing products & manufacturing not allocable | 19 | 13,446 | 200 | 17,304 | 16,794 | 3 | 258 | 189 |
| Transportation and public utilities | 2,618 | 19,412 | 962,536 | 111,403 | 280,528 | — | 24,353 | 3,178 |
| Transportation | 506 | 353 | 537,223 | 7,824 | 53,170 | — | 23,858 | 2,264 |
| Communication | 1,701 | 17,726 | 425,249 | 88,426 | 220,254 | — | 494 | 914 |
| Electric, gas and sanitary services | 411 | 1,332 | 64 | 15,152 | 7,103 | — | — | — |
| Wholesale and retail trade | 1,600 | 2,644 | 71,747 | 1,419,125 | 520,078 | — | 20,856 | 9,773 |
| Wholesale trade | 1,481 | 1,581 | 48,103 | 1,254,655 | 348,705 | — | 14,794 | 1,500 |
| Groceries and related products | — | — | — | *633 | *47 | — | *3 | — |
| Machinery, equipment and supplies | — | 92 | 23 | 20,879 | 17,493 | — | 5,141 | (¹) |
| Miscellaneous wholesale trade | 1,481 | 1,489 | 48,080 | 1,233,142 | 331,165 | — | 9,651 | 1,501 |
| Drugs, chemicals and allied products | — | — | — | 144,911 | 2,969 | — | 473 | 436 |
| Petroleum and petroleum products | 1,170 | — | — | 205,884 | 72,805 | — | 4,037 | — |
| Other miscellaneous wholesale trade | 311 | 1,489 | 48,080 | 882,347 | 255,391 | — | 5,140 | 1,065 |
| Retail trade | 119 | 1,063 | 23,645 | 164,470 | 171,373 | — | 6,061 | 8,273 |
| General merchandise stores | — | — | 21,618 | 126,333 | 106,351 | — | 6,028 | 8,229 |
| Food stores | — | — | — | 19,404 | 372 | — | — | — |
| Apparel and accessory stores | — | 739 | — | 12,086 | 41 | — | 15 | — |
| Eating and drinking places | 119 | 313 | 2,027 | 6,449 | 64,158 | — | — | — |
| Miscellaneous retail stores | — | 11 | — | 199 | 451 | — | 18 | 43 |
| Finance, insurance and real estate | 49,243 | 217,028 | 527,081 | 4,294,384 | 10,153,675 | 90 | 4,703,385 | 676,887 |
| Banking | 44,887 | 200,847 | 46,404 | 2,190,880 | 9,208,935 | 90 | 4,688,326 | 642,801 |
| Credit agencies other than banks | 2,712 | 2,692 | 220,180 | 752,188 | 681,478 | — | 7,036 | 1,441 |
| Security, commodity brokers and services | 811 | 3,055 | 33,260 | 26,347 | 84,502 | — | — | — |
| Insurance | −121 | 11,215 | 149,212 | 1,297,654 | 130,506 | — | 5,068 | 31,340 |
| Insurance agents, brokers and services | — | — | 45,181 | 2,044 | 27,340 | — | 572 | — |
| Real estate | — | −959 | 13,615 | 3,596 | 1,938 | — | — | — |
| Holding & other investment companies except bank holding companies | 954 | 179 | 19,230 | 21,674 | 18,976 | — | 2,383 | 1,304 |
| Services | 67,936 | 154,268 | 418,334 | 139,579 | 793,008 | 480 | 500 | 4,022 |
| Hotels and other lodging places | — | *8,487 | *10,957 | *1,576 | *31,824 | — | — | — |
| Personal services | — | 423 | 44,833 | 2,271 | 5,651 | — | — | — |
| Business services | 4,457 | 54,165 | 223,440 | 41,450 | 67,563 | 480 | 390 | 1,885 |
| Auto repair; miscellaneous repair services | *3,625 | — | *201 | *3,101 | *5,849 | — | — | — |
| Amusement and recreational services | 58,914 | 88,393 | 14,548 | 75,380 | 653,285 | — | — | 2,137 |
| Other services | 940 | 2,800 | 124,354 | 15,800 | 28,837 | — | 110 | — |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Deductions from oil and gas extraction income | | | Taxable income (less loss) | | | | | |
| | | | | Before loss recapture | | | | | |
| | Total | Allocable to specific types of income | Not allocable to specific types of income | Total | Foreign branch income | Specially allocable income (Section 863 (B)) | Other than from branch operations and specially allocable income | Recapture of prior year foreign losses | After loss recapture |
| | (42) | (43) | (44) | (45) | (46) | (47) | (48) | (49) | (50) |
| All industries | 6,086,517 | 6,011,916 | 74,601 | 65,809,314 | 9,496,597 | 1,900,781 | 54,411,935 | 176,980 | 65,632,334 |
| Agriculture, forestry and fishing | — | — | — | 89,417 | −2,103 | 973 | 90,547 | 4,667 | 84,750 |
| Mining | 845,227 | 799,644 | 45,584 | 1,474,879 | 53,810 | −24 | 1,421,093 | — | 1,474,879 |
| Metal mining | — | — | — | *105,671 | *70,308 | — | *35,363 | — | *105,671 |
| Coal mining | — | — | — | 12,108 | 108 | — | 12,000 | — | 12,108 |
| Oil and gas extraction | 845,227 | 799,644 | 45,584 | 1,348,218 | −20,937 | — | 1,369,155 | — | 1,348,218 |
| Nonmetallic minerals, except fuels | — | — | — | *8,882 | *4,331 | *−24 | *4,575 | — | *8,882 |
| Construction | — | — | — | 203,554 | 9,063 | 780 | 193,711 | 1,210 | 202,344 |
| General building contractors and operative builders | — | — | — | 58,679 | — | 780 | 57,899 | 1,210 | 57,469 |
| Heavy construction contractors | — | — | — | 133,382 | 9,063 | — | 124,319 | — | 133,382 |
| Special trade contractors | — | — | — | *11,493 | — | — | *11,493 | — | *11,493 |
| Manufacturing | 5,123,119 | 5,096,278 | 26,841 | 48,808,782 | 4,871,610 | 1,775,902 | 42,161,271 | 130,772 | 48,678,011 |
| Food and kindred products | — | — | — | 2,029,615 | 202,041 | 15,249 | 1,812,326 | 41,449 | 1,988,167 |
| Tobacco manufactures | — | — | — | 643,244 | −68,710 | 104,790 | 607,164 | — | 643,244 |
| Textile mill products | — | — | — | 90,190 | −8 | 10 | 90,189 | 790 | 89,401 |
| Apparel and other textile products | — | — | — | 46,902 | 1,679 | 36 | 45,187 | 6,167 | 40,735 |
| Lumber and wood products | — | — | — | *106,934 | *1,388 | *−12,405 | *117,951 | — | *106,934 |
| Furniture and fixtures | — | — | — | 40,640 | 86 | 366 | 40,188 | — | 40,640 |
| Paper and allied products | — | — | — | 767,718 | 4,180 | 18,648 | 744,890 | 830 | 766,888 |
| Printing and publishing | — | — | — | 401,312 | −23,248 | 4,875 | 419,685 | — | 401,312 |
| Chemicals and allied products | 23,404 | 4,285 | 19,118 | 7,744,091 | 590,224 | 263,612 | 6,890,255 | 17,032 | 7,727,059 |
| Petroleum (including integrated) and coal products | 5,099,623 | 5,091,900 | 7,723 | 16,000,128 | 3,813,694 | 47,609 | 12,138,826 | 30,320 | 15,969,808 |
| Rubber and miscellaneous plastic products | — | — | — | 538,581 | −1,838 | 2,191 | 538,228 | 28,511 | 510,070 |
| Leather and leather products | — | — | — | 60,412 | 388 | −1,016 | 61,040 | 44 | 60,368 |
| Stone, clay and glass products | — | — | — | 621,410 | 744 | 11,893 | 608,773 | 401 | 621,009 |
| Primary metal industries | — | — | — | 426,267 | 7,349 | 22,335 | 396,582 | 68 | 426,198 |
| Fabricated metal products | — | — | — | 783,947 | 21,869 | 15,034 | 747,044 | 193 | 783,754 |
| Machinery, except electrical | — | — | — | 9,596,648 | 267,623 | 350,054 | 8,978,972 | 2,499 | 9,594,150 |
| Electrical and electronic equipment | 93 | 93 | — | 5,458,641 | 134,957 | 259,492 | 5,064,192 | 894 | 5,457,747 |
| Motor vehicles and equipment | — | — | — | 2,168,987 | −115,303 | 559,639 | 1,724,652 | 1,194 | 2,167,793 |
| Transportation equipment, except motor vehicles | — | — | — | 546,985 | 14,209 | −3,639 | 536,415 | — | 546,985 |
| Instruments and related products | — | — | — | 608,043 | 18,967 | 115,609 | 473,467 | 181 | 607,862 |
| Miscellaneous manufacturing products & manufacturing not allocable | — | — | — | 128,085 | 1,319 | 1,521 | 125,245 | 199 | 127,886 |
| Transportation and public utilities | 8,370 | 8,370 | — | 1,701,947 | 28,261 | 88,489 | 1,585,197 | 5,092 | 1,696,855 |
| Transportation | — | — | — | 275,705 | 11,618 | 88,359 | 175,728 | 4,157 | 271,548 |
| Communication | — | — | — | 1,366,527 | 16,064 | 130 | 1,350,333 | 389 | 1,366,138 |
| Electric, gas and sanitary services | 8,370 | 8,370 | — | 59,715 | 579 | — | 59,137 | 545 | 59,170 |
| Wholesale and retail trade | 103,549 | 101,373 | 2,176 | 1,856,204 | 131,648 | 18,136 | 1,706,420 | 13,062 | 1,843,142 |
| Wholesale trade | 103,549 | 101,373 | 2,176 | 899,595 | 38,819 | 18,073 | 842,704 | 1,557 | 898,038 |
| Groceries and related products | — | — | — | *1,649 | — | — | *1,649 | — | *1,649 |
| Machinery, equipment and supplies | — | — | — | 75,164 | 2,601 | 1,633 | 70,930 | — | 75,164 |
| Miscellaneous wholesale trade | 103,549 | 101,373 | 2,176 | 822,783 | 36,217 | 16,440 | 770,126 | 1,557 | 821,226 |
| Drugs, chemicals and allied products | — | — | — | 108,202 | 8,733 | 655 | 98,814 | — | 108,202 |
| Petroleum and petroleum products | 103,549 | 101,373 | 2,176 | 316,543 | 485 | — | 316,058 | 367 | 316,176 |
| Other miscellaneous wholesale trade | — | — | — | 398,038 | 26,999 | 15,785 | 355,254 | 1,191 | 396,847 |
| Retail trade | — | — | — | 956,609 | 92,830 | 63 | 863,716 | 11,505 | 945,104 |
| General merchandise stores | — | — | — | 285,283 | 59,141 | — | 226,142 | 11,505 | 273,779 |
| Food stores | — | — | — | 160,328 | 244 | — | 160,085 | — | 160,328 |
| Apparel and accessory stores | — | — | — | 12,972 | — | — | 12,972 | — | 12,972 |
| Eating and drinking places | — | — | — | 418,835 | 34,200 | 63 | 384,572 | — | 418,835 |
| Miscellaneous retail stores | — | — | — | 79,190 | −755 | — | 79,944 | — | 79,190 |
| Finance, insurance and real estate | 6,252 | 6,252 | (¹) | 10,619,505 | 4,291,240 | 10,536 | 6,317,729 | 14,316 | 10,605,189 |
| Banking | — | — | — | 8,107,227 | 3,903,680 | (¹) | 4,203,547 | 5,876 | 8,101,351 |
| Credit agencies other than banks | — | — | — | 350,768 | 141,919 | — | 208,849 | — | 350,768 |
| Security, commodity brokers and services | — | — | — | 272,522 | 28,203 | — | 244,319 | — | 272,522 |
| Insurance | 6,252 | 6,252 | (¹) | 1,611,338 | 209,907 | 10,536 | 1,390,894 | 8,107 | 1,603,231 |
| Insurance agents, brokers and services | — | — | — | 125,684 | −2,619 | — | 128,303 | — | 125,684 |
| Real estate | — | — | — | 17,545 | 5,378 | — | 12,167 | — | 17,545 |
| Holding & other investment companies except bank holding companies | — | — | — | 134,421 | 4,771 | — | 129,650 | 333 | 134,088 |
| Services | — | — | — | 1,042,773 | 113,068 | 5,988 | 923,716 | 7,861 | 1,034,912 |
| Hotels and other lodging places | — | — | — | *122,645 | *42,704 | — | *79,941 | — | *122,645 |
| Personal services | — | — | — | 50,990 | 250 | — | 50,740 | — | 50,990 |
| Business services | — | — | — | 500,947 | 75,872 | 5,988 | 419,087 | 7,861 | 493,086 |
| Auto repair, miscellaneous repair services | — | — | — | *2,948 | *110 | — | *2,838 | — | *2,948 |
| Amusement and recreational services | — | — | — | 315,609 | −6,629 | — | 322,237 | — | 315,609 |
| Other services | — | — | — | 49,634 | 761 | — | 48,873 | — | 49,634 |

Footnotes at end of table

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 — Foreign taxes available for credit: Total after reduction | Reduction for certain foreign taxes | Total before reduction | Paid or accrued — Taxes withheld at source on: Total | Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Service income |
|---|---|---|---|---|---|---|---|---|---|
| | (51) | (52) | (53) | (54) | (55) | (56) | (57) | (58) | (59) |
| All industries | 27,407,906 | 1,059,505 | 28,467,411 | 8,467,889 | 2,329,825 | 756,804 | 808,655 | 3,273,582 | 152,670 |
| Agriculture, forestry and fishing | 26,241 | — | 26,241 | 10,962 | 1,268 | 136 | 1,785 | 71 | 7,613 |
| Mining | 1,057,210 | 180,493 | 1,237,702 | 605,885 | 50,957 | 1,326 | 203,836 | 62,730 | 29,795 |
| Metal mining | *168,261 | *5,701 | *173,961 | *70,261 | *36 | *71 | — | *40,389 | *28,097 |
| Coal mining | 9,621 | — | 9,621 | 9,604 | — | 281 | 132 | 95 | — |
| Oil and gas extraction | 877,113 | 174,792 | 1,051,906 | 524,940 | 50,553 | 854 | 203,688 | 21,785 | 1,658 |
| Nonmetallic minerals, except fuels | *2,214 | — | *2,214 | *1,080 | *368 | *121 | *16 | *460 | *39 |
| Construction | 100,127 | — | 100,127 | 30,307 | 9,236 | 88 | 1,516 | 4,307 | 707 |
| General building contractors and operative builders | 36,833 | — | 36,833 | 2,995 | 1,394 | 65 | 443 | — | 306 |
| Heavy construction contractors | 58,570 | — | 58,570 | 26,654 | 7,371 | 8 | 1,070 | 4,307 | 232 |
| Special trade contractors | *4,724 | — | *4,724 | *657 | *471 | *15 | *2 | — | *169 |
| Manufacturing | 21,995,773 | 851,926 | 22,847,699 | 5,813,368 | 2,086,037 | 125,544 | 517,900 | 2,348,107 | 75,446 |
| Food and kindred products | 840,968 | — | 840,968 | 246,198 | 87,712 | 9,538 | 22,385 | 108,168 | 2,448 |
| Tobacco manufactures | 292,199 | — | 292,199 | 65,761 | 35,354 | 884 | 14,196 | 13,596 | 34 |
| Textile mill products | 31,246 | — | 31,246 | 6,152 | 3,334 | 55 | 1,213 | 1,181 | 351 |
| Apparel and other textile products | 7,977 | — | 7,977 | 4,530 | 1,138 | 34 | 3,080 | 227 | 26 |
| Lumber and wood products | *49,025 | *43 | *49,068 | *7,574 | *4,283 | *1,911 | *782 | *560 | *6 |
| Furniture and fixtures | 11,148 | — | 11,148 | 3,981 | 2,937 | 142 | 745 | 100 | 57 |
| Paper and allied products | 281,325 | — | 281,325 | 65,297 | 38,206 | 2,163 | 14,747 | 5,026 | 284 |
| Printing and publishing | 138,950 | — | 138,950 | 31,487 | 11,099 | 927 | 6,468 | 6,377 | 123 |
| Chemicals and allied products | 3,263,203 | 22,176 | 3,285,379 | 825,736 | 364,679 | 19,893 | 90,271 | 311,926 | 8,460 |
| Petroleum (including integrated) and coal products | 9,381,313 | 829,025 | 10,210,338 | 2,903,559 | 642,871 | 36,308 | 9,817 | 1,664,089 | 24,207 |
| Rubber and miscellaneous plastic products | 191,773 | — | 191,773 | 49,765 | 26,793 | 519 | 9,443 | 1,431 | 6,143 |
| Leather and leather products | 24,854 | 188 | 25,042 | 3,640 | 1,747 | 43 | 892 | 444 | 286 |
| Stone, clay and glass products | 250,009 | — | 250,009 | 41,169 | 29,545 | 235 | 9,602 | 333 | 677 |
| Primary metal industries | 196,061 | — | 196,061 | 30,182 | 12,889 | 367 | 11,273 | 4,359 | 362 |
| Fabricated metal products | 349,258 | — | 349,258 | 69,509 | 47,982 | 2,291 | 7,114 | 6,345 | 435 |
| Machinery, except electrical | 3,724,867 | 116 | 3,724,983 | 798,480 | 404,865 | 14,445 | 231,301 | 132,080 | 2,157 |
| Electrical and electronic equipment | 1,604,687 | 379 | 1,605,065 | 270,267 | 107,010 | 7,427 | 58,408 | 45,762 | 11,829 |
| Motor vehicles and equipment | 887,276 | — | 887,276 | 307,409 | 218,990 | 22,046 | 8,329 | 34,753 | 16,729 |
| Transportation equipment, except motor vehicles | 218,066 | — | 218,066 | 30,090 | 20,436 | 1,580 | 3,074 | 4,889 | 25 |
| Instruments and related products | 204,370 | — | 204,370 | 40,977 | 20,596 | 1,403 | 12,601 | 5,236 | 766 |
| Miscellaneous manufacturing products & manufacturing not allocable | 47,197 | — | 47,197 | 11,605 | 3,571 | 3,333 | 2,158 | 1,226 | 40 |
| Transportation and public utilities | 240,916 | 3 | 240,919 | 59,810 | 23,282 | 4,702 | 11,617 | 6,791 | 3,838 |
| Transportation | 63,911 | 3 | 63,914 | 17,067 | 4,423 | 4,333 | 788 | 4,025 | 1,962 |
| Communication | 155,549 | — | 155,549 | 39,616 | 17,919 | 324 | 10,608 | 2,636 | 1,869 |
| Electric, gas and sanitary services | 21,456 | — | 21,456 | 3,127 | 939 | 45 | 221 | 130 | 7 |
| Wholesale and retail trade | 860,091 | 26,220 | 886,312 | 236,370 | 50,015 | 6,084 | 15,830 | 40,440 | 3,818 |
| Wholesale trade | 446,528 | 26,220 | 472,748 | 153,941 | 26,033 | 2,573 | 4,069 | 21,873 | 2,702 |
| Groceries and related products | *320 | — | *320 | *248 | *131 | *89 | *15 | — | — |
| Machinery, equipment and supplies | 29,696 | 1 | 29,697 | 7,710 | 2,671 | 89 | 1,230 | 1,649 | 208 |
| Miscellaneous wholesale trade | 416,512 | 26,219 | 442,731 | 145,983 | 23,231 | 2,395 | 2,825 | 20,224 | 2,494 |
| Drugs, chemicals and allied products | 20,648 | — | 20,648 | 5,360 | 1,321 | 531 | 959 | 2,517 | 12 |
| Petroleum and petroleum products | 269,021 | 26,219 | 295,240 | 106,715 | 13,118 | 46 | 84 | 399 | — |
| Other miscellaneous wholesale trade | 126,843 | — | 126,843 | 33,907 | 8,792 | 1,818 | 1,782 | 17,308 | 2,482 |
| Retail trade | 413,564 | — | 413,564 | 82,429 | 23,983 | 3,511 | 11,760 | 18,567 | 1,117 |
| General merchandise stores | 120,164 | — | 120,164 | 42,327 | 8,530 | 1,216 | 697 | 11,600 | 729 |
| Food stores | 65,705 | — | 65,705 | 14,458 | 10,853 | 85 | 2,268 | 193 | — |
| Apparel and accessory stores | 4,122 | — | 4,122 | 3,920 | 726 | 37 | 416 | — | — |
| Eating and drinking places | 210,367 | — | 210,367 | 20,085 | 2,404 | 2,155 | 8,292 | 6,773 | 369 |
| Miscellaneous retail stores | 13,206 | — | 13,206 | 1,638 | 1,470 | 17 | 87 | — | 19 |
| Finance, insurance and real estate | 2,718,543 | 863 | 2,719,406 | 1,572,063 | 95,974 | 616,461 | 8,030 | 761,227 | 14,510 |
| Banking | 2,150,630 | — | 2,150,630 | 1,324,005 | 74,747 | 585,778 | 4,288 | 634,561 | 335 |
| Credit agencies other than banks | 119,852 | — | 119,852 | 64,723 | 2,958 | 11,870 | 2,527 | 29,656 | 414 |
| Security, commodity brokers and services | 45,751 | — | 45,751 | 20,515 | 3,090 | 3,557 | 158 | 9,865 | 2,984 |
| Insurance | 285,599 | 863 | 286,462 | 145,250 | 7,258 | 15,059 | 139 | 82,712 | 9,439 |
| Insurance agents, brokers and services | 47,092 | — | 47,092 | 4,462 | 3,681 | 43 | 116 | — | 4 |
| Real estate | 7,046 | — | 7,046 | 4,080 | 296 | (1) | 37 | 2,247 | 1,197 |
| Holding & other investment companies except bank holding companies | 62,575 | — | 62,575 | 9,029 | 3,943 | 154 | 764 | 2,186 | 136 |
| Services | 408,906 | — | 408,906 | 139,125 | 13,056 | 2,463 | 48,142 | 49,908 | 16,943 |
| Hotels and other lodging places | *72,330 | — | *72,330 | *28,247 | *1,945 | *83 | *5,355 | *16,110 | *3,741 |
| Personal services | 35,135 | — | 35,135 | 4,205 | 2,175 | 68 | 156 | 191 | 1,492 |
| Business services | 169,295 | — | 169,295 | 60,695 | 6,884 | 1,417 | 9,795 | 31,642 | 8,572 |
| Auto repair; miscellaneous repair services | *558 | — | *558 | *558 | — | *526 | *5 | *21 | *6 |
| Amusement and recreational services | 103,943 | — | 103,943 | 36,820 | 1,536 | 104 | 32,362 | 1,628 | 776 |
| Other services | 27,643 | — | 27,643 | 8,599 | 517 | 265 | 468 | 316 | 2,356 |

Footnotes at end of table.

## All Corporation Returns with Foreign Tax Credit

### Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major and selected minor industries | Foreign income and taxes reported on Form 1118 — Foreign taxes available for credit—Continued — Paid or accrued—Continued — Other taxes paid or accrued—Continued: Partnership income | Other income | Deemed paid | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations | After reduction for international boycott operations | Income taxes of related foreign corporations and IC-DISCs: Dividends paid or constructively distributed to domestic corporations | Dividends constructively distributed to domestic corporations | Taxes deemed paid by domestic corporations on constructively received dividends |
|---|---|---|---|---|---|---|---|---|---|---|
| | (60) | (61) | (62) | (63) | (64) | (65) | (66) | (67) | (68) | (69) |
| All industries | 41,785 | 1,104,564 | 14,635,173 | 5,364,349 | 22,260,336 | 727 | 22,259,609 | 22,444,065 | 3,132,133 | 1,218,183 |
| Agriculture, forestry and fishing | 21 | 67 | 4,730 | 10,550 | 12,641 | — | 12,641 | 9,743 | 976 | 1,067 |
| Mining | 1 | 257,241 | 226,611 | 405,206 | 618,542 | — | 618,542 | 204,698 | 54,471 | 76,916 |
| Metal mining | — | *1,667 | *2,927 | *100,774 | *47,478 | — | *47,478 | *356 | — | — |
| Coal mining | — | 9,096 | — | 17 | 1,790 | — | 1,790 | — | — | — |
| Oil and gas extraction | 1 | 246,401 | 222,741 | 304,224 | 567,707 | — | 567,707 | 203,273 | 54,061 | 76,678 |
| Nonmetallic minerals, except fuels | — | *77 | *943 | *191 | *1,567 | — | *1,567 | *1,069 | *410 | *237 |
| Construction | 13,632 | 821 | 45,748 | 24,073 | 81,715 | — | 81,715 | 79,169 | 6,199 | 1,554 |
| General building contractors and operative builders | — | 787 | 13,184 | 20,654 | 21,033 | — | 21,033 | 22,082 | 3,103 | 316 |
| Heavy construction contractors | 13,632 | 34 | 28,497 | 3,418 | 55,982 | — | 55,982 | 52,040 | 3,096 | 1,237 |
| Special trade contractors | — | — | *4,067 | — | *4,700 | — | *4,700 | *5,046 | — | — |
| Manufacturing | 18,951 | 641,382 | 12,989,791 | 4,044,541 | 18,094,634 | 721 | 18,093,913 | 19,424,794 | 2,346,993 | 971,349 |
| Food and kindred products | 1,159 | 14,788 | 560,589 | 34,182 | 762,710 | 116 | 762,593 | 834,584 | 150,601 | 82,829 |
| Tobacco manufactures | 531 | 1,167 | 226,438 | — | 268,650 | — | 268,650 | 285,940 | 104,857 | 39,417 |
| Textile mill products | 18 | — | 22,825 | 2,269 | 29,499 | — | 29,499 | 43,352 | 350 | 263 |
| Apparel and other textile products | 24 | (1) | 3,019 | 428 | 7,401 | — | 7,401 | 8,138 | 4,458 | 857 |
| Lumber and wood products | — | *32 | *41,494 | — | *41,986 | — | *41,986 | *52,180 | *9,234 | *3,413 |
| Furniture and fixtures | — | — | 4,456 | 2,712 | 9,494 | — | 9,494 | 10,780 | 348 | 143 |
| Paper and allied products | 182 | 4,688 | 203,248 | 12,779 | 275,948 | — | 275,948 | 257,962 | 9,486 | 3,829 |
| Printing and publishing | 4,549 | 1,944 | 91,424 | 16,040 | 129,943 | — | 129,943 | 136,072 | 6,548 | 2,587 |
| Chemicals and allied products | 6,980 | 23,527 | 2,197,589 | 262,054 | 3,070,845 | 212 | 3,070,633 | 3,410,322 | 913,554 | 390,345 |
| Petroleum (including integrated) and coal products | 250 | 526,018 | 4,177,618 | 3,129,161 | 7,072,410 | — | 7,072,410 | 6,158,955 | 602,584 | 260,546 |
| Rubber and miscellaneous plastic products | — | 5,436 | 135,964 | 6,043 | 135,258 | — | 135,258 | 288,757 | 18,574 | 4,003 |
| Leather and leather products | — | 228 | 21,349 | 53 | 20,899 | — | 20,899 | 25,522 | 8,245 | 9,517 |
| Stone, clay and glass products | — | 777 | 173,175 | 35,664 | 229,526 | 16 | 229,511 | 296,778 | 8,609 | 4,073 |
| Primary metal industries | (1) | 932 | 118,854 | 47,024 | 119,105 | — | 119,105 | 171,013 | 41,975 | 2,211 |
| Fabricated metal products | 4,468 | 875 | 230,512 | 49,237 | 302,961 | — | 302,961 | 371,606 | 16,327 | 7,786 |
| Machinery, except electrical | 15 | 13,615 | 2,829,754 | 96,749 | 3,092,447 | 11 | 3,092,436 | 3,276,634 | 71,339 | 26,559 |
| Electrical and electronic equipment | 21 | 39,810 | 1,024,914 | 309,884 | 1,498,155 | 19 | 1,498,135 | 2,345,695 | 175,953 | 52,077 |
| Motor vehicles and equipment | 754 | 5,807 | 577,362 | 2,505 | 591,345 | (1) | 591,345 | 905,635 | 118,680 | 21,206 |
| Transportation equipment, except motor vehicles | — | 85 | 171,701 | 16,275 | 211,316 | — | 211,316 | 275,248 | 3,385 | 1,419 |
| Instruments and related products | — | 375 | 148,235 | 15,158 | 180,547 | 328 | 180,219 | 218,724 | 74,013 | 56,778 |
| Miscellaneous manufacturing products & manufacturing not allocable | — | 1,277 | 29,271 | 6,322 | 44,189 | 19 | 44,169 | 50,897 | 7,873 | 1,492 |
| Transportation and public utilities | 1,123 | 8,456 | 164,110 | 17,000 | 232,025 | 6 | 232,019 | 399,835 | 207,593 | 42,004 |
| Transportation | 35 | 1,501 | 31,053 | 15,793 | 58,258 | — | 58,258 | 100,989 | 44,768 | 5,209 |
| Communication | 1,088 | 5,171 | 115,921 | 13 | 154,349 | 6 | 154,343 | 254,985 | 130,134 | 29,570 |
| Electric, gas and sanitary services | — | 1,785 | 17,135 | 1,194 | 19,418 | — | 19,418 | 43,861 | 32,691 | 7,226 |
| Wholesale and retail trade | 645 | 119,537 | 440,615 | 209,327 | 641,900 | — | 641,900 | 801,640 | 146,171 | 32,116 |
| Wholesale trade | 553 | 96,138 | 150,195 | 168,612 | 289,985 | — | 289,985 | 332,965 | 35,609 | 11,174 |
| Groceries and related products | — | *14 | *9 | *62 | *267 | — | *267 | *10 | — | — |
| Machinery, equipment and supplies | 15 | 1,849 | 12,052 | 9,935 | 22,584 | — | 22,584 | 32,179 | 782 | 212 |
| Miscellaneous wholesale trade | 538 | 94,275 | 138,133 | 158,615 | 267,135 | — | 267,135 | 300,776 | 34,827 | 10,962 |
| Drugs, chemicals and allied products | — | 21 | 14,041 | 1,246 | 20,306 | — | 20,306 | 21,988 | 404 | 282 |
| Petroleum and petroleum products | — | 93,067 | 43,427 | 145,098 | 143,748 | — | 143,748 | 150,312 | 22,361 | 7,661 |
| Other miscellaneous wholesale trade | 538 | 1,186 | 80,665 | 12,271 | 103,080 | — | 103,080 | 128,477 | 12,061 | 3,019 |
| Retail trade | 92 | 23,400 | 290,420 | 40,715 | 351,915 | — | 351,915 | 468,675 | 110,562 | 20,942 |
| General merchandise stores | 1 | 19,555 | 61,262 | 16,575 | 97,171 | — | 97,171 | 174,845 | 87,843 | 17,441 |
| Food stores | — | 1,059 | 51,206 | 41 | 61,364 | — | 61,364 | 84,449 | 650 | 403 |
| Apparel and accessory stores | — | 2,741 | 202 | — | 4,122 | — | 4,122 | 1,433 | 991 | 105 |
| Eating and drinking places | 91 | — | 166,952 | 23,330 | 176,898 | — | 176,898 | 169,917 | 21,077 | 2,993 |
| Miscellaneous retail stores | — | 45 | 10,798 | 770 | 12,361 | — | 12,361 | 38,031 | — | — |
| Finance, insurance and real estate | 2,449 | 73,409 | 608,338 | 539,005 | 2,261,523 | — | 2,261,523 | 1,295,847 | 351,509 | 84,988 |
| Banking | 680 | 23,615 | 400,992 | 425,633 | 1,769,474 | — | 1,769,474 | 845,890 | 205,770 | 31,821 |
| Credit agencies other than banks | — | 17,297 | 29,123 | 26,006 | 116,702 | — | 116,702 | 104,072 | 27,767 | 13,337 |
| Security, commodity brokers and services | 660 | 201 | 7,178 | 18,058 | 42,299 | — | 42,299 | 24,042 | 8,399 | 1,826 |
| Insurance | 361 | 30,281 | 91,787 | 49,426 | 235,791 | — | 235,791 | 213,427 | 103,298 | 34,972 |
| Insurance agents, brokers and services | 181 | 436 | 37,369 | 5,261 | 43,746 | — | 43,746 | 52,915 | 5,730 | 2,941 |
| Real estate | 2 | 297 | 2,942 | 24 | 6,595 | — | 6,595 | 3,529 | 490 | 81 |
| Holding & other investment companies except bank holding companies | 565 | 1,282 | 38,947 | 14,598 | 46,916 | — | 46,916 | 51,973 | 54 | 9 |
| Services | 4,962 | 3,651 | 155,132 | 114,648 | 317,257 | — | 317,257 | 225,845 | 18,222 | 8,190 |
| Hotels and other lodging places | — | *1,012 | *17,630 | *26,453 | *39,023 | — | *39,023 | *46,150 | *89 | *49 |
| Personal services | 123 | — | 20,709 | 10,220 | 22,763 | — | 22,763 | 23,765 | 720 | 244 |
| Business services | 194 | 2,191 | 91,499 | 17,102 | 138,213 | — | 138,213 | 118,773 | 1,778 | 241 |
| Auto repair; miscellaneous repair services | — | — | — | — | *558 | — | *558 | — | — | — |
| Amusement and recreational services | 415 | — | 18,966 | 48,157 | 100,275 | — | 100,275 | 26,009 | 12,117 | 5,179 |
| Other services | 4,229 | 447 | 6,328 | 12,716 | 16,426 | — | 16,426 | 11,149 | 3,519 | 2,478 |

* This number should be used with caution because of the small number of sample returns on which it was based.

(1) Less than $500

Note: Details may not add to totals due to rounding and because "nature of business not allocable" was excluded.

## Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Type of foreign income for which separate credit was computed | Number of returns | Total assets | Total receipts | Dividends received from foreign corporations | Dividends received from IC-DISC'S or former DISC'S | Includable income of controlled foreign corporations | Foreign dividend income resulting from foreign taxes deemed paid (gross-up) | Net income (less deficit) |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All industries | | | | | | | | |
| Total | 4,409 | 5,404,718,817 | 2,437,660,227 | 21,552,980 | 325,101 | 3,941,706 | 14,635,281 | 140,430,545 |
| Certain interest income | 328 | 1,281,939,078 | 924,551,338 | 12,556,521 | 169,003 | 2,673,542 | 9,870,252 | 53,305,957 |
| Dividends from an IC-DISC or former DISC | 33 | 136,465,568 | 116,554,197 | 1,723,364 | 113,661 | 187,005 | 1,754,091 | 9,533,888 |
| Foreign trade income of a FSC | *42 | *386,942 | *1,384,834 | — | — | — | — | *53,738 |
| Distributions from a FSC or former FSC | 27 | 241,886,593 | 145,680,567 | 3,114,534 | 91,375 | 521,520 | 1,943,126 | 11,282,812 |
| All other foreign source income | 4,208 | 5,306,964,111 | 2,422,505,377 | 21,544,610 | 324,990 | 3,939,110 | 14,634,816 | 139,147,761 |
| Foreign oil & gas extraction income | 30 | 382,948,008 | 277,795,674 | 6,565,707 | 19,244 | 1,202,300 | 4,930,253 | 22,062,055 |

| Type of foreign income for which separate credit was computed | Income subject to U.S. tax | U.S. income tax before credits: Total | U.S. income tax before credits: Regular and alternative tax | Foreign tax credit claimed | U.S. possessions tax credit | General business credit | Other credits | U.S. income tax after credits |
|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| All industries | | | | | | | | |
| Total | 130,506,344 | 54,661,965 | 53,347,108 | 22,258,235 | 5,054 | 6,386,239 | 35,249 | 25,977,189 |
| Certain interest income | 50,663,018 | 21,969,551 | 21,444,853 | 13,854,614 | — | 1,832,834 | 33,404 | 6,248,699 |
| Dividends from an IC-DISC or former DISC | 9,127,404 | 4,019,931 | 3,944,417 | 2,106,694 | — | 410,382 | 1,992 | 1,500,864 |
| Foreign trade income of a FSC | *53,738 | *24,194 | *24,194 | *267 | — | — | — | *23,926 |
| Distributions from a FSC or former FSC | 10,698,376 | 4,666,895 | 4,561,008 | 3,331,794 | — | 391,807 | 976 | 942,318 |
| All other foreign source income | 129,408,468 | 54,207,565 | 52,896,532 | 22,251,581 | 5,054 | 6,302,649 | 35,249 | 25,613,032 |
| Foreign oil & gas extraction income | 21,588,961 | 9,422,822 | 9,228,954 | 8,519,611 | — | 291,696 | 31,399 | 580 115 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income |
| | Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | | |
| | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| All industries | | | | | | | | |
| Total | 93,530,645 | 25,789,233 | 14,635,179 | 18,670,536 | 34,435,696 | 18,093,774 | 39,118,710 | 6 086,517 |
| Certain interest income | 1,284,398 | 430,612 | 118,994 | 734,792 | — | — | 328,138 | — |
| Dividends from an IC-DISC or former DISC | 114,072 | 113,412 | 660 | — | — | — | 82,178 | — |
| Foreign trade income of a FSC | *227,931 | — | — | *1 | *227,929 | — | *173,764 | — |
| Distributions from a FSC or former FSC | 325,556 | 324,897 | 659 | — | — | — | 146,725 | — |
| All other foreign source income | 91,578,688 | 24,920,312 | 14,514,867 | 17,935,743 | 34,207,766 | 18,093,774 | 38,387,905 | 6,086,517 |
| Foreign oil & gas extraction income | 22,524,989 | 8,256,908 | 4,903,428 | 831,441 | 8,533,211 | 18,093,774 | 7,962,950 | 6,086,517 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Taxable income (less loss) | | | | | | Foreign taxes available for credit | |
| | Before loss recapture | | | | Recapture of prior year foreign losses | After loss recapture | Total after reduction | Reduction for certain foreign taxes |
| | Total | Foreign branch income | Specially allocable income (Section 863 (B)) | Other than from branch operations and specially allocable income | | | | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| All industries | | | | | | | | |
| Total | 65,809,314 | 9,496,597 | 1,900,781 | 54,411,935 | 176,980 | 65,632,334 | 27,407,906 | 1,059,505 |
| Certain interest income | 956,261 | — | — | 956,261 | 13,239 | 943,022 | 189,828 | — |
| Dividends from an IC-DISC or former DISC | 31,893 | — | — | 31,893 | — | 31,893 | 669 | — |
| Foreign trade income of a FSC | *54,167 | — | — | *54,167 | — | *54,167 | 267 | — |
| Distributions from a FSC or former FSC | 178,831 | — | — | 178,831 | — | 178,831 | 782 | — |
| All other foreign source income | 64,588,162 | 9,496,597 | 1,900,781 | 53,190,784 | 163,741 | 64,424,421 | 27,216,361 | 1,059,505 |
| Foreign oil & gas extraction income | 12,007,257 | 4,223,896 | 41,977 | 14,562,038 | 30,320 | 18,797,591 | 11,190,083 | 1 008,559 |



## Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes available for credit | | | | | | | |
| | Total before reduction | Paid or accrued on | | | | | | Deemed paid |
| | | Total | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (33) | (34) | (35) | (36) | (37) | (38) | (39) | (40) |
| All industries | | | | | | | | |
| Total | 28,467,411 | 8,467,889 | 2,329,825 | 756,804 | 808,655 | 3,273,582 | 1,299,019 | 14,635,173 |
| Certain interest income | 189,828 | 35,459 | 7,827 | 27,631 | — | — | — | 118,994 |
| Dividends from an IC-DISC or former DISC | 669 | 9 | 9 | — | — | — | — | 660 |
| Foreign trade income of a FSC | *267 | *267 | — | — | — | — | *267 | — |
| Distributions from a FSC or former FSC | 782 | 122 | 122 | — | — | — | — | 659 |
| All other foreign source income | 28,275,866 | 8,432,031 | 2,321,866 | 729,173 | 808,655 | 3,273,582 | 1,298,752 | 14,514,861 |
| Foreign oil & gas extraction income | 12,243,157 | 2,601,164 | 757,404 | 19,618 | 219,978 | 1,903,935 | 894,359 | 3,181,082 |

| Type of foreign income for which separate credit was computed | Foreign income and taxes reported on Form 1118 | | | |
|---|---|---|---|---|
| | Foreign taxes available for credit—continued | Foreign tax credit computed | | |
| | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations | After reduction for international boycott operations |
| | (41) | (42) | (43) | (44) |
| All industries | | | | |
| Total | 5,364,349 | 22,260,336 | 727 | 22,259,609 |
| Certain interest income | 35,375 | 128,534 | — | — |
| Dividends from an IC-DISC or former DISC | — | 669 | — | — |
| Foreign trade income of a FSC | — | *267 | — | — |
| Distributions from a FSC or former FSC | (1) | 782 | — | — |
| All other foreign source income | 5,328,974 | 22,130,085 | — | — |
| Foreign oil & gas extraction income | 596,512 | 8,491,184 | — | — |

* This number should be used with caution because of the small number of sample returns on which it was based

(1) Less than $500

Note. The data in columns 1-16 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. Data in columns 43 and 44 are reported as corporate totals only. The data in columns 17-21, 23, 26-31, 33, 35-39 and 42 of the foreign oil and gas extraction income line represent the amounts of total all other foreign source income and tax for those corporations reporting foreign oil and gas extraction income and taxes. The data in columns 22, 24, 25, 34, 40 and 41 of the foreign oil and gas extraction income line are the actual foreign oil and gas extraction income and tax amounts. Form 1118 detail may not add to totals due to rounding.

# 1986 Corporation Foreign Tax Credit, A Geographic Focus

By Karla M. Daronco*

In the 1980's for the first time, Canada surpassed the United Kingdom as the country which accounted for more corporate foreign-source U.S. taxable (net) income than any other country (Definitions section). Canadian-source taxable income for 1986 was $10.5 billion, 16 percent of total foreign-source taxable income. In addition, more of the foreign taxes paid by U.S. corporations ($4.7 billion) were paid to Canada than to any other country (Definitions section). United Kingdom-source income declined sharply, by 30.6 percent, during the 1984-1986 period.

The foreign tax credit claimed by U.S. corporations increased by nearly 4 percent, from $21.4 billion for 1984 to $22.3 billion for 1986; while foreign-source taxable income increased by nearly 8 percent, from $61.1 billion to $65.8 billion. Since much of this income was subject to foreign taxation, $23.1 billion of income taxes (nearly 35 percent of taxable income) were paid to foreign governments. Of the 4,506 active U.S. companies claiming a foreign tax credit for 1986, 764 (17 percent) were "giant" corporations with total assets of $250 million or more. This small group of companies accounted for nearly all of the foreign tax credit claimed by U.S. corporations [1].

The U.S. economic recovery that started in late 1983 seemed to have continued and may have affected the business operations of U.S. corporations overseas in 1986 [2]. In five of the countries listed, (including countries where U.S. corporations earned at least $1 billion of foreign-source taxable income for either 1984 or 1986) U.S. corporations showed significant increases in taxable income (Figure A). The largest income increases were registered in Italy, West Germany, Japan, Switzerland and France, the main reason being a noticeable rise in net capital gains income for each country.

Despite the overall increase in foreign-source taxable income from 1984 to 1986, in general, the use of offshore financial centers in the Caribbean and in Central America appeared to have decreased markedly. Taxable income from the Netherlands Antilles and the Bahamas declined by 30.3 percent and 62.2 percent, respectively. Panama also showed a slight decline of 3.4 percent. These decreases were mostly due to a sizable drop in services income for all three countries.

**Figure A.—Foreign-Source Taxable Income, by Selected Country, 1984 and 1986**

[Millions of dollars]

| Country | 1984 | 1986 | Percentage increase |
|---|---|---|---|
| | (1) | (2) | (3) |
| **All countries** | **$61,097** | **$65,809** | **7.7%** |
| **Selected countries, total** | **47,221** | **49,659** | **5.2** |
| Italy | 989 | 2,651 | 168.0 |
| West Germany | 2,323 | 5,428 | 133.7 |
| Japan | 2,884 | 5,670 | 96.6 |
| Switzerland | 860 | 1,549 | 80.1 |
| France | 1,458 | 2,616 | 79.4 |
| Canada | 7,539 | 10,508 | 39.4 |
| Brazil | 1,695 | 1,977 | 16.6 |
| Panama | 819 | 791 | -3.4 |
| Mexico | 1,146 | 1,041 | -9.2 |
| Netherlands | 2,588 | 2,035 | -21.4 |
| Australia | 2,319 | 1,642 | -29.2 |
| Netherlands Antilles | 1,290 | 899 | -30.3 |
| United Kingdom | 11,913 | 8,263 | -30.6 |
| Indonesia | 2,938 | 1,671 | -43.1 |
| Norway | 3,279 | 1,791 | -45.4 |
| Bahamas | 2,115 | 800 | -62.2 |
| Egypt | 1,066 | 327 | -69.3 |

Foreign-source taxable income of U.S. corporations doing business in countries which were members of the Organization of Petroleum Exporting Countries (OPEC) continued to drop, to $3.1 billion for 1986, a reduction of almost 41 percent from 1984 (Definitions section). This continued the declining trend of income from OPEC countries (76 percent) through the first half of the 1980's. Taxes paid by U.S. corporations claiming a foreign tax credit to OPEC countries also fell but by less (40 percent) to $1.7 billion from 1980 to 1986.

## BACKGROUND

U.S. tax law allows corporations a credit against their U.S. income tax for income taxes paid to foreign govern-

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

ments. U.S. corporations are taxed on their worldwide taxable income. Therefore, the foreign tax credit serves to eliminate double taxation on foreign-source income, which is typically subject to tax by the country in which it was earned.

The ability of some corporations to offset the U.S. tax on domestic income with the credit for foreign income taxes led to the first limitation on the foreign tax credit in 1921. The credit limitation remains as a fundamental principle of the current U.S. foreign tax credit provisions.

The limitation restricts the amount of credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. This calculation results in a zero limitation (no credit) if a corporation has an overall foreign loss or a worldwide loss. However, credits in excess of the limitation may be carried back two years and forward five years.

For 1986, the limitation was separately calculated for five categories of income: (1) section 904(d) (generally portfolio) interest income, (2) dividends from an Interest Charge Domestic International Sales Corporation (IC-DISC) or former DISC, (3) foreign trade income of a Foreign Sales Corporation (FSC), (4) distributions from a FSC or former FSC, and (5) all other income from sources outside of the United States. (IC-DISC's and FSC's were domestic corporations created to promote U.S. exports).

The total foreign tax credit for 1986 was the sum of the amounts computed, using these five separate limitations. In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts.

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay a foreign income tax, and have a U.S. income tax liability. Only certain taxes can be claimed as a foreign tax credit. They include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions.

Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit for all such taxes. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit is elected for foreign income taxes.

## GEOGRAPHIC SOURCES OF FOREIGN INCOME AND TAXES

Of the principal countries or areas of origin of 1986 foreign-source taxable income of U.S. corporations with foreign tax credits, (Figure B) those with the highest percentage of the total foreign-source income for 1986 were Canada (16 percent), the United Kingdom (13 percent), Japan (9 percent) and West Germany (8 percent). The largest amounts of current-year foreign taxes were paid to these same four countries (Figure C). The remaining 54 percent of income was widely distributed.

Canada generated the most foreign-source taxable income ($10.5 billion) for 1986, replacing the 1984 leader, the United Kingdom. Nearly 81 percent ($8.5 billion) of the Canadian income was accounted for by U.S. manufacturers. Of the foreign taxes paid by U.S. corporations ($4.7 billion) more were paid to Canada than to any other country.

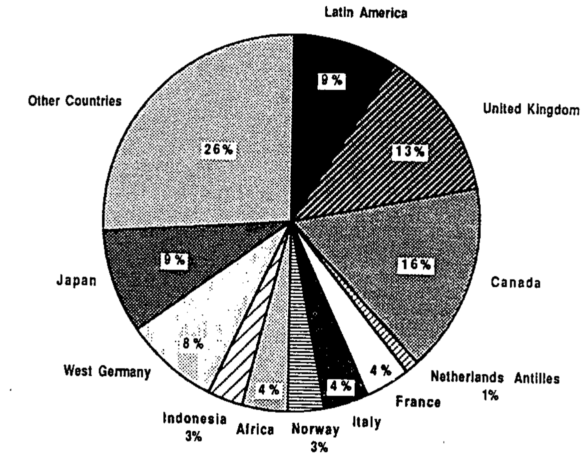
Almost half (46.4 percent) of the Canadian-source income from manufacturing originated in the petroleum industry (Definitions section) [3]. For 1984, only $1.9 billion (21.7 percent) of Canadian income was earned by U.S. corporations in the petroleum industry. With the deregulation of Canada's oil industry starting in late 1984 and the general expansion of Canada's economy, almost $4.0 billion in profits were reaped by U.S. petroleum corporations for 1986 from Canadian operations. This was an increase of nearly 143 percent from 1984 [4]. Petroleum subsidiaries accounted for 48.2 percent of total 1986 foreign taxes paid by U.S. manufacturers in Canada due to the high taxes imposed by Canada on the industry at that time. For 1986, these corporations paid a high average tax rate (over 56 percent) on Canadian income earned by the petroleum industry. This increased percentage reflected Canada's top corporate statutory tax rate of 54 percent for 1986 [5].

Other gains in Canadian-source income were indicated by a 35.4 percent increase over 1984 in finance, insurance, and real estate, as well as a 71.4 percent rise in wholesale and retail trade. The increase in finance, insurance, and real estate was due mainly to the dismantling of restrictive regulations imposed by prior Canadian governments on the country's financial markets. The advent of free trade talks between the United States and Canada spurred the increases in wholesale and retail trade [6].

By comparison, the U.K.-source income of U.S. companies declined sharply, by 30.6 percent. This decline

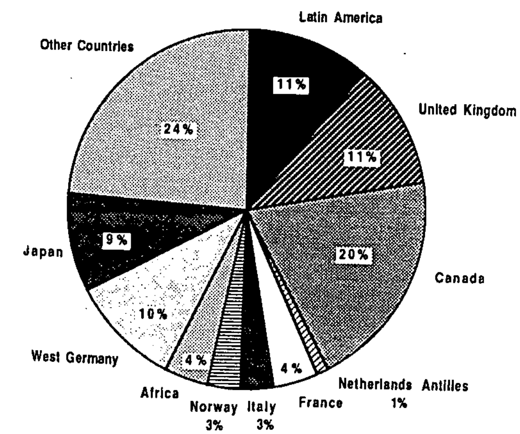


Figure B
**Percentage of Total Foreign-Source Taxable Income, by Country or Area, 1986**




Total: $65.8 billion

Figure C
**Percentage of Total Current-Year Foreign Taxes, by Country or Area, 1986**




Total: $23.1 billion

was due largely to decreases in manufacturing, especially of petroleum; and in finance, insurance, and real estate, down 26.5 and 41.5 percent, respectively.

## Economic Recovery

The U.S. economic recovery that started in late 1983 seems to have continued and spread to much of the rest of the world by 1986. Less expensive oil, tax cuts, low inflation rates, and wage increases overseas all contributed to the economic recovery [7]. With the fall of the dollar against most major foreign currencies in 1985, foreign stocks became more profitable. This resulted in an astounding 424.8 percent leap (from $742 million to $3.9 billion) in net capital gains income between 1984 and 1986 [8]. These gains contributed to large overall foreign income increases registered by Italy (168.0 percent), West Germany (133.7 percent), Japan (96.6 percent), Switzerland (80.1 percent), and France (79.4 percent). U.S. parent companies with operations in these countries saw a currency-exchange windfall when the dollar declined [9].

U.S. oil corporations with operations in the United Kingdom felt the economic crunch caused by less expensive oil in the mid-1980's. A decline in income from the United Kingdom was reported by U.S. manufacturers (almost half of which was accounted for by the 45.0 percent decrease in foreign income earned by the petroleum industry). The fall in oil prices weakened the British pound, which cut into the capital gains U.S. investors could earn on British stocks [10]. U.S. banks suffered a 54.6 percent decrease in U.S.-source foreign income earned from the United Kingdom during the 1984-1986 period.

At the same time, the economies of both West Germany and Japan continued to expand and U.S. corporations earned a combined total of almost $11.1 billion (nearly 17 percent of the total for all countries) in foreign-source taxable income from these countries for 1986. Approximately 85 percent ($9.4 billion) of this amount can be attributed to operations of U.S. manufacturers in both countries. Specifically, the boom in West Germany was fed by such consumer-goods industries as electronics, household appliances, and apparel, with the electrical industry's income up 913 percent from 1984 [11]. The West German income of U.S. corporations accounted for 28 percent of the total income of U.S. manufacturers claiming a foreign tax credit. U.S. manufacturers were also responsible for 81 percent of the total U.S. corporate income earned from Japan ($4.6 billion of the $5.7 billion total for Japan). Income from food and kindred products and the electrical manufacturing industry rose, up 160.6 and 133.3 percent, respectively, from 1984.

U.S. corporations benefitted from the European recovery in Italy as well, where foreign-source taxable income increased 168 percent from 1984. Again, due to the sagging dollar against other foreign currencies and low interest rates, and through the sale of Italian corporate stocks, U.S. companies saw net capital gains income increase by an astounding 2,160 percent [12]. Detailed data on the type and amount of income generated in most foreign countries is provided (Table 1).

Despite the continued economic recovery, U.S. corporations doing business in OPEC countries and in the principal North Sea oil nations (the United Kingdom and Norway) saw foreign-source taxable income and current-year foreign taxes further decline during the 1984-1986 period. Foreign-source taxable income and foreign taxes for OPEC countries decreased almost by half (Figure D). OPEC countries also show a disproportionately high percentage of the total foreign taxes for both years, which can be attributed to the high foreign tax rates on oil income. Data for North Sea oil-producing countries reflect the severe drop in oil prices in 1986 and their effect on foreign-source income and taxes. Foreign income of U.S. companies with operations in Norway was reduced by 45.4 percent, mostly due to falling oil prices. Similarly, U.S. oil companies with British operations had a decline of 30.6 percent in their total foreign taxable income between 1984 and 1986.

**Figure D.—Foreign-Source Taxable Income and Current-Year Foreign Taxes, by Selected Oil-Producing Area, 1984 and 1986**

[Millions of dollars]

| Country | 1984 | | 1986 | |
|---|---|---|---|---|
| | Income | Tax | Income | Tax |
| | (1) | (2) | (3) | (4) |
| **Total** | **$61,097** | **$22,540** | **$65,809** | $23,103 |
| OPEC countries | 5,320 | 2,784 | 3,150 | 1,670 |
| Norway plus United Kingdom | 15,192 | 6,359 | 10,054 | 3,329 |
| Percentage of total: | | | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |
| OPEC countries | 8.7 | 12.4 | 4.8 | 7.[illegible] |
| Norway plus United Kingdom | 24.9 | 28.2 | 15.3 | 14.[illegible] |

## Type of Income by Country

The type of foreign gross income (excluding income from foreign branch operations) U.S. corporations received varied considerably by country (income detail is not available for branch income) (Figure E). Certain country trends are noted:

- most U.S. investment in Canada, West Germany, and Italy was in corporate stock, as evidenced by the fact that the majority of income was dividends and the associated tax on dividends (dividend gross-up - Definitions section);
- the United Kingdom, the second largest source of non-branch gross income, had a distribution of income similar to that for "all countries";
- almost all income from the Netherlands Antilles was dividends;
- over half of the gross income from Norway was made up of rents, royalties, and licensing fees, virtually all from the petroleum industry; and
- for Japan and Norway, there is a relatively low percentage (18 and 12 percent, respectively) of dividend income as compared to the other major industrialized nations included in the chart.

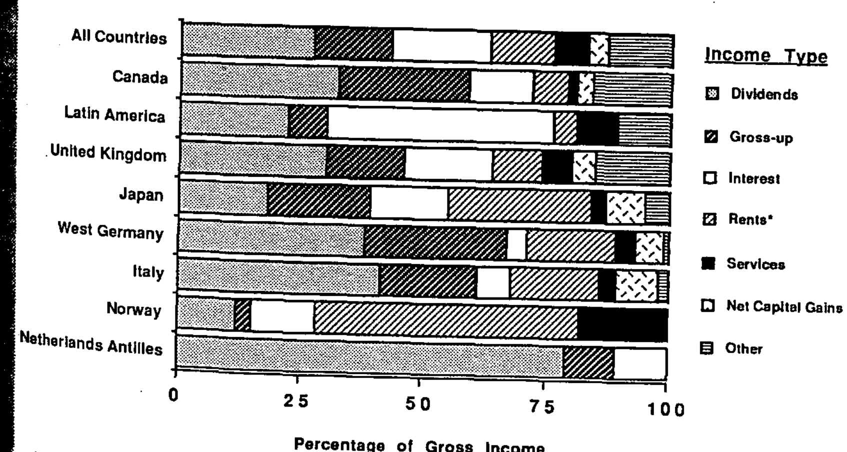
Type of income generalizations can be made for geographic areas as well as for specific countries. Interest represented a higher proportion of income from Latin America (46 percent of the total) than from countries in general (20 percent). This shows the considerable debt burden of industrializing Latin American countries. In addition, almost 72 percent of the total taxes paid or accrued on interest were paid by U.S. corporations to Latin America. Rents, royalties, and licensing fees were less likely than average to be received from Latin America (5 percent of total gross income as compared to an overall percentage of 13 percent). This was also the case with other less-industrialized areas, such as Africa (4 percent). No dividend income was received from any Eastern European Soviet-bloc country because only a handful of companies incorporated in these countries were owned even partially by U.S. corporations [13]. Over half of the gross income from these countries was interest (63 percent) while a quarter was from rents, royalties, and licensing fees.

## Average Foreign Tax Rates

Because foreign tax rates vary considerably by country

Figure E

**Percentage of Non-Branch Gross Income, by Income Type, by Selected Country or Area, 1986**




*Includes royalties and licensing fees.

(and by type of income within countries), the 1986 average foreign tax rates of countries ranged from roughly 64 percent down to almost 4 percent (Figure F). (The average foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income expressed as a percentage. The average U.S. tax is the ratio of U.S. income tax liability to the U.S. income subject to tax after all credits except the foreign tax credit.) Thirteen of the 23 countries shown fall within 10 percentage points above or below the all country average. For "all countries," the average foreign rate of 35 percent was considerably less than the 46 percent U.S. corporate statutory rate for 1986.

Most of the countries with the highest average tax rates were oil-producing nations. Among the reasons for the relatively high average foreign tax rates were: (1) extraordinary or "supplemental" oil taxes that were payable in addition to the normal corporate income tax (i.e., Trinidad and Tobago, and Norway), (2) relatively high income tax rates that applied to oil companies only (i.e., Nigeria) and (3) taxable income bases that were larger under foreign tax law than under U.S. tax law (i.e., depreciation methods under some foreign tax laws are less favorable than under U.S. tax law) [14].

Brazil and Spain were the only countries that were not major oil-producing nations with an average foreign tax rate above 50 percent. Brazil's rate was 62 percent, chiefly because interest from Brazil (nearly 52 percent of non-branch gross income) was generally subject to a 25-percent withholding tax on the gross amount. The deductions attributable to this income reduced taxable income (on which the average tax rate is based), and thereby increased the average rate. Spain's rate was 58 percent because U.S. corporations deriving dividends from Spanish subsidiaries were generally subject to a withholding tax on the dividends in addition to the standard Spanish corporate rate of 35 percent [15].

### Organizational Structure of Foreign Operations

There are several different organizational structures available to U.S. corporations seeking to expand their market or business activities abroad. Most corporations wanting to establish a permanent presence overseas elect to do so by using an unincorporated foreign branch operation, investing in an existing foreign corporation, or forming a subsidiary under the laws of the foreign country. Some business activities, i.e., certain loans and exports, can also be transacted without a substantial foreign presence.

Foreign branch taxable income is shown as a percentage of total foreign-source taxable income by country

**Figure F.—Current-Year Foreign Taxes and Foreign Branch Taxable Income as Percentages of Foreign-Source Taxable Income, by Selected Country, 1986**

[Millions of dollars]

| Country | Current-year foreign taxes as a percentage of foreign -source taxable income | | | Foreign -source taxable income | Foreign branch taxable income as a percentage of foreign-source taxable income | | |
|---|---|---|---|---|---|---|---|
| | Rank | Percent | Taxes | | Rank | Percent | Foreign branch taxable income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **All countries** | — | **35.1%** | **$23,103** | **$65,809** | — | **14.4%** | **$9,497** |
| Saudi Arabia | 1 | 64.1 | 143 | 223 | (1) | (1) | -75 |
| Trinidad and Tobago | 2 | 62.8 | 145 | 231 | (1) | (1) | -18 |
| Brazil | 3 | 62.2 | 1,229 | 1,977 | 8 | 17.3 | 342 |
| Spain | 4 | 57.6 | 297 | 516 | 7 | 20.3 | 105 |
| Indonesia | 5 | 56.1 | 938 | 1,671 | 4 | 49.0 | 819 |
| Egypt | 6 | 52.6 | 172 | 327 | (1) | (1) | -17 |
| Mexico | 7 | 52.4 | 545 | 1,041 | 11 | 9.8 | 102 |
| Nigeria | 8 | 45.0 | 260 | 578 | 3 | 55.5 | 321 |
| Canada | 9 | 44.3 | 4,659 | 10,508 | 16 | 4.9 | 516 |
| Norway | 10 | 43.4 | 778 | 1,791 | 1 | 64.4 | 1,153 |
| West Germany | 11 | 41.3 | 2,244 | 5,428 | 18 | 3.1 | 168 |
| Australia | 12 | 40.7 | 669 | 1,642 | 6 | 30.9 | 507 |
| Venezuela | 13 | 39.4 | 86 | 218 | 15 | 6.0 | 13 |
| Japan | 14 | 36.5 | 2,071 | 5,670 | 14 | 6.5 | 368 |
| Switzerland | 15 | 33.4 | 518 | 1,549 | (1) | (1) | -63 |
| Libya | 16 | 31.2 | 25 | 80 | 2 | 56.2 | 45 |
| France | 17 | 31.0 | 811 | 2,616 | 9 | 12.3 | 323 |
| United Kingdom | 18 | 30.9 | 2,552 | 8,263 | 10 | 11.1 | 916 |
| Netherlands | 19 | 30.6 | 622 | 2,035 | 12 | 8.4 | 170 |
| Italy | 20 | 29.0 | 769 | 2,651 | 13 | 8.0 | 21[illegible] |
| Panama | 21 | 22.1 | 175 | 791 | 19 | 1.8 | 14 |
| Netherlands Antilles | 22 | 17.0 | 153 | 899 | 17 | 3.3 | 30 |
| Bahamas | 23 | 3.6 | 29 | 800 | 5 | 44.6 | 357 |

[1] Not calculated due to foreign branch loss.



(Figure F). Branch taxable income as a percentage of all foreign taxable income fell from 24 percent for 1984 to about 14 percent for 1986. Generally, the petroleum and banking industries are more likely than any other industries to operate through the establishment of foreign overseas branches. This is evident in those countries with the highest proportion of income from foreign branches, all of them either oil-producing nations or an offshore financial center; namely, Norway (64 percent), Libya (56 percent), Nigeria (56 percent), Indonesia (49 percent), and the Bahamas (45 percent).

## SUMMARY

The foreign tax credit claimed by U.S. corporations increased only 4 percent from $21.4 billion for 1984 to $22.3 billion for 1986. Foreign-source U.S. taxable income from all countries increased by nearly 8 percent, from $61.1 billion to $65.8 billion. Almost 35 percent of foreign-source income was paid as taxes to foreign governments ($23.1 billion), although not all of it could be claimed as a foreign tax credit for 1986.

U.S. corporations earned more foreign-source taxable income ($10.5 billion) in Canada than in any other nation. Accordingly, these corporations paid most of their foreign taxes ($4.7 billion) to Canada. This was the first time in the 1980's any country had surpassed the United Kingdom as the country from which U.S. companies earned the most income.

Strong U.S. activity was registered in Italy, West Germany, France, Switzerland and Japan. Declining energy prices, low inflation, and a weak dollar enabled U.S. companies to reap big capital gains overseas. The big losers were U.S. corporations (primarily oil companies) with activities in countries that were members of OPEC and in the principal North Sea oil-producing nations (the United Kingdom and Norway), whose economies suffered due to lower oil prices.

Generally, the type of non-branch foreign income U.S. corporations received varied by country. A substantial portion of U.S. investment abroad was in corporate stock with over 40 percent of foreign gross income (of $93.5 billion) composed of dividends ($25.8 billion) and the foreign taxes paid on them, the so-called dividend gross-up ($14.6 billion).

## DATA SOURCES AND LIMITATIONS

### Sample Selection and Variability

The statistics presented in this article for the 1986 Tax Year were estimated from a stratified probability sample of approximately 85,100 corporate income tax returns selected after revenue processing, but before audit. The accounting periods of corporations with a foreign tax credit included in the data were those ending between July 1986 and June 1987, although most of the activities reported reflected activities in Calender Year 1986.

While all returns in the Statistics of Income sample with a foreign tax credit were used for the 1986 data, some differences exist between the 1986 foreign tax credit data presented here and those previously published in *Statistics of Income–1986, Corporation Income Tax Returns.* These differences are the result of the different weighting methods used for returns sampled at less than the 100-percent rate. In addition, the statistics presented herein include certain returns with foreign tax credits prescribed for inclusion in the 100-percent sample class. These returns were received too late to be included in the regular corporate statistics and no adjustment for them was made for the overall corporate statistics.

Sampling variability arises only in strata in which returns were prescribed for selection at a rate of less than 100 percent. For this article, returns selected at the 100-percent rate accounted for the largest part of the estimated amounts. For example, for 1986, those corporations with $250 million or more in total assets (which were selected at the 100-percent rate) accounted for a major portion of the total assets (98.3 percent), foreign tax credit claimed (95.6 percent), and foreign-source taxable income (95.1 percent) of all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling variability is not considered a major limitation of the statistics.

### General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, Computation of Foreign Tax Credit - Corporations, attached to their U.S. corporation income tax return. Form 1118 is the source of the foreign income and tax data for this article. The statistics do not reflect any adjustments that were made during audit examination, which finally determines the acceptability of the foreign income and taxes reported. Nor do they reflect foreign tax carrybacks which also determine the final credit. Also, some corporations provide only preliminary foreign income and tax data with their U.S. tax returns as filed because not all the information about their foreign operations is available at the time their U.S. income tax returns are filed.

Foreign income and taxes are underreported in this article to the extent that data were not provided on Form 1118. Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability against which a foreign tax credit could be claimed and were, therefore, not required to file the Form 1118. Some corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. tax liability. For these particular returns, it is believed that the foreign income and tax amounts were insignificant. In both instances, these returns were excluded from this study.

## DEFINITIONS

The term "*country*" as used in this article includes not only countries, but also other separate taxation authorities, such as Puerto Rico and U.S. possessions. For certain tables and figures, data for these taxation authorites are presented together with data by country.

*Foreign taxes* (unless otherwise stated) refers to current-year foreign taxes, which are withholding taxes on dividends, interest, rents, royalties and license fees, as well as taxes directly paid or accrued on partnership, services or other income or on foreign branch profits. It also includes taxes deemed paid, which are a proportion of the taxes paid on the profits of a foreign corporation (including all levels of subsidiaries) out of which the dividends to the U.S. corporation were paid.

*The Organization of Petroleum Exporting Countries* (OPEC) is an oil cartel which includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

*Petroleum industry* (unless otherwise stated) refers to the integrated petroleum industry, i.e., all corporations primarily engaged in extraction, refining, and marketing of crude petroleum.

*Dividend gross-up* is income associated with dividends received or constructively received from a controlled foreign corporation and is equivalent to the tax deemed paid.

## NOTES AND REFERENCES


[1] There were 3,428,515 corporation income tax returns filed for Tax Year 1986.

[2] "'Eurogloom' Fades as the Recovery Takes Hold," *Business Week*, May 14, 1984, p. 54.

[3] Data pertaining to income and tax amounts classified by both industry and country are available from the Statistics of Income Division but were not published with this article due to the voluminous nature of the statistics.

[4] Finn, Edwin A., Jr. and Morais, Richard C., "Good Neighbors Again," *Forbes*, May 19, 1986, p. 130.

[5] Templeman, John, et al., "Europe and Japan are Catching Tax-Reform Fever," *Business Week*, September 1, 1986, p. 65.

[6] Ibid.

[7] Templeman, John, et al., "Europe's Businessmen Are All Speaking the Same Language: Boom," *Business Week*, May 5, 1986, pp. 42-43.

[8] See Redmiles, Lissa, "Corporation Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall 1990, Vol. 10, No. 2.

[9] Pearson, John, "Strong Dollar or No, There's Money to be Made Abroad," *Business Week*, March 22, 1985, p. 155.

[10] Templeman, John, et al., "Now West Germany's Economy is Carrying the Ball," *Business Week*, January 20, 1986, pp. 40-41.

[11] Templeman, "Europe's Businessmen...", ibid., p. 42.

[12] Templeman, John, et al., "Cheaper Money is Pouring into European Industry," *Business Week*, March 17, 1986, p. 63.

[13] See *Statistics of Income Bulletin*, Spring 1990, Vol. 9, No. 4, for an article on Controlled Foreign Corporations by country or geographic area. Data for 1986 will be included in a future issue of the *Bulletin*.

[14] For additional information on the tax laws of foreign countries, see *Corporate Taxes, A Worldwide Summary*, Price Waterhouse, 1985.

[15] Ibid.


## EXPLANATORY TABLE NOTES

The data for the following tables are tabulated from Forms 1120 and 1118 (Data Sources and Limitations



For Table 1, the rows are the specific geographic area or country to which foreign income and taxes were paid (see the definition of "country" in the definition section above). Columns 3 through 13 reveal income and taxes from all sources while columns 14 through 58 represent income and taxes from specific geographic areas or countries.

Columns 1 through 13 are amounts reported on the Corporation Tax Return Form 1120 while the remaining columns are amounts reported on the Form 1118. The data by geographic areas for columns 1 through 13 are not additive to the all geographic areas total. The data in columns 14 through 58 are amounts for the specific country. However, the data by geographic area for columns 14 through 58 are additive to the all geographic areas total. Data for specific geographic areas are not always additive as data are present for only selected countries.

Columns 15 through 22 contain gross income excluding branch operations and specially allocable income (less loss) and sum to column 14. Foreign oil and gas extraction gross income appears in columns 24 through 28 and sum to column 23. These amounts are also included in the foreign gross income in columns 14 though 22.

Columns 29 through 38 contain deductions other than from branch operations and specially allocable income. They are divided into; allocable deductions, columns 30 through 34: and not directly allocable deductions, columns 35 through 38. Columns 30 and 35 are the totals, respectively, and sum to column 29. Columns 39 through 41 are the deductions from oil and gas extraction income and are included in columns 29 through 38.

Columns 42 through 45 reveal taxable income before loss recapture which includes foreign branch income (column 43), specially allocable income or Section 863(B) (column 44), and foreign income other than from branch operations and specially allocable income (column 45). Column 42, the total foreign-source taxable income also equals column 14 minus column 29 plus columns 43 and 44.

Columns 46 through 55 contain foreign taxes paid or accrued and deemed paid before reduction for international boycott operations. Total foreign taxes paid or accrued are divided into taxes withheld at source on dividends (column 48), interest (column 49), and rents, royalties, and licensing fees (column 50), as well as, taxes paid or accrued on branch income (column 51), service income (column 52), partnership income (column 53), and other income (column 54), all of which sum to column 47. Deemed paid foreign taxes are included in column 55. In some instances, small amounts of taxes were attributed to the country of incorporation of a foreign subsidiary rather than the actual country of taxation. Columns 47 and 55 sum to column 46 which is total foreign taxes.

Columns 56 through 58 represent income and taxes of related foreign corporations.

NOTE: Columns and rows may not sum exactly due to rounding.

**RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED**

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Net income (less deficit) | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All geographic areas, total** | **4,409** | **5,404,718,817** | **140,430,545** | **130,506,344** | **53,347,108** | **22,258,235** | **65,809,314** | **8,467,889** | **14,635,173** | **1,059,505** |
| **Canada** | **2,090** | **4,663,310,239** | **122,330,156** | **113,438,182** | **48,180,856** | **21,253,601** | **61,782,294** | **7,788,753** | **14,247,734** | **931,961** |
| **Latin America, total** | **944** | **4,465,283,211** | **108,350,389** | **100,688,743** | **41,273,247** | **20,954,104** | **61,550,886** | **7,527,812** | **14,095,109** | **883,242** |
| Mexico | 688 | 4,065,535,944 | 96,571,277 | 89,842,011 | 36,742,807 | 19,982,965 | 57,450,531 | 7,266,867 | 13,365,122 | 837,105 |
| Central America, total | 287 | 3,212,563,020 | 79,694,777 | 74,624,944 | 30,669,001 | 18,506,177 | 53,179,091 | 6,703,196 | 12,468,161 | 859,804 |
| Costa Rica | 120 | 1,929,951,705 | 50,760,625 | 47,727,994 | 20,287,314 | 15,044,596 | 41,765,573 | 4,993,942 | 10,513,029 | 178,502 |
| Guatemala | 121 | 2,107,600,453 | 56,864,854 | 53,091,315 | 22,640,649 | 15,904,527 | 43,482,203 | 5,633,624 | 10,841,434 | 282,144 |
| Honduras | 95 | 1,918,366,383 | 44,004,015 | 41,877,721 | 17,582,176 | 12,867,304 | 34,793,634 | 4,704,517 | 8,748,693 | 178,502 |
| Panama (including Canal Zone) | 208 | 2,908,477,412 | 67,143,083 | 63,418,582 | 25,877,703 | 15,907,025 | 45,107,787 | 5,776,947 | 10,750,359 | 750,814 |
| Caribbean countries, total | 278 | 3,160,382,462 | 76,859,359 | 71,573,027 | 29,553,858 | 18,111,396 | 52,266,411 | 6,615,550 | 12,229,573 | 874,074 |
| Cayman Islands (British) | 133 | 2,481,627,459 | 50,161,996 | 46,774,509 | 19,003,654 | 13,416,597 | 38,203,932 | 5,056,810 | 9,031,726 | 708,111 |
| Dominican Republic | 128 | 2,133,504,358 | 51,137,409 | 47,589,064 | 20,303,849 | 13,588,585 | 39,261,673 | 4,861,683 | 9,136,445 | 178,502 |
| Trinidad and Tobago | 105 | 1,876,394,572 | 46,992,352 | 44,255,916 | 18,074,282 | 13,703,616 | 37,043,096 | 5,482,746 | 9,090,041 | 845,468 |
| South America, total | 596 | 4,094,090,282 | 97,806,510 | 91,305,034 | 37,468,939 | 20,468,735 | 59,895,361 | 7,368,600 | 13,802,827 | 882,199 |
| Argentina | 317 | 3,277,295,761 | 74,176,207 | 70,510,650 | 28,820,949 | 18,062,732 | 50,771,512 | 6,820,238 | 12,117,724 | 837,462 |
| Brazil | 376 | 3,717,854,967 | 83,335,196 | 78,723,560 | 31,990,206 | 18,549,095 | 53,227,484 | 6,999,118 | 12,385,730 | 864,693 |
| Chile | 202 | 2,760,243,700 | 64,929,713 | 60,272,371 | 25,181,016 | 16,606,188 | 47,458,969 | 5,923,780 | 11,223,176 | 752,601 |
| Colombia | 217 | 2,663,610,016 | 68,070,459 | 64,779,039 | 26,827,400 | 16,810,353 | 47,191,179 | 6,430,146 | 11,276,960 | 866,218 |
| Ecuador | 155 | 2,509,909,404 | 56,472,680 | 53,684,826 | 22,320,054 | 15,587,458 | 42,392,195 | 6,130,902 | 10,192,749 | 814,628 |
| Peru | 180 | 2,566,356,157 | 60,731,581 | 56,950,665 | 24,015,771 | 15,831,583 | 45,115,945 | 6,095,268 | 10,300,976 | 861,309 |
| Venezuela | 310 | 3,194,988,242 | 75,943,283 | 71,281,972 | 29,869,333 | 18,312,507 | 52,391,338 | 6,812,011 | 12,211,347 | 864,693 |
| **Other Western Hemisphere, total** | **344** | **3,859,345,664** | **89,655,904** | **83,377,975** | **33,960,790** | **19,193,449** | **55,902,052** | **6,739,125** | **13,056,156** | **868,327** |
| The Bahamas | 134 | 2,619,157,750 | 51,580,352 | 47,978,513 | 19,933,766 | 14,404,638 | 41,554,666 | 5,139,469 | 9,804,460 | 759,919 |
| Netherlands Antilles | 186 | 3,083,825,293 | 71,201,860 | 66,631,978 | 27,379,274 | 16,965,907 | 48,905,669 | 5,897,649 | 11,470,288 | 735,064 |
| **Europe, total** | **1,853** | **4,736,860,328** | **117,936,037** | **109,676,776** | **44,672,266** | **21,691,512** | **63,786,936** | **7,990,375** | **14,478,405** | **1,001,376** |
| Common Market countries, total | 1,705 | 4,642,141,116 | 115,730,736 | 107,744,361 | 43,869,417 | 21,475,469 | 63,204,016 | 7,717,344 | 14,461,837 | 913,082 |
| Belgium | 344 | 3,187,453,257 | 81,980,591 | 76,300,420 | 31,341,583 | 18,913,001 | 54,471,565 | 6,874,001 | 12,712,745 | 814,675 |
| France (including Andorra) | 539 | 3,679,059,339 | 92,740,797 | 86,411,759 | 35,273,176 | 19,703,407 | 57,464,840 | 6,729,895 | 13,539,551 | 774,354 |
| Greece | 132 | 2,603,763,309 | 61,546,736 | 58,995,054 | 24,132,425 | 15,362,245 | 42,858,233 | 5,884,137 | 10,271,780 | 275,858 |
| Ireland | 150 | 2,405,032,739 | 59,970,704 | 56,967,811 | 23,332,436 | 15,499,765 | 43,529,914 | 5,880,070 | 10,363,062 | 830,314 |
| Italy (including San Marino) | 412 | 3,496,457,314 | 86,670,113 | 80,607,972 | 32,991,648 | 19,512,669 | 56,469,852 | 6,945,961 | 13,286,969 | 880,671 |
| Luxembourg | 65 | 1,975,271,335 | 28,182,661 | 26,015,918 | 10,029,791 | 6,238,325 | 17,678,154 | 2,921,837 | 3,872,065 | 157,849 |
| Netherlands | 674 | 3,659,503,468 | 87,923,583 | 81,700,287 | 33,015,301 | 19,073,890 | 55,453,430 | 6,902,857 | 12,853,495 | 858,522 |
| Spain | 316 | 3,327,211,113 | 79,231,017 | 74,760,409 | 30,481,887 | 18,206,758 | 51,669,643 | 6,862,645 | 12,258,718 | 843,302 |
| United Kingdom | 989 | 4,134,238,204 | 102,792,506 | 95,142,016 | 38,885,149 | 20,860,067 | 61,139,743 | 7,462,712 | 14,087,687 | 906,624 |
| West Germany | 643 | 3,645,213,737 | 92,992,643 | 86,808,727 | 35,503,177 | 20,361,405 | 58,616,561 | 7,239,714 | 13,805,019 | 864,736 |
| Other West European countries, total | 689 | 3,824,368,832 | 93,737,995 | 87,005,731 | 35,627,113 | 20,240,023 | 58,422,337 | 7,535,609 | 13,542,459 | 993,655 |
| Austria | 182 | 2,526,768,981 | 63,464,168 | 59,568,034 | 24,524,772 | 16,172,143 | 47,230,807 | 5,530,088 | 11,190,112 | 673,602 |
| Finland | 156 | 2,418,807,640 | 62,334,473 | 58,492,662 | 24,227,005 | 15,613,195 | 45,416,423 | 5,372,966 | 10,762,555 | 713,884 |
| Norway | 194 | 2,351,832,358 | 59,543,462 | 55,703,436 | 22,903,994 | 16,101,217 | 46,217,982 | 6,096,526 | 10,874,403 | 915,525 |
| Sweden | 297 | 3,134,047,712 | 76,160,390 | 71,217,372 | 29,125,786 | 17,963,706 | 51,959,000 | 6,190,035 | 12,325,368 | 736,982 |
| Switzerland | 444 | 3,417,257,738 | 83,656,587 | 77,806,766 | 31,931,216 | 18,919,837 | 54,405,414 | 6,907,249 | 12,664,419 | 813,770 |
| Turkey | 117 | 2,049,457,009 | 52,511,088 | 49,266,391 | 21,224,480 | 15,700,328 | 43,960,313 | 5,966,988 | 10,384,793 | 882,540 |
| East European countries, total | 115 | 2,003,249,495 | 46,016,277 | 43,892,692 | 18,573,653 | 14,072,556 | 39,129,310 | 5,611,234 | 9,379,115 | 805,322 |
| **Africa, total** | **681** | **3,643,235,940** | **89,104,304** | **82,991,940** | **33,889,096** | **19,697,337** | **56,978,188** | **7,359,998** | **13,061,497** | **928,537** |
| North Africa, total | 148 | 2,521,709,075 | 58,820,967 | 55,860,629 | 23,336,954 | 15,810,742 | 43,691,611 | 6,455,989 | 10,359,920 | 927,867 |
| Egypt | 121 | 2,344,783,158 | 52,889,850 | 50,273,694 | 21,088,624 | 14,817,239 | 40,872,735 | 6,001,481 | 9,665,235 | 864,428 |
| Libya | 18 | 525,642,231 | 22,300,693 | 21,565,983 | 9,413,691 | 8,826,618 | 22,424,322 | 3,118,139 | 6,037,558 | 206,593 |
| East Africa, total | 83 | 1,798,610,133 | 47,370,916 | 44,939,397 | 18,862,158 | 14,051,599 | 37,507,076 | 5,491,933 | 9,367,022 | 815,311 |
| West and Central African countries, total | 116 | 2,226,847,831 | 54,313,265 | 51,460,035 | 21,302,409 | 15,266,169 | 41,522,244 | 6,029,036 | 10,109,057 | 864,692 |
| Gabon | 25 | 918,369,114 | 21,270,641 | 20,193,951 | 8,432,470 | 6,799,963 | 16,765,829 | 3,275,884 | 3,797,783 | 827,636 |
| Nigeria | 63 | 1,641,708,539 | 40,973,111 | 39,085,201 | 16,503,132 | 12,671,962 | 33,635,830 | 5,095,797 | 8,071,927 | 813,911 |
| Zaire | 28 | 1,301,089,512 | 28,371,857 | 26,901,822 | 11,650,416 | 9,516,170 | 25,946,119 | 4,230,290 | 6,412,851 | 785,821 |
| Southern Africa, total | 607 | 3,182,386,374 | 81,111,529 | 75,724,086 | 31,064,640 | 18,248,367 | 52,058,182 | 6,289,999 | 12,371,117 | 737,807 |
| South Africa (includes Namibia) | 568 | 3,020,452,243 | 79,168,353 | 73,850,471 | 30,327,286 | 17,765,821 | 50,656,760 | 6,122,407 | 12,127,101 | 737,807 |
| Zimbabwe | 49 | 1,159,433,256 | 28,884,297 | 27,330,396 | 11,399,350 | 8,247,326 | 23,092,450 | 3,167,214 | 5,796,816 | 100,110 |
| **Asia, total** | **1,338** | **4,556,729,870** | **115,329,768** | **107,785,978** | **44,074,207** | **21,247,303** | **62,406,601** | **7,742,975** | **14,204,257** | **958,319** |
| Middle East, total | 413 | 3,112,990,708 | 78,576,531 | 72,869,467 | 30,419,250 | 18,353,397 | 52,874,647 | 6,854,774 | 12,208,500 | 906,028 |
| Iran | 39 | 1,243,998,202 | 34,864,659 | 33,526,198 | 14,378,765 | 11,744,284 | 31,301,365 | 4,785,749 | 7,541,467 | 833,409 |
| Israel | 285 | 2,237,777,092 | 48,171,469 | 44,743,818 | 18,542,001 | 11,177,662 | 33,488,198 | 4,202,594 | 7,482,021 | 99,229 |
| Kuwait | 72 | 1,591,044,689 | 34,555,444 | 33,047,045 | 14,127,092 | 10,801,466 | 30,580,307 | 3,908,446 | 7,546,201 | 156,330 |
| Qatar | 20 | 952,356,955 | 26,815,416 | 25,985,578 | 11,248,402 | 10,335,075 | 26,155,849 | 3,979,403 | 6,862,216 | 234,040 |
| Saudi Arabia | 145 | 2,047,320,914 | 51,262,291 | 47,749,085 | 20,223,015 | 14,655,248 | 41,723,076 | 5,253,323 | 9,930,418 | 762,270 |
| United Arab Emirates | 59 | 1,642,536,708 | 37,278,710 | 35,430,608 | 14,896,248 | 12,298,603 | 33,068,021 | 4,798,889 | 8,383,529 | 325,346 |
| Southern and Southeastern Asia, total | 432 | 3,763,576,114 | 91,559,255 | 84,964,300 | 34,636,129 | 20,057,841 | 58,066,771 | 7,342,622 | 13,457,073 | 932,820 |
| India | 172 | 2,226,235,881 | 59,072,942 | 56,135,125 | 23,540,202 | 15,875,985 | 43,433,398 | 6,090,736 | 10,567,146 | 813,780 |
| Indonesia | 154 | 2,654,975,824 | 59,395,950 | 56,816,187 | 23,397,497 | 16,134,683 | 44,004,930 | 6,415,473 | 10,573,432 | 924,370 |
| Malaysia | 140 | 2,265,764,493 | 56,669,256 | 53,489,750 | 22,399,952 | 14,977,705 | 41,748,100 | 5,329,200 | 10,316,057 | 182,485 |
| Philippines | 228 | 3,121,594,247 | 78,574,205 | 73,446,411 | 29,834,893 | 18,132,013 | 51,406,878 | 6,697,849 | 11,775,651 | 865,574 |
| Singapore | 242 | 3,214,759,920 | 74,478,994 | 70,156,431 | 28,334,041 | 17,858,671 | 50,616,652 | 6,807,600 | 11,974,090 | 908,417 |
| Thailand | 171 | 2,549,570,613 | 64,398,937 | 60,456,909 | 25,484,242 | 16,712,304 | 47,257,107 | 6,297,692 | 11,095,534 | 836,967 |
| Eastern Asia, total | 1,140 | 4,338,414,835 | 109,736,048 | 102,672,027 | 41,958,987 | 20,727,429 | 60,619,282 | 7,492,977 | 13,859,248 | 867,254 |
| China | 110 | 2,107,377,387 | 56,713,947 | 53,145,000 | 22,277,888 | 16,085,892 | 45,901,840 | 5,894,230 | 10,861,598 | 836,125 |
| Hong Kong | 295 | 3,203,640,939 | 75,940,371 | 71,249,486 | 29,296,260 | 17,799,766 | 51,642,601 | 6,133,873 | 12,082,873 | 731,171 |
| Japan (Okinawa, Ryukyu) | 1,051 | 4,186,465,716 | 105,900,364 | 98,947,500 | 40,412,578 | 20,522,862 | 59,719,620 | 7,413,001 | 13,751,903 | 865,725 |
| South Korea | 239 | 3,281,144,543 | 73,576,437 | 68,868,590 | 28,625,889 | 17,510,030 | 50,690,254 | 6,679,012 | 11,516,659 | 836,085 |
| Taiwan | 230 | 2,858,797,046 | 70,812,567 | 66,243,639 | 27,849,791 | 17,630,738 | 50,009,952 | 6,573,377 | 11,820,967 | [illegible] |
| **Oceania, total** | **831** | **4,006,752,783** | **99,940,837** | **93,125,304** | **37,982,853** | **20,430,651** | **59,720,690** | **7,336,332** | **13,729,842** | [illegible] |
| Australia | 784 | 3,961,341,200 | 98,854,679 | 92,321,860 | 37,648,618 | 20,359,858 | 59,419,429 | 7,318,003 | 13,680,241 | [illegible] |
| New Zealand | 295 | 2,851,630,676 | 75,626,816 | 71,141,902 | 29,047,596 | 17,558,421 | 48,891,326 | 6,581,182 | 11,765,661 | [illegible] |
| **Puerto Rico and U.S. Possessions, total** | **472** | **3,378,361,025** | **88,322,768** | **82,126,135** | **33,261,173** | **18,134,818** | **51,191,327** | **6,256,252** | **12,318,540** | [illegible] |
| Puerto Rico | 376 | 3,165,876,341 | 85,932,058 | 79,817,707 | 32,453,402 | 17,964,476 | 50,303,935 | 6,149,356 | 12,278,802 | [illegible] |
| U.S. possessions, total | 176 | 2,224,709,829 | 57,140,923 | 53,122,225 | 21,840,873 | 13,854,406 | 38,474,387 | 4,798,132 | 9,213,839 | [illegible] |
| **Country not stated** | **705** | **4,040,803,027** | **93,582,007** | **88,850,120** | **35,566,586** | **18,749,489** | **54,806,186** | **6,682,447** | **12,615,698** | [illegible] |
| **IC-DISC dividends** | **33** | **136,465,568** | **9,533,888** | **9,127,404** | **3,944,417** | **2,106,694** | **5,086,635** | **481,033** | **1,754,092** | [illegible] |
| **FSC dividends** | **27** | **241,886,593** | **11,282,812** | **10,698,376** | **4,581,008** | **3,331,794** | **7,986,561** | **1,284,961** | **1,943,122** | [illegible] |
| **OPEC countries, total (included above)** | **418** | **3,610,683,006** | **84,451,902** | **78,925,349** | **32,948,509** | **19,563,831** | **56,514,404** | **7,390,024** | **12,913,642** | [illegible] |

Footnotes at end of table.



**RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED**

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC-DISC and FSC dividends | Income and taxes from all sources—Continued: Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations | Income and taxes from specific geographic area or country: Gross income excluding branch operations and specially allocable income (less loss): Total | Dividends | Dividend gross-up | Interest | Rents, royalties and license fees | Service income |
|---|---|---|---|---|---|---|---|---|---|
| | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| **All geographic areas, total** | **5,364,349** | **22,260,336** | **727** | **93,530,845** | **25,789,233** | **14,635,179** | **18,670,536** | **11,901,161** | **6,372,908** |
| **Canada** | **4,798,438** | **21,255,656** | **727** | **13,448,196** | **4,275,093** | **3,616,591** | **1,761,155** | **957,009** | **304,472** |
| **Latin America, total** | **4,651,162** | **20,956,159** | **727** | **11,696,986** | **2,567,420** | **925,428** | **5,427,483** | **533,602** | **976,717** |
| Mexico | 4,382,766 | 19,985,010 | 717 | 2,508,573 | 302,032 | 119,825 | 1,610,230 | 198,165 | 137,439 |
| Central America, total | 4,140,285 | 18,508,175 | 670 | 1,475,256 | 701,420 | 176,083 | 113,669 | 80,468 | 344,276 |
| Costa Rica | 2,253,794 | 15,046,468 | 544 | 74,439 | 17,502 | 10,271 | 11,412 | 8,884 | 18,569 |
| Guatemala | 2,373,667 | 15,906,517 | 663 | 32,205 | 11,695 | 3,976 | 5,576 | 3,682 | 1,051 |
| Honduras | 1,973,345 | 12,868,968 | 336 | 200,706 | 7,585 | 2,293 | 4,367 | 2,095 | 164,023 |
| Panama (including Canal Zone) | 3,832,279 | 15,908,906 | 553 | 1,134,055 | 657,622 | 158,868 | 83,153 | 59,847 | 153,925 |
| Caribbean countries, total | 4,120,515 | 18,113,397 | 673 | 1,555,500 | 215,328 | 58,371 | 461,672 | 22,300 | 289,902 |
| Cayman Islands (British) | 3,677,519 | 13,418,135 | 210 | 555,877 | 125,458 | 5,665 | 414,149 | 801 | 4,163 |
| Dominican Republic | 2,075,794 | 13,590,257 | 344 | 61,768 | 6,514 | 281 | 5,338 | 6,499 | 37,868 |
| Trinidad and Tobago | 3,583,371 | 13,705,284 | 340 | 640,189 | 72,706 | 49,660 | 12,248 | 9,686 | 2,602 |
| South America, total | 4,551,544 | 20,470,789 | 727 | 5,958,112 | 1,348,352 | 571,133 | 3,059,542 | 229,520 | 204,536 |
| Argentina | 4,036,551 | 18,064,761 | 702 | 1,118,111 | 109,381 | 19,353 | 724,399 | 69,443 | 27,758 |
| Brazil | 4,224,122 | 18,551,130 | 708 | 3,130,819 | 856,034 | 458,976 | 1,623,371 | 72,655 | 32,191 |
| Chile | 3,943,242 | 16,608,101 | 585 | 290,700 | 32,596 | 4,321 | 211,291 | 19,610 | 6,006 |
| Colombia | 3,968,048 | 16,812,252 | 572 | 358,714 | 103,506 | 37,683 | 82,948 | 15,219 | 71,730 |
| Ecuador | 3,848,753 | 15,589,348 | 562 | 250,037 | 161,462 | 3,455 | 41,770 | 11,116 | 7,087 |
| Peru | 4,095,349 | 15,833,457 | 547 | 129,594 | 7,676 | 3,858 | 48,175 | 7,675 | 4,080 |
| Venezuela | 4,190,615 | 18,314,557 | 722 | 546,533 | 70,486 | 41,881 | 301,533 | 25,862 | 54,033 |
| **Other Western Hemisphere, total** | **4,489,269** | **19,195,466** | **689** | **3,456,283** | **1,694,421** | **186,702** | **1,556,129** | **17,920** | **17,241** |
| The Bahamas | 3,773,540 | 14,406,305 | 339 | 1,013,642 | 117,145 | 28,114 | 849,727 | 6,321 | 2,154 |
| Netherlands Antilles | 4,012,716 | 16,967,460 | 225 | 1,277,261 | 1,008,693 | 133,924 | 135,241 | 3,791 | 2,221 |
| **Europe, total** | **4,963,180** | **21,693,567** | **727** | **37,389,261** | **12,118,935** | **7,139,991** | **4,267,646** | **6,383,548** | **2,162,957** |
| Common Market countries, total | 4,655,625 | 21,477,524 | 727 | 31,137,421 | 10,370,281 | 6,378,729 | 3,398,554 | 5,052,018 | 1,521,507 |
| Belgium | 4,208,144 | 18,914,921 | 592 | 2,191,116 | 909,970 | 488,260 | 153,758 | 274,107 | 229,887 |
| France (including Andorra) | 4,243,201 | 19,705,461 | 727 | 3,364,266 | 842,500 | 687,406 | 305,492 | 953,865 | 121,012 |
| Greece | 2,189,392 | 15,364,117 | 544 | 82,486 | 3,052 | 1,080 | 38,492 | 14,763 | 20,900 |
| Ireland | 3,799,799 | 15,501,663 | 569 | 206,508 | 43,443 | 9,915 | 21,807 | 71,355 | 33,731 |
| Italy (including San Marino) | 4,323,457 | 19,514,588 | 592 | 3,107,587 | 1,227,311 | 636,144 | 218,267 | 572,714 | 105,709 |
| Luxembourg | 587,534 | 6,238,533 | 208 | 153,369 | 55,427 | 46,245 | 30,441 | 3,734 | 10,096 |
| Netherlands | 4,263,470 | 19,075,828 | 610 | 2,460,402 | 811,572 | 460,678 | 123,268 | 431,385 | 54,720 |
| Spain | 3,934,575 | 18,208,673 | 587 | 920,193 | 313,574 | 156,235 | 90,164 | 254,723 | 48,535 |
| United Kingdom | 4,525,898 | 20,862,122 | 727 | 11,324,729 | 3,395,517 | 1,847,374 | 2,072,254 | 1,147,567 | 639,140 |
| West Germany | 4,408,175 | 20,363,440 | 708 | 6,631,131 | 2,527,085 | 1,919,709 | 286,210 | 1,175,000 | 251,743 |
| Other West European countries, total | 4,580,264 | 20,241,943 | 592 | 5,162,992 | 1,746,727 | 759,189 | 716,543 | 1,288,876 | 168,770 |
| Austria | 3,795,970 | 16,174,023 | 553 | 514,460 | 248,003 | 104,010 | 25,758 | 74,535 | 6,051 |
| Finland | 3,861,381 | 15,614,739 | 216 | 243,606 | 78,065 | 40,682 | 25,352 | 80,761 | 3,996 |
| Norway | 3,830,994 | 16,102,761 | 216 | 1,306,166 | 151,684 | 45,095 | 163,526 | 702,180 | 10,709 |
| Sweden | 4,054,316 | 17,965,624 | 591 | 595,555 | 158,852 | 145,496 | 56,797 | 166,523 | 25,797 |
| Switzerland | 4,143,799 | 18,921,756 | 592 | 2,284,164 | 1,066,069 | 414,072 | 376,843 | 249,430 | 57,323 |
| Turkey | 3,896,903 | 15,702,209 | 553 | 133,406 | 13,424 | 8,969 | 43,423 | 9,013 | 59,092 |
| East European countries, total | 3,429,589 | 14,074,107 | 223 | 146,550 | 1,222 | 2,047 | 93,049 | 36,137 | 7,064 |
| **Africa, total** | **4,678,331** | **19,699,388** | **723** | **3,409,915** | **626,437** | **226,166** | **210,258** | **135,184** | **463,157** |
| North Africa, total | 3,899,466 | 15,812,433 | 364 | 1,059,956 | 40,310 | 26,201 | 39,917 | 13,104 | 45,966 |
| Egypt | 3,661,395 | 14,818,930 | 364 | 811,043 | 37,585 | 25,239 | 17,596 | 7,923 | 29,664 |
| Libya | 1,547,744 | 8,827,948 | 2 | 104,901 | — | — | 16 | 123 | 2,392 |
| East Africa, total | 3,508,744 | 14,053,473 | 547 | 121,412 | 23,471 | 14,894 | 5,557 | 3,530 | 26,541 |
| West and Central African countries, total | 3,672,979 | 15,268,045 | 547 | 1,543,317 | 224,160 | 99,202 | 71,868 | 10,822 | 374,031 |
| Gabon | 2,082,513 | 6,801,301 | 11 | 32,687 | 2,298 | 2,056 | 7,195 | 80 | 6,138 |
| Nigeria | 3,462,018 | 12,673,509 | 219 | 355,731 | 141,985 | 86,509 | 17,762 | 3,450 | 32,593 |
| Zaire | 2,099,640 | 9,517,506 | 8 | 13,818 | 3,325 | 3,437 | 727 | 2,355 | 2,934 |
| Southern Africa, total | 4,205,335 | 18,250,418 | 722 | 675,218 | 338,374 | 85,869 | 84,533 | 107,635 | 15,649 |
| South Africa (includes Namibia) | 4,012,639 | 17,767,871 | 722 | 626,046 | 312,246 | 67,561 | 81,484 | 104,637 | 12,939 |
| Zimbabwe | 596,091 | 8,249,192 | 538 | 29,968 | 14,159 | 13,315 | 242 | 420 | 1,323 |
| **Asia, total** | **4,687,279** | **21,249,358** | **727** | **13,933,105** | **2,840,334** | **2,142,884** | **2,199,257** | **2,980,154** | **1,045,776** |
| Middle East, total | 4,205,156 | 18,355,316 | 592 | 2,010,767 | 151,322 | 8,855 | 144,190 | 322,167 | 343,002 |
| Iran | 3,257,767 | 11,745,954 | 342 | 54,909 | — | — | 38,021 | 3,002 | 10,867 |
| Israel | 1,925,630 | 11,179,374 | 384 | 151,273 | 5,624 | 3,253 | 60,526 | 22,881 | 24,658 |
| Kuwait | 1,720,540 | 10,803,136 | 342 | 371,477 | 82,300 | — | 2,405 | 3,978 | 59,721 |
| Qatar | 1,638,582 | 10,336,403 | — | 11,622 | 3,154 | 3,333 | 31 | 621 | 897 |
| Saudi Arabia | 3,767,603 | 14,657,147 | 572 | 785,263 | 50,096 | 762 | 12,113 | 276,255 | 145,094 |
| United Arab Emirates | 1,786,253 | 12,300,267 | 336 | 269,218 | — | — | 8,858 | 2,643 | 91,495 |
| Southern and Southeastern Asia, total | 4,483,768 | 20,059,780 | 611 | 2,857,444 | 915,982 | 486,594 | 423,856 | 197,421 | 307,703 |
| India | 3,815,327 | 15,877,898 | 585 | 102,060 | 9,801 | 6,692 | 13,328 | 33,524 | 27,886 |
| Indonesia | 3,914,087 | 16,136,351 | 340 | 1,398,940 | 570,792 | 366,918 | 25,806 | 16,679 | 20,905 |
| Malaysia | 2,089,463 | 14,979,605 | 572 | 147,660 | 42,785 | 16,423 | 47,766 | 14,385 | 12,842 |
| Philippines | 4,193,476 | 18,133,913 | 572 | 355,101 | 80,484 | 38,299 | 143,512 | 33,561 | 47,990 |
| Singapore | 4,005,736 | 17,860,595 | 596 | 646,097 | 162,860 | 37,677 | 152,665 | 72,951 | 137,956 |
| Thailand | 3,872,619 | 16,714,182 | 550 | 130,285 | 43,902 | 17,427 | 33,867 | 22,128 | 6,135 |
| Eastern Asia, total | 4,644,902 | 20,729,480 | 723 | 8,983,168 | 1,754,029 | 1,647,435 | 1,578,871 | 2,460,566 | 394,875 |
| China | 3,845,424 | 16,087,462 | 242 | 84,109 | 14 | — | 7,880 | 42,746 | 4,635 |
| Hong Kong | 4,194,122 | 17,801,686 | 592 | 639,886 | 250,185 | 37,982 | 172,853 | 52,986 | 68,423 |
| Japan (Okinawa, Ryukyu) | 4,551,947 | 20,524,913 | 723 | 7,555,946 | 1,355,946 | 1,562,754 | 1,175,881 | 2,260,312 | 214,293 |
| South Korea | 4,049,380 | 17,512,044 | 686 | 405,903 | 59,316 | 28,352 | 182,235 | 60,708 | 46,392 |
| Taiwan | 4,001,195 | 17,632,672 | 607 | 289,939 | 88,532 | 18,347 | 37,383 | 41,081 | 61,132 |
| **Oceania, total** | **4,525,847** | **20,432,706** | **727** | **2,148,046** | **459,083** | **348,012** | **388,129** | **421,577** | **150,521** |
| Australia | 4,516,278 | 20,361,889 | 704 | 1,893,059 | 404,158 | 300,615 | 316,079 | 371,536 | 122,113 |
| New Zealand | 3,976,676 | 17,560,460 | 711 | 226,412 | 48,428 | 47,300 | 50,636 | 49,144 | 11,520 |
| **Puerto Rico and U.S. Possessions, total** | **4,177,760** | **18,136,718** | **572** | **2,134,193** | **612,002** | **38,004** | **181,165** | **85,730** | **136,266** |
| Puerto Rico | 4,149,669 | 17,966,375 | 572 | 1,844,261 | 529,075 | 30,424 | 112,411 | 69,797 | 75,723 |
| U.S. possessions, total | 3,793,340 | 13,855,742 | 8 | 289,932 | 82,928 | 7,580 | 48,754 | 15,933 | 60,543 |
| **Country not stated** | **2,970,654** | **18,751,454** | **592** | **5,497,027** | **157,196** | **10,083** | **2,719,313** | **386,435** | **1,115,804** |
| **IC-DISC dividends** | **37,807** | **2,106,812** | **118** | **114,072** | **113,412** | **560** | — | — | — |
| **FSC dividends** | **528,004** | **3,333,329** | **208** | **325,556** | **324,897** | **659** | — | — | — |
| **OPEC countries, total (included above)** | **4,546,342** | **19,585,886** | **727** | **4,318,636** | **1,082,573** | **504,914** | **480,584** | **344,453** | **438,844** |

Footnotes at end of table.

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC–DISC and FSC dividends | Income and taxes from specific geographic areas or country—Continued: Gross income excluding branch operations and specially allocable income (less loss)—Continued: Net capital gain | Partnership income | Other income | Oil and gas extraction gross income (less loss): Total | From extraction of oil or gas | From sale of business assets | Dividends from foreign corporations | Includable income of Controlled Foreign Corporations | Partnership income |
|---|---|---|---|---|---|---|---|---|---|
| | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| **All geographic areas, total** | **3,900,464** | **120,416** | **12,140,747** | **18,093,774** | **10,909,143** | **237,186** | **6,827,128** | **123,828** | **-3,511** |
| **Canada** | **435,120** | **8,266** | **2,090,491** | **3,162,214** | **650,088** | **499** | **2,511,575** | **52** | — |
| **Latin America, total** | **30,051** | **26,482** | **1,209,803** | **1,071,883** | **919,239** | **-5,931** | **149,484** | **9,091** | — |
| Mexico | -4,145 | -6,685 | 151,711 | — | — | — | — | — | — |
| Central America, total | 350 | 1,078 | 57,911 | 9,409 | 49 | 20 | 249 | 9,091 | — |
| Costa Rica | 727 | (1) | 7,073 | — | — | — | — | — | — |
| Guatemala | — | — | 6,225 | 212 | 193 | 20 | — | — | — |
| Honduras | 96 | — | 20,247 | — | — | — | — | — | — |
| Panama (including Canal Zone) | -901 | 1,078 | 20,464 | 9,196 | -143 | — | 249 | 9,091 | — |
| Caribbean countries, total | 20,406 | 10 | 487,509 | 628,304 | 507,947 | — | 120,357 | — | — |
| Cayman Islands (British) | -9,452 | — | 15,092 | — | — | — | — | — | — |
| Dominican Republic | 341 | — | 4,926 | — | — | — | — | — | — |
| Trinidad and Tobago | 29,566 | 10 | 463,711 | 628,304 | 507,947 | — | 120,357 | — | — |
| South America, total | 13,439 | 32,079 | 499,511 | 434,170 | 411,242 | -5,950 | 28,878 | — | — |
| Argentina | 2,780 | 179 | 164,818 | 185,383 | 187,933 | -2,550 | — | — | — |
| Brazil | 8,730 | 5,611 | 73,250 | 57 | 57 | — | — | — | — |
| Chile | 294 | 2,547 | 14,035 | -3 | -3 | — | — | — | — |
| Colombia | -97 | 4 | 47,721 | 178,806 | 153,323 | -3,396 | 28,878 | — | — |
| Ecuador | 1,293 | — | 23,855 | 73,043 | 73,048 | -5 | — | — | — |
| Peru | 100 | 3,107 | 54,924 | 1 | 1 | — | — | — | — |
| Venezuela | 337 | 20,631 | 31,770 | -9,306 | -9,306 | — | — | — | — |
| **Other Western Hemisphere, total** | **-3,483** | **9** | **-12,676** | **23,560** | **23,560** | — | — | — | — |
| The Bahamas | -583 | — | 10,763 | — | — | — | — | — | — |
| Netherlands Antilles | 311 | — | -8,920 | 23,517 | 23,517 | — | — | — | — |
| **Europe, total** | **1,805,811** | **33,996** | **3,456,378** | **7,075,540** | **3,752,421** | **-4,567** | **3,220,191** | **114,685** | **-7,190** |
| Common Market countries, total | 1,698,238 | 36,064 | 2,682,030 | 4,733,408 | 1,472,874 | -4,534 | 3,150,922 | 114,685 | -539 |
| Belgium | -5,706 | -289 | 141,129 | — | — | — | — | — | — |
| France (including Andorra) | 290,816 | 13,154 | 150,021 | 9,909 | -436 | — | 10,346 | — | — |
| Greece | -1,621 | 347 | 5,472 | — | — | — | — | — | — |
| Ireland | 10,318 | — | 15,939 | -21 | -59 | -2 | 40 | — | — |
| Italy (including San Marino) | 295,021 | 698 | 51,724 | 33 | 33 | — | — | — | — |
| Luxembourg | 199 | — | 7,227 | — | — | — | — | — | — |
| Netherlands | 59,327 | 1,636 | 517,817 | 784,176 | 332,918 | 1,038 | 450,220 | — | — |
| Spain | 33,654 | 986 | 22,321 | 60,421 | 60,523 | -102 | — | — | — |
| United Kingdom | 569,323 | 7,459 | 1,646,095 | 3,420,040 | 999,987 | -5,553 | 2,311,460 | 114,685 | -539 |
| West Germany | 377,555 | 12,072 | 81,758 | 363,062 | -15,892 | 98 | 378,857 | — | — |
| Other West European countries, total | 104,425 | -2,069 | 382,529 | 2,341,807 | 2,279,222 | -33 | 69,269 | — | -6,651 |
| Austria | 48,831 | — | 7,272 | 69,269 | — | — | 69,269 | — | — |
| Finland | 677 | — | 14,073 | — | — | — | — | — | — |
| Norway | 3,075 | -2,703 | 232,598 | 2,270,473 | 2,273,363 | -186 | — | — | -2,703 |
| Sweden | 11,230 | 4,406 | 26,454 | — | — | — | — | — | — |
| Switzerland | 40,362 | 177 | 79,890 | — | — | — | — | — | — |
| Turkey | 283 | -3,948 | 3,149 | 2,054 | 5,848 | 153 | — | — | -3,948 |
| East European countries, total | 678 | — | 6,353 | 324 | 324 | — | — | — | — |
| **Africa, total** | **536,881** | **150** | **1,211,701** | **2,747,743** | **2,292,325** | **248,161** | **211,570** | — | **-4,313** |
| North Africa, total | -3,786 | -4,412 | 902,656 | 729,072 | 734,915 | -1,460 | — | — | -4,383 |
| Egypt | -1,098 | -39 | 694,174 | 679,208 | 680,460 | -1,252 | — | — | — |
| Libya | — | 11 | 102,359 | 52,407 | 52,407 | — | — | — | — |
| East Africa, total | 24,488 | 1,345 | 21,587 | 700 | 700 | — | — | — | — |
| West and Central African countries, total | 485,355 | 1,946 | 275,930 | 2,017,972 | 1,556,711 | 249,621 | 211,570 | — | 70 |
| Gabon | 90 | 1,880 | 12,950 | 12,888 | 12,888 | — | — | — | — |
| Nigeria | 1 | — | 73,431 | 602,311 | 414,476 | — | 187,835 | — | — |
| Zaire | 250 | — | 790 | 40,696 | 40,696 | — | — | — | — |
| Southern Africa, total | 30,805 | 1,269 | 11,084 | (1) | (1) | — | — | — | — |
| South Africa (includes Namibia) | 30,256 | 1,269 | 15,654 | (1) | (1) | — | — | — | — |
| Zimbabwe | 548 | — | -39 | — | — | — | — | — | — |
| **Asia, total** | **894,550** | **40,994** | **1,789,158** | **2,756,353** | **2,015,485** | **-479** | **733,452** | — | **7,894** |
| Middle East, total | 310,555 | 28,765 | 701,891 | 993,311 | 984,902 | 43 | 6,487 | — | 1,879 |
| Iran | 11 | — | 3,008 | -589 | -589 | — | — | — | — |
| Israel | 26,801 | 197 | 7,334 | — | — | — | — | — | — |
| Kuwait | 1 | — | 223,072 | 213,450 | 213,450 | — | — | — | — |
| Qatar | — | — | 3,587 | 6,487 | — | — | 6,487 | — | — |
| Saudi Arabia | 16,206 | 25,928 | 258,809 | 236,229 | 236,229 | — | — | — | — |
| United Arab Emirates | -78 | 253 | 166,046 | 525,225 | 525,182 | 43 | — | — | — |
| Southern and Southeastern Asia, total | 1,859 | 2,179 | 521,848 | 1,757,262 | 1,025,163 | -891 | 726,965 | — | 6,015 |
| India | 4,930 | 303 | 5,597 | -2 | -2 | — | — | — | — |
| Indonesia | -1,212 | 6,015 | 393,037 | 1,361,484 | 628,976 | -471 | 726,965 | — | 6,015 |
| Malaysia | -468 | — | 13,927 | 378,926 | 378,926 | — | — | — | — |
| Philippines | -220 | -246 | 11,723 | 2,325 | 2,325 | — | — | — | — |
| Singapore | -1,024 | -3,155 | 86,167 | -888 | -479 | -410 | — | — | — |
| Thailand | 41 | -277 | 7,063 | -4,208 | -4,208 | — | — | — | — |
| Eastern Asia, total | 581,914 | 10,030 | 555,449 | 5,780 | 5,420 | 360 | — | — | — |
| China | 1,827 | 25 | 26,983 | -44 | -44 | — | — | — | — |
| Hong Kong | -678 | 14 | 58,121 | — | — | — | — | — | — |
| Japan (Okinawa, Ryukyu) | 580,456 | 9,819 | 396,485 | 5,790 | 5,431 | 360 | — | — | — |
| South Korea | 533 | 171 | 28,196 | 34 | 34 | — | — | — | — |
| Taiwan | -223 | — | 43,687 | — | — | — | — | — | — |
| **Oceania, total** | **120,942** | **3,469** | **274,313** | **1,254,459** | **1,254,620** | **-259** | — | — | **98** |
| Australia | 108,605 | 3,237 | 266,715 | 1,254,462 | 1,254,623 | -259 | — | — | 98 |
| New Zealand | 12,337 | 233 | 6,815 | -3 | -3 | — | — | — | — |
| **Puerto Rico and U.S. Possessions, total** | **17,321** | **669** | **1,063,036** | **107** | **278** | **-171** | — | — | — |
| Puerto Rico | 2,863 | -695 | 1,024,642 | 107 | 278 | -171 | — | — | — |
| U.S. possessions, total | 14,437 | 1,364 | 58,394 | — | — | — | — | — | — |
| **Country not stated** | **63,271** | **6,380** | **1,038,544** | **1,916** | **1,128** | **-67** | **855** | — | — |
| **IC–DISC dividends** | — | — | — | — | — | — | — | — | — |
| **FSC dividends** | — | — | — | — | — | — | — | — | — |
| **OPEC countries, total (included above)** | **16,649** | **50,335** | **1,400,305** | **3,069,247** | **2,148,781** | **-434** | **921,287** | — | [illegible] |

Footnotes at end of table.



## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC–DISC and FSC dividends | Income and taxes from specific geographic areas or country—Continued: Deductions other than from branch operations and specially allocable income: Total | Deductions allocable to specific types of income: Total | Rental, royalty, and licensing expenses: Depreciation, depletion and amortization | Rental, royalty, and licensing expenses: Other | Service expenses | Other deductions | Deductions not allocable to specific types of income: Total | Research and development | Interest | General and administrative |
|---|---|---|---|---|---|---|---|---|---|---|
| | (29) | (30) | (31) | (32) | (33) | (34) | (35) | (36) | (37) | (38) |
| **All geographic areas, total** | **39,118,710** | **23,757,954** | **318,003** | **973,931** | **2,877,092** | **19,588,927** | **15,360,766** | **83,188** | **5,307,304** | **1,926,676** |
| **Canada** | **4,060,050** | **2,807,308** | **15,708** | **49,947** | **114,018** | **2,627,635** | **1,252,741** | **7,849** | **253,547** | **197,892** |
| **Latin America, total** | **6,799,751** | **3,031,212** | **70,960** | **44,065** | **380,568** | **2,535,619** | **3,768,540** | **12,016** | **1,849,849** | **310,151** |
| Mexico | 1,606,580 | 491,965 | 28,850 | 27,462 | 73,101 | 362,553 | 1,114,614 | 1,002 | 712,358 | 78,008 |
| Central America, total | 689,040 | 552,947 | 51 | 1,699 | 3,194 | 548,003 | 136,093 | 1,278 | 59,659 | 23,733 |
| Costa Rica | 45,912 | 35,771 | 14 | 81 | 49 | 35,629 | 10,140 | 613 | 4,996 | 1,831 |
| Guatemala | 14,872 | 10,025 | 2 | 71 | 169 | 9,783 | 4,847 | 125 | 1,804 | 1,276 |
| Honduras | 246,251 | 242,857 | 13 | 87 | 1,349 | 241,409 | 3,394 | 13 | 793 | 1,838 |
| Panama (including Canal Zone) | 358,239 | 247,234 | 23 | 1,413 | 1,476 | 244,323 | 111,005 | 518 | 51,643 | 18,222 |
| Caribbean countries, total | 965,629 | 726,827 | 12,175 | 1,656 | 232,006 | 480,990 | 238,802 | 3,761 | 81,901 | 27,177 |
| Cayman Islands (British) | 267,944 | 82,647 | 158 | 243 | 5,569 | 78,677 | 185,297 | 3,661 | 77,414 | 11,078 |
| Dominican Republic | 35,546 | 25,981 | 394 | 111 | 9,108 | 16,368 | 9,565 | 22 | 1,068 | 1,326 |
| Trinidad and Tobago | 392,842 | 374,575 | 11,256 | 429 | 1,521 | 361,369 | 18,267 | (1) | 2,679 | 13,580 |
| South America, total | 3,391,759 | 1,238,973 | 29,885 | 13,206 | 72,215 | 1,123,667 | 2,152,786 | 5,970 | 949,739 | 177,709 |
| Argentina | 707,357 | 242,876 | 517 | 2,345 | 21,309 | 218,705 | 464,481 | 426 | 309,165 | 35,122 |
| Brazil | 1,512,429 | 318,368 | 460 | 4,703 | 16,250 | 296,954 | 1,194,060 | 4,335 | 422,533 | 82,636 |
| Chile | 191,242 | 61,851 | 32 | 755 | 958 | 60,105 | 129,391 | 289 | 63,334 | 11,614 |
| Colombia | 239,720 | 177,422 | 1,683 | 965 | 13,635 | 161,139 | 62,299 | 435 | 22,798 | 10,616 |
| Ecuador | 195,906 | 166,987 | 38 | 466 | 777 | 165,706 | 28,919 | 33 | 11,103 | 3,188 |
| Peru | 93,628 | 54,630 | 27,031 | 692 | 346 | 26,561 | 38,998 | 82 | 15,028 | 6,228 |
| Venezuela | 350,041 | 132,958 | 76 | 2,876 | 18,588 | 111,416 | 217,084 | 345 | 101,044 | 24,825 |
| **Other Western Hemisphere, total** | **1,488,163** | **506,111** | **10,387** | **7,189** | **11,170** | **477,384** | **982,053** | **2,100** | **400,853** | **72,558** |
| The Bahamas | 571,226 | 91,883 | 958 | 871 | 258 | 89,795 | 479,343 | 324 | 148,562 | 38,209 |
| Netherlands Antilles | 408,248 | 143,053 | 1,874 | 6,237 | 2,820 | 132,122 | 265,195 | 1,083 | 70,074 | 19,142 |
| **Europe, total** | **12,511,998** | **8,327,020** | **114,650** | **638,727** | **1,034,935** | **6,538,708** | **4,184,978** | **42,826** | **1,081,645** | **768,672** |
| Common Market countries, total | 9,642,244 | 6,228,152 | 39,594 | 336,235 | 509,466 | 5,342,857 | 3,414,092 | 39,439 | 955,184 | 672,310 |
| Belgium | 672,145 | 440,352 | 1,100 | 7,400 | 21,068 | 410,784 | 231,793 | 6,236 | 58,994 | 62,520 |
| France (including Andorra) | 1,106,883 | 717,852 | 6,617 | 81,342 | 56,397 | 573,497 | 389,031 | 6,171 | 87,794 | 98,812 |
| Greece | 64,910 | 27,660 | 84 | 1,463 | 6,142 | 19,971 | 37,250 | 49 | 19,955 | 475 |
| Ireland | 69,704 | 41,326 | 11 | 2,265 | 6,764 | 32,287 | 28,378 | 2,526 | 5,998 | 7,555 |
| Italy (including San Marino) | 691,409 | 466,261 | 4,134 | 17,221 | 50,344 | 394,562 | 225,148 | 1,735 | 77,923 | 34,984 |
| Luxembourg | 47,971 | 11,236 | — | 31 | 2,042 | 9,163 | 36,735 | 814 | 16,705 | 4,755 |
| Netherlands | 630,630 | 468,609 | 5,955 | 69,288 | 22,482 | 370,885 | 162,021 | 5,535 | 34,474 | 30,790 |
| Spain | 516,190 | 173,460 | 582 | 10,501 | 10,723 | 151,654 | 342,729 | 602 | 80,049 | 39,853 |
| United Kingdom | 4,129,846 | 2,772,988 | 17,863 | 84,278 | 235,319 | 2,435,528 | 1,356,858 | 7,526 | 466,208 | 248,598 |
| West Germany | 1,434,023 | 893,369 | 2,883 | 52,491 | 95,426 | 742,568 | 540,655 | 7,849 | 83,493 | 134,982 |
| Other West European countries, total | 1,863,673 | 1,381,162 | 75,042 | 301,320 | 89,882 | 914,918 | 482,512 | 3,385 | 84,223 | 63,654 |
| Austria | 80,844 | 54,633 | 1,014 | 1,031 | 11,470 | 41,119 | 26,211 | 125 | 8,521 | 4,840 |
| Finland | 77,409 | 49,380 | 589 | 5,114 | 2,423 | 41,254 | 28,029 | 96 | 10,585 | 9,368 |
| Norway | 669,309 | 628,784 | 56,572 | 284,007 | 283 | 287,922 | 40,526 | 140 | 8,608 | 6,051 |
| Sweden | 188,768 | 125,583 | 16,298 | 6,318 | 6,638 | 96,329 | 63,185 | 435 | 14,999 | 11,129 |
| Switzerland | 712,923 | 432,929 | 499 | 4,517 | 22,689 | 405,225 | 279,993 | 2,136 | 29,248 | 45,557 |
| Turkey | 104,755 | 72,774 | 30 | 91 | 46,319 | 26,334 | 31,981 | 240 | 4,931 | 3,140 |
| East European countries, total | 82,263 | 34,277 | 14 | 1,135 | 5,420 | 27,706 | 47,986 | 1 | 22,406 | 2,447 |
| **Africa, total** | **1,501,962** | **1,235,686** | **1,856** | **9,495** | **272,303** | **952,011** | **266,297** | **1,255** | **69,422** | **51,987** |
| North Africa, total | 609,901 | 522,142 | 424 | 2,765 | 30,237 | 488,716 | 87,759 | 64 | 11,145 | 21,229 |
| Egypt | 469,526 | 391,251 | 39 | 556 | 19,091 | 371,564 | 78,275 | 7 | 5,745 | 19,957 |
| Libya | 70,508 | 70,461 | (1) | 2 | 823 | 69,636 | 47 | — | (1) | 2 |
| East Africa, total | 66,571 | 50,004 | (1) | 115 | 25,714 | 24,176 | 16,567 | 76 | 5,443 | 2,373 |
| West and Central African countries, total | 649,274 | 592,288 | 1,004 | 470 | 207,959 | 382,854 | 56,986 | 111 | 21,571 | 12,815 |
| Gabon | 38,127 | 37,324 | — | 3 | 5,898 | 31,423 | 803 | (1) | 163 | 517 |
| Nigeria | 100,619 | 80,097 | 2 | 158 | 21,588 | 58,349 | 20,522 | 22 | 6,970 | 4,340 |
| Zaire | 3,866 | 2,801 | 2 | 196 | 1,658 | 946 | 1,065 | 21 | 290 | 237 |
| Southern Africa, total | 173,261 | 70,319 | 428 | 6,142 | 8,340 | 55,409 | 102,943 | 1,003 | 29,982 | 15,546 |
| South Africa (includes Namibia) | 159,518 | 63,900 | 160 | 5,287 | 6,063 | 52,369 | 95,618 | 960 | 27,624 | 14,480 |
| Zimbabwe | 5,707 | 3,270 | — | 216 | 1,188 | 1,865 | 2,437 | 43 | 446 | 298 |
| **Asia, total** | **5,732,526** | **3,661,091** | **51,341** | **123,056** | **484,064** | **3,002,629** | **2,071,435** | **9,011** | **566,635** | **282,314** |
| Middle East, total | 1,332,883 | 1,197,178 | 2,775 | 4,482 | 160,352 | 1,029,568 | 135,706 | 106 | 22,784 | 17,861 |
| Iran | 87,563 | 77,724 | 3 | 259 | 352 | 77,111 | 9,840 | (1) | 354 | 250 |
| Israel | 76,069 | 22,144 | 230 | 2,375 | 7,009 | 12,531 | 53,924 | 3 | 4,227 | 1,666 |
| Kuwait | 360,686 | 354,527 | 29 | 220 | 55,120 | 299,158 | 6,158 | (1) | 3,864 | 1,764 |
| Qatar | 2,897 | 2,529 | 21 | -1 | 93 | 2,416 | 368 | (1) | 3 | 9 |
| Saudi Arabia | 492,598 | 474,176 | 2,446 | 974 | 89,261 | 381,492 | 18,422 | 6 | 4,907 | 2,935 |
| United Arab Emirates | 251,525 | 235,851 | 14 | 92 | 3,349 | 232,395 | 15,675 | (1) | 2,538 | 7,872 |
| Southern and Southeastern Asia, total | 1,320,965 | 978,376 | 37,429 | 29,406 | 185,793 | 725,747 | 342,589 | 1,873 | 146,248 | 76,910 |
| India | 36,733 | 18,317 | -112 | 1,663 | 7,314 | 9,452 | 18,416 | 78 | 5,790 | 2,502 |
| Indonesia | 549,386 | 509,797 | 14,894 | 10,106 | 7,144 | 477,653 | 39,589 | 368 | 19,342 | 9,253 |
| Malaysia | 61,665 | 49,584 | 47 | 454 | 837 | 48,246 | 12,081 | 186 | 4,104 | 3,125 |
| Philippines | 179,772 | 77,790 | 5,322 | 4,016 | 10,550 | 57,903 | 101,982 | 205 | 33,081 | 19,298 |
| Singapore | 383,306 | 233,953 | 17,261 | 12,446 | 108,642 | 95,604 | 149,353 | 934 | 75,670 | 38,443 |
| Thailand | 44,879 | 28,340 | 3 | 422 | 3,544 | 24,370 | 16,540 | 100 | 6,489 | 3,279 |
| Eastern Asia, total | 3,032,276 | 1,479,106 | 11,137 | 89,120 | 137,824 | 1,241,026 | 1,553,170 | 7,032 | 380,330 | 187,275 |
| China | 81,079 | 67,864 | 5,779 | 9,802 | 3,237 | 49,046 | 13,215 | 71 | 6,161 | 1,855 |
| Hong Kong | 261,280 | 122,242 | 259 | 5,672 | 13,869 | 102,442 | 139,038 | 315 | 70,271 | 22,952 |
| Japan (Okinawa, Ryukyu) | 2,368,644 | 1,123,070 | 4,806 | 87,034 | 72,854 | 978,376 | 1,245,574 | 6,450 | 250,597 | 146,834 |
| South Korea | 215,486 | 104,779 | 173 | 4,684 | 21,713 | 78,208 | 110,707 | 129 | 36,216 | 8,008 |
| Taiwan | 103,437 | 60,505 | 118 | 1,698 | 26,150 | 32,538 | 42,932 | 66 | 15,780 | 7,479 |
| **Oceania, total** | **894,898** | **611,216** | **18,519** | **30,838** | **37,158** | **524,700** | **283,682** | **5,588** | **82,208** | **61,288** |
| Australia | 792,918 | 542,878 | 18,322 | 28,514 | 19,305 | 476,738 | 250,040 | 5,392 | 69,565 | 55,800 |
| New Zealand | 80,465 | 49,132 | 169 | 2,313 | 1,083 | 45,567 | 31,353 | 195 | 11,866 | 5,440 |
| **Puerto Rico and U.S. Possessions, total** | **1,919,717** | **1,593,305** | **4,024** | **3,492** | **80,628** | **1,505,162** | **326,412** | **561** | **40,190** | **76,775** |
| Puerto Rico | 1,701,381 | 1,443,721 | 2,591 | 1,614 | 29,773 | 1,409,743 | 257,660 | 560 | 17,401 | 69,724 |
| U.S. possessions, total | 218,336 | 149,584 | 1,432 | 1,678 | 50,855 | 95,419 | 68,752 | 1 | 22,790 | 7,051 |
| **Country not stated** | **3,980,735** | **1,761,660** | **30,577** | **67,121** | **482,248** | **1,201,714** | **2,219,075** | **2,183** | **962,944** | **105,024** |
| **IC–DISC dividends** | **82,178** | **78,526** | — | — | — | **78,526** | **3,652** | — | **3** | **11** |
| **FSC dividends** | **146,725** | **144,838** | — | — | — | **144,838** | **1,887** | — | — | — |
| **OPEC countries, total (included above)** | **2,527,634** | **2,153,344** | **17,529** | **15,254** | **209,109** | **1,911,452** | **374,290** | **774** | **154,207** | **55,818** |

Footnotes at end of table.

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Deductions from oil and gas extraction income: Total | Allocable to specific types of income | Not allocable to specific types of income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(B)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|
| | (39) | (40) | (41) | (42) | (43) | (44) | (45) |
| **All geographic areas, total** | 6,088,517 | 6,011,916 | 74,601 | 65,809,314 | 9,496,597 | 1,900,781 | 54,411,935 |
| **Canada** | 440,164 | 438,536 | 1,628 | 10,508,330 | 515,651 | 604,332 | 9,389,147 |
| **Latin America, total** | 730,473 | 726,189 | 2,284 | 6,053,384 | 1,077,113 | 79,035 | 4,897,235 |
| Mexico | 10 | 10 | — | 1,040,659 | 102,078 | 36,587 | 901,994 |
| Central America, total | 6,600 | 4,423 | 2,176 | 837,521 | 47,785 | 3,520 | 786,216 |
| Costa Rica | — | — | — | 30,819 | 885 | 1,406 | 28,527 |
| Guatemala | 4,423 | 4,423 | — | 29,158 | 11,572 | 253 | 17,332 |
| Honduras | (1) | (1) | — | -40,589 | 4,709 | 248 | -45,546 |
| Panama (including Canal Zone) | 2,176 | — | 2,176 | 791,151 | 14,266 | 1,068 | 775,816 |
| Caribbean countries, total | 392,351 | 392,351 | (1) | 729,271 | 137,189 | 2,211 | 589,871 |
| Cayman Islands (British) | — | — | — | 394,369 | 106,160 | 275 | 287,933 |
| Dominican Republic | 4 | 4 | — | 48,711 | 22,129 | 360 | 26,222 |
| Trinidad and Tobago | 392,295 | 392,295 | (1) | 230,827 | -17,560 | 1,040 | 247,348 |
| South America, total | 331,512 | 331,404 | 108 | 3,193,185 | 589,567 | 37,245 | 2,566,353 |
| Argentina | 94,997 | 94,997 | (1) | 543,758 | 127,760 | 5,244 | 410,754 |
| Brazil | 568 | 568 | — | 1,977,202 | 341,865 | 16,947 | 1,618,390 |
| Chile | 8 | 8 | — | 157,858 | 57,138 | 1,262 | 99,458 |
| Colombia | 152,746 | 152,641 | 105 | 133,755 | 12,127 | 2,635 | 118,994 |
| Ecuador | 71,385 | 71,383 | 2 | 66,010 | 10,497 | 1,382 | 54,132 |
| Peru | 6,508 | 6,508 | — | 44,899 | 7,547 | 1,386 | 35,966 |
| Venezuela | 5,226 | 5,226 | (1) | 217,690 | 13,456 | 7,741 | 196,491 |
| **Other Western Hemisphere, total** | 9,887 | 8,632 | 1,254 | 2,348,984 | 379,384 | 1,481 | 1,968,119 |
| The Bahamas | 1,800 | 1,800 | — | 799,971 | 357,382 | 172 | 442,416 |
| Netherlands Antilles | 8,087 | 6,832 | 1,254 | 898,583 | 30,085 | -515 | 869,013 |
| **Europe, total** | 1,873,492 | 1,815,191 | 58,301 | 29,137,183 | 3,810,223 | 489,697 | 24,857,263 |
| Common Market countries, total | 808,234 | 765,909 | 42,325 | 24,497,724 | 2,629,382 | 373,164 | 21,495,178 |
| Belgium | — | — | — | 2,070,346 | 524,643 | 26,731 | 1,518,972 |
| France (including Andorra) | 4,554 | 4,551 | 3 | 2,616,398 | 322,783 | 36,232 | 2,257,383 |
| Greece | 3 | 3 | — | 130,224 | 110,010 | 2,638 | 17,576 |
| Ireland | 431 | 431 | — | 195,803 | 37,706 | 21,294 | 136,804 |
| Italy (including San Marino) | 3,202 | 3,202 | (1) | 2,651,033 | 211,185 | 23,670 | 2,416,177 |
| Luxembourg | — | — | — | 108,437 | 2,685 | 355 | 105,398 |
| Netherlands | 90,975 | 74,650 | 16,325 | 2,035,199 | 170,462 | 34,965 | 1,829,772 |
| Spain | 72,017 | 71,983 | 34 | 516,370 | 105,112 | 7,255 | 404,004 |
| United Kingdom | 483,796 | 457,880 | (1) | 8,262,828 | 916,230 | 151,715 | 7,194,883 |
| West Germany | 18,234 | 18,234 | | 5,427,868 | 168,001 | 62,759 | 5,197,108 |
| Other West European countries, total | 1,063,150 | 1,047,174 | 15,976 | 4,569,467 | 1,216,979 | 53,170 | 3,299,318 |
| Austria | -22 | -22 | — | 453,619 | 16,983 | 3,020 | 433,616 |
| Finland | 40 | 40 | — | 167,245 | 230 | 818 | 166,197 |
| Norway | 1,051,434 | 1,035,459 | 15,976 | 1,791,163 | 1,152,744 | 1,563 | 636,856 |
| Sweden | 80 | 80 | — | 423,410 | 9,596 | 7,027 | 406,787 |
| Switzerland | — | — | — | 1,548,905 | -62,527 | 40,192 | 1,571,241 |
| Turkey | 11,468 | 11,468 | — | 85,732 | 56,641 | 440 | 28,651 |
| East European countries, total | 2,108 | 2,108 | (1) | 56,540 | -9,548 | 1,800 | 64,287 |
| **Africa, total** | 793,202 | 791,325 | 1,877 | 2,745,252 | 826,959 | 10,341 | 1,907,952 |
| North Africa, total | 463,876 | 462,970 | 906 | 478,679 | 26,753 | 1,870 | 450,055 |
| Egypt | 406,110 | 406,110 | — | 326,507 | -16,721 | 1,711 | 341,517 |
| Libya | 12,852 | 11,968 | 884 | 79,731 | 45,339 | (1) | 34,392 |
| East Africa, total | 14,851 | 14,851 | — | 62,291 | 7,263 | 187 | 54,841 |
| West and Central African countries, total | 314,210 | 313,239 | 971 | 1,565,479 | 669,737 | 1,699 | 894,043 |
| Gabon | 30,986 | 30,986 | — | -3,593 | 1,847 | (1) | -5,440 |
| Nigeria | 71,352 | 71,053 | 299 | 577,634 | 321,141 | 1,380 | 255,112 |
| Zaire | 32,267 | 32,238 | 29 | 22,252 | 12,298 | 3 | 9,952 |
| Southern Africa, total | 265 | 265 | — | 630,905 | 121,256 | 7,692 | 501,957 |
| South Africa (includes Namibia) | 144 | 144 | — | 604,028 | 130,556 | 6,944 | 466,527 |
| Zimbabwe | 29 | 29 | — | 16,327 | -6,022 | 89 | 22,260 |
| **Asia, total** | 1,211,033 | 1,201,860 | 9,172 | 10,353,830 | 1,952,983 | 200,067 | 8,200,580 |
| Middle East, total | 540,528 | 533,474 | 7,054 | 767,093 | 80,481 | 8,728 | 677,884 |
| Iran | 2,959 | 2,959 | — | -24,760 | 7,125 | 769 | -32,654 |
| Israel | (1) | (1) | — | 107,341 | 29,372 | 2,765 | 75,204 |
| Kuwait | 213,494 | 213,494 | — | 30,855 | 19,905 | 159 | 10,791 |
| Qatar | 1,418 | 1,416 | — | -5,036 | -13,762 | (1) | 8,725 |
| Saudi Arabia | 29,791 | 29,790 | (1) | 222,740 | -74,747 | 4,821 | 292,665 |
| United Arab Emirates | 242,444 | 235,390 | 7,054 | 212,395 | 194,644 | 59 | 17,692 |
| Southern and Southeastern Asia, total | 635,971 | 633,852 | 2,119 | 2,961,321 | 1,384,850 | 39,992 | 1,536,479 |
| India | 1,457 | 1,457 | — | 87,567 | 20,762 | 1,478 | 65,326 |
| Indonesia | 372,008 | 369,890 | 2,119 | 1,671,473 | 819,419 | 2,499 | 849,654 |
| Malaysia | 246,956 | 246,956 | — | 315,962 | 226,271 | 3,696 | 85,995 |
| Philippines | 3,154 | 3,154 | — | 221,739 | 43,176 | 3,233 | 175,328 |
| Singapore | 1,699 | 1,699 | — | 479,880 | 189,601 | 27,487 | 262,791 |
| Thailand | 2,439 | 2,439 | — | 137,343 | 50,948 | 988 | 85,406 |
| Eastern Asia, total | 34,533 | 34,533 | (1) | 6,576,778 | 469,911 | 155,975 | 5,950,892 |
| China | 25,396 | 25,396 | (1) | -23,430 | -31,613 | 5,153 | 3,030 |
| Hong Kong | — | — | — | 590,275 | 197,424 | 14,245 | 378,606 |
| Japan (Okinawa, Ryukyu) | 8,940 | 8,940 | (1) | 5,669,802 | 366,271 | 116,228 | 5,187,303 |
| South Korea | 54 | 54 | (1) | 289,295 | 89,598 | 9,281 | 190,416 |
| Taiwan | 133 | 133 | — | 226,321 | 29,170 | 10,648 | 186,503 |
| **Oceania, total** | 968,689 | 968,653 | 37 | 1,801,435 | 512,112 | 38,175 | 1,251,148 |
| Australia | 965,136 | 965,099 | 37 | 1,641,862 | 506,955 | 34,766 | 1,100,141 |
| New Zealand | 3,292 | 3,292 | — | 160,321 | 9,800 | 4,595 | 145,927 |
| **Puerto Rico and U.S. Possessions, total** | 47,027 | 47,027 | — | 567,724 | 165,412 | 187,836 | 214,477 |
| Puerto Rico | 47,027 | 47,027 | — | 442,533 | 127,632 | 172,021 | 142,880 |
| U.S. possessions, total | — | — | — | 125,191 | 37,780 | 15,815 | 71,596 |
| **Country not stated** | 12,551 | 12,503 | 48 | 2,082,869 | 256,560 | 309,818 | 1,516,491 |
| **IC-DISC dividends** | — | — | — | 31,893 | — | — | 31,893 |
| **FSC dividends** | — | — | — | 178,831 | — | — | 178,831 |
| OPEC countries, total (included above) | 1,054,165 | 1,043,607 | 10,358 | 3,150,479 | 1,340,623 | 18,853 | 1,791,003 |



RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Taxes withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Service income | Partnership income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|---|---|
| | (46) | (47) | (48) | (49) | (50) | (51) | (52) | (53) | (54) | (55) |
| **All geographic areas, total** | 23,103,062 | 8,467,889 | 2,329,825 | 756,804 | 808,655 | 3,273,582 | 152,670 | 41,785 | 1,104,564 | 14,635,173 |
| **Canada** | 4,659,174 | 1,042,583 | 568,753 | 53,736 | 73,718 | 178,168 | 12,308 | 2,982 | 152,918 | 3,616,591 |
| **Latin America, total** | 2,604,118 | 1,678,690 | 613,568 | 542,786 | 81,017 | 267,952 | 34,637 | 21,479 | 117,048 | 925,428 |
| Mexico | 544,635 | 424,810 | 162,303 | 131,661 | 36,723 | 67,692 | 14,365 | 1,378 | 10,685 | 119,825 |
| Central America, total | 218,308 | 42,225 | 14,966 | 1,238 | 4,057 | 16,836 | 4,039 | 488 | 601 | 176,083 |
| Costa Rica | 14,149 | 3,876 | 520 | 94 | 1,333 | 1,148 | 341 | — | 443 | 10,271 |
| Guatemala | 11,018 | 7,042 | 1,448 | 88 | 769 | 4,533 | 189 | — | 16 | 3,976 |
| Honduras | 8,077 | 5,784 | 1,102 | 28 | -23 | 1,316 | 3,371 | — | -10 | 2,293 |
| Panama (including Canal Zone) | 175,352 | 16,484 | 11,596 | 652 | 1,782 | 2,248 | 132 | 488 | -414 | 158,868 |
| Caribbean countries, total | 179,887 | 121,515 | 8,614 | 2,387 | 1,653 | 23,710 | 892 | — | 84,259 | 58,371 |
| Cayman Islands (British) | 5,674 | 9 | 2 | — | 6 | — | — | — | — | 5,665 |
| Dominican Republic | 17,827 | 17,546 | 81 | 101 | 879 | 9,350 | 141 | — | 6,994 | 281 |
| Trinidad and Tobago | 145,494 | 95,835 | 8,325 | 2,179 | 436 | 7,767 | 249 | — | 76,879 | 49,660 |
| South America, total | 1,656,831 | 1,085,698 | 427,684 | 404,007 | 38,584 | 158,766 | 15,542 | 19,613 | 21,502 | 571,133 |
| Argentina | 164,876 | 145,523 | 26,089 | 61,977 | 15,465 | 30,548 | 2,050 | 67 | 9,328 | 19,353 |
| Brazil | 1,228,595 | 769,619 | 362,496 | 329,186 | 6,558 | 54,389 | 5,668 | 3,045 | 8,278 | 458,976 |
| Chile | 28,945 | 24,624 | 4,437 | 1,709 | 5,732 | 11,274 | 1,221 | 105 | 147 | 4,321 |
| Colombia | 85,708 | 48,025 | 13,880 | 797 | 2,404 | 25,655 | 2,411 | — | 2,877 | 37,683 |
| Ecuador | 28,679 | 25,224 | 5,346 | 659 | 2,946 | 16,830 | 744 | — | -1,301 | 3,455 |
| Peru | 22,244 | 18,388 | 3,392 | 480 | 1,808 | 10,304 | 63 | 1,746 | 592 | 3,858 |
| Venezuela | 85,574 | 43,693 | 11,832 | 9,053 | 2,183 | 1,278 | 3,358 | 14,650 | 1,339 | 41,881 |
| **Other Western Hemisphere, total** | 210,926 | 24,224 | 4,825 | 4,449 | 19 | 3,858 | 389 | — | 10,684 | 186,702 |
| The Bahamas | 28,546 | 432 | 99 | 22 | — | — | (1) | — | 312 | 28,114 |
| Netherlands Antilles | 152,925 | 19,001 | 4,691 | 458 | — | 3,485 | — | — | 10,368 | 133,924 |
| **Europe, total** | 9,876,854 | 2,736,686 | 857,435 | 54,872 | 324,335 | 1,177,479 | 21,671 | 8,805 | 292,069 | 7,139,988 |
| Common Market countries, total | 8,199,740 | 1,821,013 | 694,270 | 24,149 | 119,567 | 665,109 | 18,916 | 8,805 | 290,196 | 6,378,726 |
| Belgium | 634,485 | 146,225 | 54,033 | 2,247 | 463 | 87,967 | 500 | — | 1,016 | 488,260 |
| France (including Andorra) | 811,160 | 123,754 | 38,744 | 784 | 35,799 | 36,445 | 1,741 | 5,484 | 4,756 | 687,406 |
| Greece | 13,031 | 11,951 | 1,239 | 229 | 566 | 9,784 | 28 | 64 | 40 | 1,080 |
| Ireland | 15,723 | 5,808 | 167 | 42 | 18 | 5,572 | 6 | — | 3 | 9,915 |
| Italy (including San Marino) | 769,451 | 133,307 | 33,416 | 6,730 | 47,459 | 43,554 | 732 | (1) | 1,416 | 636,144 |
| Luxembourg | 50,399 | 4,153 | 3,009 | — | — | 1,061 | 83 | — | — | 46,245 |
| Netherlands | 622,312 | 161,634 | 39,651 | 872 | 78 | 34,240 | 150 | — | 86,643 | 460,678 |
| Spain | 296,609 | 140,374 | 54,612 | 3,002 | 25,438 | 36,161 | 6,252 | 783 | 14,126 | 156,235 |
| United Kingdom | 2,551,776 | 704,404 | 200,594 | 6,457 | 1,789 | 336,887 | 8,764 | 1,536 | 148,378 | 1,847,372 |
| West Germany | 2,243,719 | 324,010 | 255,036 | 3,678 | 3,835 | 50,209 | 546 | 937 | 9,768 | 1,919,709 |
| Other West European countries, total | 1,671,609 | 912,420 | 163,030 | 30,723 | 203,302 | 511,163 | 2,742 | — | 1,461 | 759,188 |
| Austria | 116,736 | 12,726 | 9,352 | — | 144 | 2,976 | 137 | — | 117 | 104,010 |
| Finland | 44,399 | 3,717 | 3,710 | — | 4 | — | — | — | 3 | 40,682 |
| Norway | 777,627 | 732,533 | 59,318 | 29,690 | 201,523 | 442,000 | — | — | 2 | 45,094 |
| Sweden | 157,622 | 12,126 | 9,071 | 2 | 18 | 3,033 | (1) | — | 1 | 145,496 |
| Switzerland | 518,342 | 104,269 | 81,473 | 566 | 618 | 19,752 | 565 | — | 1,295 | 414,072 |
| Turkey | 51,093 | 42,124 | 49 | 184 | 872 | 39,027 | 1,948 | — | 43 | 8,969 |
| East European countries, total | 5,213 | 3,167 | 135 | — | 1,447 | 1,160 | 14 | — | 412 | 2,047 |
| **Africa, total** | 832,862 | 606,698 | 35,384 | 779 | 18,367 | 347,389 | 30,581 | 62 | 176,137 | 226,163 |
| North Africa, total | 207,443 | 181,242 | 258 | 30 | 3,567 | 39,345 | 1,234 | 8 | 136,800 | 26,201 |
| Egypt | 171,998 | 146,759 | — | — | 401 | 9,611 | 51 | — | 136,697 | 25,239 |
| Libya | 24,778 | 24,778 | — | — | — | 24,770 | — | 8 | — | — |
| East Africa, total | 23,687 | 8,793 | 2,254 | 29 | 665 | 5,112 | 440 | — | 293 | 14,894 |
| West and Central African countries, total | 442,738 | 343,537 | 4,765 | 524 | 1,398 | 269,066 | 28,861 | 35 | 38,887 | 99,202 |
| Gabon | 7,426 | 5,370 | 414 | — | — | 2,314 | — | — | 2,643 | 2,056 |
| Nigeria | 260,021 | 173,512 | 2,683 | 411 | 144 | 162,735 | 505 | — | 7,034 | 86,509 |
| Zaire | 13,293 | 9,856 | 654 | — | 721 | 8,426 | 54 | — | — | 3,437 |
| Southern Africa, total | 156,926 | 71,060 | 28,102 | 195 | 10,733 | 31,815 | 39 | 19 | 157 | 85,867 |
| South Africa (includes Namibia) | 132,279 | 64,720 | 23,936 | 195 | 10,478 | 29,897 | 39 | 19 | 157 | 67,559 |
| Zimbabwe | 18,303 | 4,989 | 3,019 | (1) | 51 | 1,918 | — | — | (1) | 13,315 |
| **Asia, total** | 3,834,627 | 1,791,742 | 192,580 | 50,239 | 267,697 | 950,064 | 43,534 | 6,710 | 280,937 | 2,142,884 |
| Middle East, total | 368,434 | 359,578 | 4,283 | 4,189 | 13,965 | 147,464 | 25,653 | 5,046 | 158,977 | 8,855 |
| Iran | 1,469 | 1,469 | — | — | 1,444 | — | 7 | — | 18 | — |
| Israel | 26,406 | 23,153 | 1,193 | 3,740 | 3,844 | 6,520 | 217 | 12 | 7,628 | 3,253 |
| Kuwait | 6,074 | 6,074 | — | — | 775 | 5,160 | 140 | — | — | — |
| Qatar | 3,431 | 98 | — | — | — | 97 | 1 | — | — | 3,333 |
| Saudi Arabia | 143,445 | 142,683 | 3,019 | 33 | 2,068 | 17,657 | 7,010 | 4,911 | 107,985 | 762 |
| United Arab Emirates | 169,970 | 169,970 | — | — | — | 109,492 | 16,005 | — | 42,472 | — |
| Southern and Southeastern Asia, total | 1,317,196 | 830,602 | 39,804 | 29,919 | 34,644 | 611,700 | 8,508 | 242 | 105,785 | 486,594 |
| India | 47,724 | 41,033 | 2,776 | 165 | 6,421 | 27,991 | 902 | — | 2,776 | 6,692 |
| Indonesia | 938,146 | 571,228 | 16,445 | 17,917 | 2,786 | 432,117 | 1,561 | 242 | 100,161 | 366,918 |
| Malaysia | 115,772 | 99,350 | 262 | 1,420 | 2,499 | 93,656 | 1,229 | — | 284 | 16,423 |
| Philippines | 86,565 | 48,266 | 10,795 | 7,102 | 5,009 | 22,963 | 825 | — | 1,571 | 38,299 |
| Singapore | 67,963 | 30,286 | 363 | 1,565 | 13,673 | 11,719 | 2,646 | 1 | 318 | 37,677 |
| Thailand | 38,219 | 20,793 | 8,901 | 1,710 | 4,204 | 4,339 | 965 | — | 674 | 17,427 |
| Eastern Asia, total | 2,248,664 | 601,229 | 148,474 | 16,108 | 219,088 | 190,590 | 9,373 | 1,422 | 16,175 | 1,647,435 |
| China | 7,402 | 7,402 | — | 3 | 4,685 | 864 | 621 | — | 1,428 | — |
| Hong Kong | 48,935 | 10,953 | 606 | 2,138 | 1,034 | 6,647 | 61 | — | 466 | 37,982 |
| Japan (Okinawa, Ryukyu) | 2,070,805 | 508,052 | 124,245 | 13,084 | 202,067 | 148,661 | 6,782 | 1,422 | 11,791 | 1,562,754 |
| South Korea | 64,702 | 36,349 | 3,784 | 365 | 6,224 | 23,899 | 370 | — | 1,707 | 28,352 |
| Taiwan | 56,539 | 38,192 | 19,839 | 518 | 4,835 | 10,679 | 1,539 | — | 783 | 18,347 |
| **Oceania, total** | 733,328 | 385,316 | 43,793 | 20,560 | 30,026 | 269,905 | 375 | 493 | 20,164 | 348,012 |
| Australia | 668,757 | 368,142 | 37,891 | 19,534 | 24,828 | 264,996 | 324 | 446 | 20,122 | 300,615 |
| New Zealand | 64,314 | 17,014 | 5,893 | 1,022 | 5,105 | 4,876 | 31 | 47 | 41 | 47,300 |
| **Puerto Rico and U.S. Possessions, total** | 189,588 | 151,582 | 12,337 | 2,793 | 5,831 | 70,585 | 6,871 | 854 | 52,510 | 38,004 |
| Puerto Rico | 155,295 | 124,871 | 9,834 | 2,782 | 5,521 | 55,171 | 3,378 | — | 48,185 | 30,424 |
| U.S. possessions, total | 34,291 | 26,711 | 2,504 | 11 | 310 | 15,414 | 3,493 | 654 | 4,325 | 7,580 |
| **Country not stated** | 60,341 | 50,258 | 1,039 | 26,591 | 9,643 | 8,182 | 2,102 | 599 | 2,102 | 10,083 |
| **IC-DISC dividends** | 689 | 9 | 9 | — | — | — | — | — | — | 680 |
| **FSC dividends** | 781 | 122 | 122 | — | — | — | — | — | — | 659 |
| OPEC countries, total (included above) | 1,669,754 | 1,164,840 | 39,739 | 26,074 | 12,345 | 772,499 | 32,022 | 19,810 | 260,351 | 504,914 |

Footnotes at end of table.

## RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

| Country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Income and taxes of related foreign corporations: Dividends paid or constructively distributed to domestic corporations | Dividends constructively distributed to domestic corporations | Taxes deemed paid by domestic corporations on constructively received dividends |
|---|---|---|---|
| | (56) | (57) | (58) |
| **All geographic areas, total** | **22,444,065** | 3,132,133 | 1,218,183 |
| **Canada** | **4,108,744** | 127,158 | 66,925 |
| **Latin America, total** | **2,091,330** | 282,339 | 123,068 |
| Mexico | 283,070 | 13,181 | 6,241 |
| Central America, total | 516,484 | 194,087 | 85,880 |
| Costa Rica | 14,165 | 376 | 182 |
| Guatemala | 11,386 | 106 | 52 |
| Honduras | 7,528 | — | — |
| Panama (including Canal Zone) | 478,746 | 193,576 | 85,636 |
| Caribbean countries, total | 169,587 | 12,256 | 3,721 |
| Cayman Islands (British) | 91,980 | 11,980 | 3,695 |
| Dominican Republic | 534 | — | — |
| Trinidad and Tobago | 72,706 | — | — |
| South America, total | 1,121,909 | 42,816 | 27,224 |
| Argentina | 82,493 | 775 | 248 |
| Brazil | 840,511 | 35,622 | 23,318 |
| Chile | 32,191 | 960 | 109 |
| Colombia | 73,435 | 1,303 | 584 |
| Ecuador | 14,235 | 250 | 70 |
| Peru | 7,616 | 400 | 148 |
| Venezuela | 65,997 | 3,505 | 2,747 |
| **Other Western Hemisphere, total** | **1,205,662** | **972,957** | **167,912** |
| The Bahamas | 44,535 | 39,552 | 23,275 |
| Netherlands Antilles | 901,144 | 858,433 | 125,428 |
| **Europe, total** | **11,534,196** | **1,527,987** | **792,191** |
| Common Market countries, total | 9,854,858 | 817,779 | 452,204 |
| Belgium | 882,765 | 160,710 | 88,233 |
| France (including Andorra) | 824,731 | 3,781 | 3,527 |
| Greece | 1,682 | 15 | 11 |
| Ireland | 37,563 | 12,707 | 2,650 |
| Italy (including San Marino) | 1,222,533 | 24,322 | 7,470 |
| Luxembourg | 48,508 | 6,289 | 8,251 |
| Netherlands | 754,115 | 75,557 | 39,855 |
| Spain | 305,691 | 1,093 | 236 |
| United Kingdom | 3,097,004 | 271,223 | 164,557 |
| West Germany | 2,458,025 | 261,707 | 137,367 |
| Other West European countries, total | 1,677,666 | 709,559 | 339,961 |
| Austria | 246,246 | 52,086 | 22,511 |
| Finland | 77,732 | 1 | 1 |
| Norway | 150,426 | 137 | 40 |
| Sweden | 150,328 | 16,205 | 18,053 |
| Switzerland | 1,033,509 | 635,848 | 298,918 |
| Turkey | 12,668 | — | — |
| East European countries, total | 1,025 | — | — |
| **Africa, total** | **419,004** | **10,055** | **3,989** |
| North Africa, total | 38,512 | — | — |
| Egypt | 35,837 | — | — |
| Libya | — | — | — |
| East Africa, total | 22,635 | (1) | (1) |
| West and Central African countries, total | 155,539 | 1,098 | 976 |
| Gabon | 2,086 | — | — |
| Nigeria | 141,528 | 1,098 | 976 |
| Zaire | 3,272 | — | — |
| Southern Africa, total | 202,318 | 8,957 | 3,013 |
| South Africa (includes Namibia) | 176,194 | 3,085 | 1,610 |
| Zimbabwe | 14,159 | 2 | 1 |
| **Asia, total** | **2,474,575** | **140,508** | **43,111** |
| Middle East, total | 22,241 | 1,015 | 80 |
| Iran | — | — | — |
| Israel | 4,739 | — | — |
| Kuwait | — | — | — |
| Qatar | 3,154 | — | — |
| Saudi Arabia | 6,199 | 968 | 78 |
| United Arab Emirates | — | — | — |
| Southern and Southeastern Asia, total | 752,976 | 56,961 | 19,004 |
| India | 8,672 | 547 | 242 |
| Indonesia | 420,480 | 18 | 30 |
| Malaysia | 40,929 | 8,777 | 543 |
| Philippines | 78,618 | 12,133 | 7,133 |
| Singapore | 156,197 | 35,469 | 11,046 |
| Thailand | 43,412 | 18 | 9 |
| Eastern Asia, total | 1,699,359 | 82,531 | 24,026 |
| China | — | — | — |
| Hong Kong | 226,641 | 68,217 | 10,357 |
| Japan (Okinawa, Ryukyu) | 1,327,256 | 14,153 | 13,617 |
| South Korea | 58,399 | — | — |
| Taiwan | 87,062 | 161 | 54 |
| **Oceania, total** | **437,783** | **28,694** | **19,752** |
| Australia | 384,219 | 27,864 | 19,331 |
| New Zealand | 47,938 | 829 | 421 |
| **Puerto Rico and U.S. Possessions, total** | **58,220** | **1,397** | **929** |
| Puerto Rico | 41,459 | 1,397 | 929 |
| U.S. possessions, total | 16,761 | — | — |
| **Country not stated** | **34,169** | **921** | **100** |
| **IC-DISC dividends** | **14,110** | — | — |
| **FSC dividends** | **66,291** | **60,118** | **7** |
| **OPEC countries, total (included above)** | **653,680** | **5,840** | **2,901** |

[1] Less than $500.

NOTE: The number of parent corporations which received income from or paid taxes to a specific country are identified in column 1. The data in columns 2-13 are not limited to amounts attributable to a specific country, i.e., "income and taxes from all sources." When a corporation received income from or paid taxes to more than one country, that corporation is included in (column 1) and the corpo... data in columns 2-13 for more than one country. The data by geographic areas for columns 1-13 are not additive to the all geographic areas total. However, the data in co... ...data are included in columns 2-13 ... geographic area for columns 14-58 are additive to the all geographic areas total. Data for specific geographic areas are not additive as data are p...



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Income and taxes from all sources: Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **All Industries, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 4,409 | 5,404,718,817 | 130,506,344 | 53,347,108 | 22,258,235 | 65,609,314 | 8,467,889 | 14,635,173 | 1,059,505 | 5,364,349 | 22,260,336 | 727 |
| **Canada** | 2,090 | 4,663,310,239 | 113,438,162 | 46,180,858 | 21,253,601 | 61,782,294 | 7,788,753 | 14,247,734 | 931,961 | 4,798,438 | 21,255,656 | 727 |
| **Latin America, total** | 944 | 4,485,283,211 | 100,688,743 | 41,273,247 | 20,954,104 | 61,550,886 | 7,527,812 | 14,095,109 | 883,242 | 4,651,162 | 20,956,159 | 727 |
| Brazil | 376 | 3,717,854,967 | 78,723,560 | 31,990,206 | 18,549,095 | 53,227,484 | 6,999,118 | 12,385,730 | 864,693 | 4,224,122 | 18,551,130 | 708 |
| Ecuador | 155 | 2,509,909,404 | 53,684,826 | 22,320,054 | 15,587,458 | 42,392,195 | 6,130,902 | 10,192,749 | 814,628 | 3,849,753 | 15,589,348 | 562 |
| Mexico | 688 | 4,065,535,944 | 69,842,011 | 36,742,807 | 19,982,965 | 57,450,531 | 7,266,867 | 13,365,122 | 837,105 | 4,382,766 | 19,985,010 | 717 |
| Panama (including Canal Zone) | 208 | 2,908,477,412 | 63,418,582 | 25,877,703 | 15,907,025 | 45,107,787 | 5,776,947 | 10,750,359 | 750,814 | 3,832,279 | 15,908,906 | 553 |
| Venezuela | 310 | 3,194,988,242 | 71,281,972 | 29,869,333 | 18,312,507 | 52,391,338 | 6,812,011 | 12,211,347 | 864,693 | 4,190,615 | 18,314,557 | 722 |
| **Other Western Hemisphere, total** | 344 | 3,859,345,684 | 83,377,975 | 33,960,790 | 19,193,449 | 55,902,052 | 8,739,125 | 13,056,156 | 666,327 | 4,489,269 | 19,195,466 | 689 |
| The Bahamas | 134 | 2,619,157,750 | 47,978,513 | 19,933,766 | 14,404,638 | 41,554,666 | 5,139,469 | 9,604,460 | 759,919 | 3,773,540 | 14,406,305 | 339 |
| Bermuda | 180 | 2,139,845,355 | 56,553,261 | 23,703,811 | 16,009,560 | 43,133,869 | 5,820,119 | 11,119,451 | 834,940 | 3,695,190 | 16,011,561 | 674 |
| Netherlands Antilles | 186 | 3,083,825,293 | 66,631,978 | 27,379,274 | 16,965,907 | 48,905,669 | 5,897,649 | 11,470,288 | 735,064 | 4,012,716 | 16,967,460 | 225 |
| **Europe, total** | 1,853 | 4,736,860,326 | 109,676,776 | 44,672,266 | 21,691,512 | 63,786,936 | 7,990,375 | 14,478,405 | 1,001,376 | 4,963,180 | 21,693,567 | 727 |
| Austria | 182 | 2,526,768,981 | 59,568,034 | 24,524,772 | 16,172,143 | 47,230,807 | 5,530,088 | 11,190,112 | 673,602 | 3,795,970 | 16,174,023 | 553 |
| Belgium | 344 | 3,187,453,257 | 76,300,420 | 31,341,563 | 18,913,001 | 54,471,565 | 6,874,001 | 12,712,745 | 814,675 | 4,208,144 | 18,914,921 | 592 |
| Denmark | 242 | 2,801,794,654 | 64,211,993 | 26,614,338 | 17,256,393 | 49,469,758 | 6,371,725 | 11,452,956 | 807,993 | 4,011,324 | 17,258,409 | 689 |
| France (including Andorra) | 539 | 3,679,059,339 | 86,411,759 | 35,273,176 | 19,703,407 | 57,464,840 | 6,729,895 | 13,539,551 | 774,354 | 4,240,201 | 19,705,461 | 727 |
| Italy (including San Marino) | 412 | 3,496,457,314 | 80,607,972 | 32,991,648 | 19,512,669 | 56,469,852 | 6,945,961 | 13,286,969 | 880,871 | 4,323,457 | 19,514,588 | 592 |
| Luxembourg | 65 | 1,975,271,335 | 26,015,918 | 10,029,791 | 6,238,325 | 17,678,154 | 2,921,837 | 3,872,065 | 157,849 | 587,534 | 6,238,533 | 208 |
| Netherlands | 674 | 3,659,503,468 | 81,700,287 | 33,015,301 | 19,073,890 | 55,453,430 | 6,902,857 | 12,853,495 | 858,522 | 4,263,470 | 19,075,828 | 610 |
| Norway | 194 | 2,351,832,358 | 55,703,436 | 22,903,594 | 16,101,217 | 46,217,982 | 5,096,526 | 10,874,403 | 915,525 | 3,830,994 | 16,102,761 | 216 |
| Spain | 316 | 3,327,211,113 | 74,760,409 | 30,481,887 | 18,206,758 | 51,669,643 | 6,862,645 | 12,258,718 | 843,302 | 3,934,575 | 18,208,673 | 587 |
| Sweden | 297 | 3,134,047,712 | 71,217,372 | 29,125,788 | 17,963,706 | 51,959,000 | 6,190,035 | 12,325,368 | 736,962 | 4,054,316 | 17,965,624 | 591 |
| Switzerland | 444 | 3,417,257,738 | 77,809,766 | 31,931,216 | 18,919,837 | 54,405,414 | 6,907,249 | 12,664,419 | 813,770 | 4,143,799 | 18,921,756 | 592 |
| United Kingdom | 989 | 4,134,238,204 | 95,142,016 | 38,885,149 | 20,860,067 | 61,139,743 | 7,482,712 | 14,087,687 | 906,624 | 4,525,898 | 20,862,122 | 727 |
| West Germany | 643 | 3,645,213,737 | 86,808,727 | 35,503,177 | 20,361,405 | 58,616,561 | 7,239,714 | 13,805,019 | 864,736 | 4,408,175 | 20,363,440 | 708 |
| **Africa, total** | 681 | 3,643,235,940 | 82,891,040 | 33,669,096 | 19,697,337 | 56,978,188 | 7,359,998 | 13,061,497 | 928,537 | 4,678,331 | 19,699,388 | 723 |
| Liberia | 44 | 1,632,792,576 | 28,448,914 | 11,903,873 | 9,937,498 | 27,852,059 | 4,455,708 | 6,594,759 | 794,268 | 2,294,489 | 9,938,828 | 2 |
| South Africa (including Namibia) | 588 | 3,020,452,243 | 73,850,471 | 30,327,288 | 17,765,821 | 50,656,760 | 6,122,407 | 12,127,101 | 737,807 | 4,012,639 | 17,767,871 | 722 |
| **Asia, total** | 1,338 | 4,356,729,870 | 107,785,978 | 44,074,207 | 21,247,303 | 62,408,601 | 7,742,975 | 14,204,257 | 958,319 | 4,887,279 | 21,249,358 | 727 |
| Hong Kong | 295 | 3,203,640,939 | 71,249,488 | 29,296,280 | 17,799,766 | 51,642,601 | 6,133,873 | 12,082,873 | 731,171 | 4,194,122 | 17,801,686 | 592 |
| Indonesia | 154 | 2,654,975,824 | 56,616,187 | 23,397,497 | 16,134,683 | 44,004,930 | 5,415,473 | 10,573,432 | 924,370 | 3,914,067 | 16,136,351 | 340 |
| Japan (including Okinawa and Ryukyus) | 1,051 | 4,186,465,716 | 98,947,500 | 40,412,578 | 20,522,862 | 59,719,620 | 7,413,001 | 13,751,903 | 865,725 | 4,551,947 | 20,524,913 | 723 |
| Philippines | 228 | 3,121,594,247 | 73,446,411 | 29,834,893 | 18,132,013 | 51,406,878 | 5,697,849 | 11,775,651 | 865,574 | 4,193,476 | 18,133,913 | 572 |
| **Oceania, total** | 631 | 4,006,752,783 | 93,125,304 | 37,982,853 | 20,430,651 | 59,720,690 | 7,336,332 | 13,729,842 | 838,563 | 4,525,847 | 20,432,706 | 727 |
| Australia | 784 | 3,961,341,200 | 92,321,860 | 37,648,618 | 20,359,858 | 59,419,429 | 7,318,003 | 13,680,241 | 838,563 | 4,516,278 | 20,361,889 | 704 |
| **Puerto Rico and U.S. Possessions, total** | 472 | 3,378,361,025 | 82,126,135 | 33,261,173 | 18,134,818 | 51,191,327 | 6,256,252 | 12,318,540 | 759,425 | 4,177,760 | 18,136,719 | 572 |
| **OPEC countries, total (included above)** | 418 | 3,610,683,006 | 78,925,349 | 32,948,509 | 19,563,831 | 58,514,404 | 7,390,024 | 12,913,842 | 958,155 | 4,546,342 | 19,565,886 | 727 |
| **Tax haven countries, total (included above)** | 1,155 | 4,598,847,728 | 105,800,181 | 43,273,487 | 21,277,282 | 62,334,270 | 7,812,250 | 14,241,324 | 981,089 | 4,834,814 | 21,279,337 | 727 |

Footnotes at end of table

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **All industries, total** | | | | | | | | | | | | |
| **All geographic areas, total** | **93,530,645** | **25,789,233** | **14,835,179** | **19,670,536** | **34,435,696** | **18,093,774** | **39,118,710** | **6,086,517** | **65,809,314** | **9,496,597** | **1,900,781** | **54,411,935** |
| **Canada** | **13,448,196** | **4,275,093** | **3,616,591** | **1,761,155** | **3,795,357** | **3,162,214** | **4,060,050** | **440,164** | **10,508,330** | **515,851** | **604,332** | **9,388,147** |
| **Latin America, total** | **11,696,986** | **2,567,420** | **925,428** | **5,427,483** | **2,776,655** | **1,071,883** | **6,799,751** | **730,473** | **6,053,384** | **1,077,113** | **79,035** | **4,897,235** |
| Brazil | 3,130,819 | 856,034 | 458,976 | 1,623,371 | 192,439 | 57 | 1,512,429 | 568 | 1,977,202 | 341,865 | 16,947 | 1,618,390 |
| Ecuador | 250,037 | 161,462 | 3,455 | 41,770 | 43,351 | 73,043 | 195,906 | 71,385 | 66,010 | 10,497 | 1,382 | 54,132 |
| Mexico | 2,508,573 | 302,032 | 119,825 | 1,610,230 | 476,486 | — | 1,506,580 | 10 | 1,040,659 | 102,078 | 36,587 | 901,994 |
| Panama (including Canal Zone) | 1,134,055 | 657,622 | 158,868 | 83,153 | 234,412 | 9,196 | 358,239 | 2,176 | 791,151 | 14,266 | 1,068 | 775,816 |
| Venezuela | 546,533 | 70,486 | 41,881 | 301,533 | 132,633 | -9,306 | 350,041 | 5,226 | 217,690 | 13,458 | 7,741 | 196,491 |
| **Other Western Hemisphere, total** | **3,456,283** | **1,694,421** | **186,702** | **1,556,129** | **19,031** | **23,560** | **1,488,163** | **9,887** | **2,346,984** | **379,384** | **1,481** | **1,968,119** |
| The Bahamas | 1,013,642 | 117,145 | 28,114 | 849,727 | 18,655 | — | 571,226 | 1,800 | 799,971 | 357,382 | 172 | 442,416 |
| Bermuda | 752,978 | 563,382 | 24,288 | 186,116 | -20,808 | — | 148,419 | — | 606,809 | 446 | 1,804 | 604,559 |
| Netherlands Antilles | 1,277,261 | 1,008,693 | 133,924 | 135,241 | -597 | 23,517 | 408,248 | 8,087 | 898,583 | 30,085 | -515 | 869,013 |
| **Europe, total** | **37,369,261** | **12,118,935** | **7,139,991** | **4,267,646** | **13,842,689** | **7,075,540** | **12,511,998** | **1,873,492** | **29,137,183** | **3,810,223** | **469,697** | **24,857,263** |
| Austria | 514,460 | 248,003 | 104,010 | 25,758 | 136,689 | 69,269 | 89,844 | -22 | 453,619 | 16,983 | 3,020 | 433,616 |
| Belgium | 2,191,116 | 909,970 | 488,260 | 153,758 | 639,128 | — | 672,145 | — | 2,070,346 | 524,643 | 26,731 | 1,518,972 |
| Denmark | 585,005 | 204,316 | 109,869 | 43,689 | 227,132 | 95,788 | 206,109 | 134,995 | 418,305 | 34,996 | 4,412 | 378,896 |
| France (including Andorra) | 3,364,266 | 842,500 | 687,406 | 305,492 | 1,528,868 | 9,909 | 1,106,883 | 4,554 | 2,616,398 | 322,783 | 36,232 | 2,257,383 |
| Italy (including San Marino) | 3,107,587 | 1,227,311 | 636,144 | 218,267 | 1,025,865 | 33 | 691,409 | 3,202 | 2,651,033 | 211,185 | 23,670 | 2,416,177 |
| Luxembourg | 153,359 | 55,427 | 46,245 | 30,441 | 21,256 | — | 47,971 | — | 109,437 | 2,685 | 355 | 105,398 |
| Netherlands | 2,460,402 | 811,572 | 460,678 | 123,268 | 1,064,884 | 784,176 | 630,630 | 90,975 | 2,035,199 | 170,462 | 34,965 | 1,829,772 |
| Norway | 1,306,166 | 151,684 | 45,094 | 163,528 | 945,859 | 2,270,473 | 669,309 | 1,051,434 | 1,791,163 | 1,152,744 | 1,563 | 635,856 |
| Spain | 920,193 | 313,574 | 156,235 | 90,164 | 360,220 | 60,421 | 516,190 | 72,017 | 516,370 | 105,112 | 7,255 | 404,004 |
| Sweden | 595,555 | 158,652 | 145,496 | 56,797 | 234,410 | — | 188,768 | 80 | 423,410 | 9,596 | 7,027 | 406,787 |
| Switzerland | 2,284,164 | 1,066,069 | 414,072 | 376,843 | 427,180 | — | 712,923 | — | 1,548,905 | -62,527 | 40,192 | 1,571,241 |
| United Kingdom | 11,324,729 | 3,395,517 | 1,847,372 | 2,072,254 | 4,009,584 | 3,420,040 | 4,129,845 | 483,796 | 8,262,828 | 916,230 | 151,715 | 7,194,883 |
| West Germany | 6,631,131 | 2,527,085 | 1,919,709 | 286,210 | 1,898,128 | 363,062 | 1,434,023 | 16,234 | 5,427,868 | 168,001 | 62,759 | 5,197,108 |
| **Africa, total** | **3,409,915** | **626,437** | **226,166** | **210,258** | **2,347,053** | **2,747,743** | **1,501,862** | **793,202** | **2,745,252** | **826,959** | **10,341** | **1,907,952** |
| Liberia | 62,251 | 44,732 | 1,605 | 9,503 | 6,411 | -185 | 41,370 | 26,360 | 20,574 | -307 | 1 | 20,880 |
| South Africa (including Namibia) | 626,046 | 312,246 | 67,561 | 81,484 | 164,754 | (¹) | 159,518 | 144 | 604,028 | 130,556 | 6,944 | 466,527 |
| **Asia, total** | **13,933,105** | **2,840,334** | **2,142,884** | **2,199,257** | **6,750,630** | **2,756,353** | **5,732,526** | **1,211,033** | **10,353,630** | **1,952,983** | **200,067** | **8,200,580** |
| Hong Kong | 639,886 | 250,185 | 37,982 | 172,853 | 178,867 | — | 261,280 | — | 590,275 | 197,424 | 14,245 | 378,606 |
| Indonesia | 1,398,940 | 570,792 | 366,918 | 25,806 | 435,425 | 1,361,484 | 549,386 | 372,008 | 1,671,473 | 819,419 | 2,499 | 849,554 |
| Japan (including Okinawa and Ryukyus) | 7,555,946 | 1,355,946 | 1,562,754 | 1,175,881 | 3,461,365 | 5,790 | 2,368,644 | 8,940 | 5,669,802 | 366,271 | 116,228 | 5,187,303 |
| Philippines | 355,101 | 80,484 | 38,299 | 143,512 | 92,807 | 2,325 | 179,772 | 3,154 | 221,739 | 43,176 | 3,233 | 175,329 |
| **Oceania, total** | **2,146,046** | **459,083** | **348,012** | **368,129** | **970,822** | **1,254,459** | **894,898** | **968,669** | **1,801,435** | **512,112** | **38,175** | **1,251,148** |
| Australia | 1,893,059 | 404,158 | 300,615 | 316,079 | 872,206 | 1,254,462 | 792,918 | 965,136 | 1,641,662 | 506,955 | 34,766 | 1,100,141 |
| **Puerto Rico and U.S. Possessions, total** | **2,134,193** | **612,002** | **38,004** | **161,165** | **1,323,022** | **107** | **1,919,717** | **47,027** | **587,724** | **165,412** | **187,836** | **214,476** |
| **OPEC countries, total (included above)** | **4,318,638** | **1,082,573** | **504,914** | **480,564** | **2,250,586** | **3,069,247** | **2,527,634** | **1,054,185** | **3,150,479** | **1,340,623** | **18,853** | **1,791,003** |
| **Tax haven countries, total (included above)** | **11,666,752** | **5,169,214** | **1,485,828** | **2,586,861** | **2,444,849** | **885,129** | **3,989,427** | **131,079** | **8,820,560** | **1,018,494** | **124,741** | **7,677,324** |

Footnotes at end of table.



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **All industries, total** | | | | | | | | |
| **All geographic areas, total** | **23,103,062** | **8,487,889** | **2,329,825** | **756,804** | **808,655** | **3,273,582** | **1,299,019** | **14,835,173** |
| **Canada** | **4,659,174** | **1,042,583** | **568,753** | **53,736** | **73,718** | **178,188** | **168,207** | **3,616,591** |
| **Latin America, total** | **2,604,118** | **1,678,690** | **613,568** | **542,786** | **81,017** | **267,952** | **173,364** | **925,428** |
| Brazil | 1,228,595 | 769,619 | 362,496 | 329,186 | 6,558 | 54,389 | 16,991 | 458,976 |
| Ecuador | 28,679 | 25,224 | 5,346 | 659 | 2,946 | 16,830 | -557 | 3,455 |
| Mexico | 544,635 | 424,810 | 162,303 | 131,661 | 36,723 | 67,692 | 26,428 | 119,825 |
| Panama (including Canal Zone) | 175,352 | 16,484 | 11,596 | 652 | 1,782 | 2,248 | 206 | 158,868 |
| Venezuela | 85,574 | 43,693 | 11,832 | 9,053 | 2,183 | 1,278 | 19,347 | 41,881 |
| **Other Western Hemisphere, total** | **210,926** | **24,224** | **4,825** | **4,449** | **19** | **3,658** | **11,073** | **186,702** |
| The Bahamas | 28,546 | 432 | 98 | 22 | — | — | 312 | 28,114 |
| Bermuda | 24,292 | 4 | — | — | — | — | 4 | 24,288 |
| Netherlands Antilles | 152,925 | 19,001 | 4,691 | 458 | — | 3,485 | 10,368 | 133,924 |
| **Europe, total** | **9,876,654** | **2,736,666** | **857,435** | **54,872** | **324,335** | **1,177,479** | **322,545** | **7,139,988** |
| Austria | 116,736 | 12,726 | 9,352 | — | 144 | 2,976 | 254 | 104,010 |
| Belgium | 634,485 | 146,225 | 54,033 | 2,247 | 463 | 87,967 | 1,515 | 488,260 |
| Denmark | 160,007 | 50,138 | 9,106 | — | 66 | 16,931 | 24,035 | 109,869 |
| France (including Andorra) | 811,160 | 123,754 | 38,744 | 784 | 35,799 | 36,445 | 11,982 | 687,406 |
| Italy (including San Marino) | 769,451 | 133,307 | 33,416 | 6,730 | 47,459 | 43,554 | 2,149 | 636,144 |
| Luxembourg | 50,399 | 4,153 | 3,009 | — | — | 1,061 | 83 | 46,245 |
| Netherlands | 622,312 | 161,634 | 39,651 | 872 | 78 | 34,240 | 86,793 | 460,678 |
| Norway | 777,627 | 732,533 | 59,318 | 29,690 | 201,523 | 442,000 | 2 | 45,094 |
| Spain | 296,609 | 140,374 | 54,612 | 3,002 | 25,438 | 36,161 | 21,161 | 156,235 |
| Sweden | 157,622 | 12,126 | 9,071 | 2 | 18 | 3,033 | 2 | 145,496 |
| Switzerland | 518,342 | 104,269 | 81,473 | 566 | 618 | 19,752 | 1,860 | 414,072 |
| United Kingdom | 2,551,776 | 704,404 | 200,594 | 6,457 | 1,789 | 336,887 | 158,677 | 1,847,372 |
| West Germany | 2,243,719 | 324,010 | 255,036 | 3,678 | 3,835 | 50,209 | 11,252 | 1,919,709 |
| **Africa, total** | **832,862** | **606,698** | **35,384** | **779** | **16,367** | **347,389** | **206,780** | **226,163** |
| Liberia | 2,908 | 1,303 | 188 | 95 | — | 978 | 42 | 1,605 |
| South Africa (including Namibia) | 132,279 | 64,720 | 23,936 | 195 | 10,478 | 29,897 | 215 | 67,559 |
| **Asia, total** | **3,934,627** | **1,791,742** | **192,560** | **50,239** | **267,697** | **950,064** | **331,182** | **2,142,884** |
| Hong Kong | 48,935 | 10,953 | 606 | 2,138 | 1,034 | 6,647 | 527 | 37,982 |
| Indonesia | 938,146 | 571,228 | 16,445 | 17,917 | 2,786 | 432,117 | 101,963 | 366,918 |
| Japan (including Okinawa and Ryukyus) | 2,070,805 | 508,052 | 124,245 | 13,084 | 202,067 | 148,661 | 19,994 | 1,562,754 |
| Philippines | 86,565 | 48,266 | 10,795 | 7,102 | 5,009 | 22,963 | 2,397 | 38,299 |
| **Oceania, total** | **733,328** | **385,316** | **43,793** | **20,560** | **30,026** | **269,905** | **21,032** | **348,012** |
| Australia | 668,757 | 368,142 | 37,891 | 19,534 | 24,828 | 264,996 | 20,892 | 300,615 |
| **Puerto Rico and U.S. Possessions, total** | **189,586** | **151,582** | **12,337** | **2,793** | **5,631** | **70,585** | **60,035** | **38,004** |
| **OPEC countries, total (included above)** | **1,869,754** | **1,164,840** | **39,739** | **28,074** | **12,345** | **772,499** | **312,184** | **504,914** |
| **Tax haven countries, total (included above)** | **1,841,032** | **375,205** | **151,943** | **6,921** | **24,347** | **87,588** | **104,405** | **1,465,828** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed | |
| | | | | | | | | | | | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Agriculture, forestry and fishing** | | | | | | | | | | | | |
| **All geographic areas, total** | 101 | 2,250,028 | 213,785 | 93,498 | 12,641 | 89,417 | 10,962 | 4,730 | — | 10,550 | 12,641 | — |
| **Canada** | 41 | 1,667,156 | 154,842 | 70,860 | 11,235 | 78,493 | 10,710 | 4,031 | — | 9,972 | 11,235 | — |
| **Latin America, total** | 5 | 2,079,384 | 202,937 | 89,967 | 12,461 | 77,054 | 9,175 | 2,831 | — | 578 | 12,461 | — |
| **Europe, total** | 10 | 2,075,357 | 204,215 | 90,542 | 12,449 | 77,027 | 9,164 | 2,831 | — | 552 | 12,449 | — |
| **Africa, total** | 50 | 894,575 | 149,157 | 67,517 | 4,193 | 32,100 | 1,806 | 2,132 | — | 552 | 4,193 | — |
| **Asia, total** | 6 | 1,799,101 | 180,926 | 83,024 | 12,393 | 87,272 | 9,107 | 2,831 | — | 552 | 12,393 | — |
| **OPEC countries, total** | 3 | 1,921,334 | 177,024 | 78,332 | 11,161 | 74,226 | 9,029 | 2,132 | — | — | 11,161 | — |
| **Tax haven countries, total** | 3 | 1,764,744 | 178,386 | 81,921 | 12,389 | 67,236 | 9,104 | 2,831 | — | 552 | 12,389 | — |
| **Mining, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 136 | 18,094,150 | 1,938,592 | 843,506 | 618,542 | 1,474,879 | 605,885 | 226,611 | 180,493 | 405,208 | 618,542 | — |
| **Canada** | 97 | 10,795,813 | 1,184,134 | 507,804 | 365,322 | 847,957 | 281,783 | 223,964 | 94,851 | 235,755 | 365,322 | — |
| **Latin America, total** | 21 | 5,805,096 | 462,705 | 198,761 | 185,358 | 442,228 | 15,958 | 219,037 | 30,135 | 23,338 | 185,358 | — |
| Mexico | 17 | 1,392,529 | 11,742 | 5,079 | 872 | 2,029 | 593 | 702 | — | 17 | 872 | — |
| Venezuela | 3 | 4,075,269 | 470,911 | 193,673 | 184,478 | 440,148 | 13,613 | 218,335 | 28,606 | 3,496 | 184,478 | — |
| **Other Western Hemisphere, total** | 4 | 6,831,215 | 601,771 | 345,869 | 336,257 | 789,381 | 246,237 | 221,869 | 93,950 | 196,458 | 336,257 | — |
| **Europe, total** | 34 | 12,585,734 | 1,424,774 | 619,073 | 476,376 | 1,097,584 | 414,557 | 221,182 | 148,005 | 287,473 | 476,376 | — |
| Denmark | 15 | 23,076 | 1,301 | 298 | 6 | 26 | 9 | — | — | — | 6 | — |
| France (including Andorra) | 3 | 1,046,576 | 108,768 | 48,521 | 3,157 | 9,096 | 1,068 | — | — | 2,089 | 3,157 | — |
| Italy (including San Marino) | 4 | 4,514,980 | 516,167 | 209,180 | 179,808 | 429,697 | 11,921 | 217,477 | 28,606 | — | 179,808 | — |
| Netherlands | 6 | 1,355,399 | 245,359 | 111,338 | 65,956 | 152,196 | 63,120 | 797 | 6,458 | 34,386 | 65,956 | — |
| Norway | 3 | 3,385,258 | 440,884 | 201,390 | 191,849 | 418,689 | 299,863 | 2,667 | 85,211 | 189,013 | 191,849 | — |
| Spain | 3 | 3,361,513 | 440,631 | 185,445 | 179,555 | 428,010 | 11,668 | 217,477 | 28,606 | — | 179,555 | — |
| United Kingdom | 9 | 6,966,300 | 720,713 | 307,906 | 232,032 | 555,485 | 94,240 | 218,515 | 53,253 | 17 | 232,032 | — |
| West Germany | 5 | 3,203,315 | 488,408 | 201,288 | 179,932 | 431,131 | 11,817 | 217,714 | 28,606 | — | 179,932 | — |
| **Africa, total** | 5 | 5,668,893 | 880,363 | 389,123 | 364,852 | 884,608 | 295,970 | 220,144 | 90,700 | 266,574 | 364,852 | — |
| **Asia, total** | 10 | 6,075,690 | 739,959 | 321,288 | 266,221 | 625,946 | 124,026 | 217,716 | 79,872 | 91,132 | 266,221 | — |
| Indonesia | 5 | 3,927,477 | 614,899 | 265,732 | 265,547 | 621,118 | 123,601 | 217,477 | 79,872 | 91,116 | 265,547 | — |
| Japan (including Okinawa and Ryukyus) | 5 | 1,727,104 | 98,330 | 42,245 | 36,057 | 86,307 | 38,515 | 237 | 27,729 | 61,985 | 36,057 | — |
| **Oceania, total** | 27 | 685,656 | 24,502 | 9,435 | 3,918 | 23,832 | 13,645 | 261 | 1,549 | 19,825 | 3,918 | — |
| Australia | 27 | 685,656 | 24,502 | 9,435 | 3,918 | 23,832 | 13,645 | 261 | 1,549 | 19,825 | 3,918 | — |
| **OPEC countries, total (included above)** | 6 | 5,889,667 | 787,718 | 328,669 | 270,595 | 635,051 | 125,887 | 218,338 | 79,872 | 94,612 | 270,595 | — |
| **Tax haven countries, total (included above)** | 11 | 8,626,589 | 1,126,888 | 492,638 | 437,845 | 1,004,290 | 347,492 | 222,686 | 128,136 | 292,812 | 437,845 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Agriculture, forestry and fishing** | | | | | | | | | | | | |
| **All geographic areas, total** | 531,190 | 42,126 | 4,730 | 5,182 | 479,152 | — | 440,643 | — | 89,417 | −2,103 | 973 | 90,547 |
| **Canada** | 34,131 | 4,498 | 1,899 | 635 | 27,100 | — | 21,308 | — | 12,705 | −119 | — | 12,823 |
| **Latin America, total** | 365,995 | 2,256 | 500 | 1,823 | 361,417 | — | 357,137 | — | 9,825 | — | 967 | 8,858 |
| **Europe, total** | 73,366 | 32,181 | 252 | 2,165 | 38,749 | — | 22,937 | — | 49,280 | −1,149 | — | 50,429 |
| **Africa, total** | 2,299 | 509 | 273 | 30 | 1,467 | — | 657 | — | 1,641 | — | — | 1,641 |
| **Asia, total** | 25,572 | 1,453 | 846 | 219 | 23,054 | — | 20,825 | — | 4,946 | 199 | — | 4,747 |
| **OPEC countries, total** | 5,066 | — | — | 9 | 5,057 | — | 3,125 | — | 1,941 | — | — | 1,941 |
| **Tax haven countries, total** | 170,076 | 2,277 | 635 | 1,004 | 166,159 | — | 179,184 | — | −9,052 | — | 56 | −9,108 |
| **Mining, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,626,853 | 279,561 | 226,611 | 62,018 | 2,058,663 | 1,931,262 | 1,205,761 | 845,227 | 1,474,879 | 53,810 | −24 | 1,421,093 |
| **Canada** | 26,064 | 614 | 2,962 | 12,214 | 12,274 | 24,530 | 11,782 | 19,509 | 91,237 | 74,955 | — | 16,282 |
| **Latin America, total** | 7,025 | 795 | 772 | 801 | 4,657 | 9,099 | 4,539 | 26,453 | −14,862 | −17,348 | — | 2,486 |
| Mexico | 2,993 | 664 | 702 | — | 1,626 | — | 1,594 | — | 1,399 | — | — | 1,399 |
| Venezuela | 450 | 131 | 70 | 249 | — | — | 13 | 13 | 423 | −13 | — | 437 |
| **Other Western Hemisphere, total** | 33,524 | 5,468 | 1,675 | 1,869 | 24,512 | 23,517 | 9,124 | 8,087 | 24,400 | — | — | 24,400 |
| **Europe, total** | 1,391,197 | 166,787 | 139,726 | 38,116 | 1,046,567 | 1,221,792 | 558,144 | 569,868 | 834,994 | 1,964 | −22 | 833,053 |
| Denmark | 9 | 9 | — | — | — | — | — | — | 9 | — | — | 9 |
| France (including Andorra) | 190 | 13 | — | 44 | 132 | — | 3 | — | 187 | — | — | 187 |
| Italy (including San Marino) | 1,875 | — | — | 1,875 | — | 2 | — | 76 | 1,798 | −76 | — | 1,875 |
| Netherlands | 171,564 | 1,108 | 797 | 2,010 | 167,650 | 135,516 | 49,770 | 43,699 | 152,873 | 31,079 | — | 121,794 |
| Norway | 721,527 | 4,777 | 2,667 | 26,212 | 687,871 | 714,042 | 401,820 | 401,820 | 319,706 | — | — | 319,706 |
| Spain | 823 | 4 | — | 921 | −102 | 179 | — | 8,011 | −7,828 | −8,651 | — | 823 |
| United Kingdom | 481,720 | 160,463 | 136,063 | 24 | 185,171 | 376,097 | 101,938 | 114,999 | 359,443 | −20,338 | — | 379,782 |
| West Germany | 2,614 | 407 | 200 | 159 | 1,848 | 4 | 152 | 30 | 2,415 | −26 | −1 | 2,462 |
| **Africa, total** | 498,804 | — | — | 2,278 | 496,326 | 164,856 | 358,354 | 54,315 | 132,912 | −7,338 | −21 | 140,250 |
| **Asia, total** | 546,985 | 105,528 | 81,414 | 1,395 | 358,648 | 484,197 | 149,793 | 153,318 | 397,693 | 501 | — | 397,192 |
| Indonesia | 542,740 | 104,198 | 81,414 | 1,360 | 355,769 | 464,543 | 147,119 | 136,215 | 393,409 | −2,212 | −1 | 395,622 |
| Japan (including Okinawa and Ryukyus) | 1,912 | 9 | — | 25 | 1,879 | — | 1,434 | — | 478 | — | — | 478 |
| **Oceania, total** | 115,398 | 312 | 62 | 5,344 | 109,681 | 3,272 | 107,887 | 11,676 | 8,586 | 1,076 | −1 | 7,511 |
| Australia | 115,398 | 312 | 62 | 5,344 | 109,681 | 3,272 | 107,887 | 11,678 | 8,586 | 1,076 | −1 | 7,511 |
| **OPEC countries, total (included above)** | 545,318 | 105,650 | 81,484 | 1,609 | 356,575 | 464,518 | 147,412 | 147,141 | 384,759 | −13,138 | −1 | 397,906 |
| **Tax haven countries, total (included above)** | 205,999 | 6,577 | 2,471 | 3,888 | 193,063 | 159,030 | 59,768 | 51,734 | 177,364 | 31,131 | — | 148,233 |

Footnotes at end of table.

Corporate Foreign Tax Credit, 1986

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Agriculture, forestry and fishing** | | | | | | | | |
| All geographic areas, total | 15,691 | 10,962 | 1,268 | 136 | 1,785 | 71 | 7,701 | 4,730 |
| Canada | 4,023 | 2,124 | 875 | 95 | 881 | — | 473 | 1,899 |
| Latin America, total | 4,475 | 3,975 | 100 | 36 | 117 | — | 3,722 | 500 |
| Europe, total | 4,433 | 4,182 | 233 | — | 709 | — | 3,239 | 251 |
| Africa, total | 410 | 137 | 93 | — | 38 | — | 7 | 273 |
| Asia, total | 1,292 | 446 | 166 | 5 | 3 | 71 | 200 | 846 |
| OPEC countries, total | 8 | 8 | — | — | — | — | 8 | — |
| Tax haven countries, total | 1,095 | 459 | 98 | — | 78 | — | 283 | 635 |
| **Mining, total** | | | | | | | | |
| All geographic areas, total | 832,496 | 605,885 | 50,957 | 1,326 | 203,836 | 62,730 | 287,037 | 226,611 |
| Canada | 68,109 | 65,147 | 22,606 | 884 | 649 | 40,845 | 163 | 2,962 |
| Latin America, total | 6,126 | 5,353 | 389 | 37 | 14 | 3,288 | 1,626 | 772 |
| Mexico | 1,064 | 363 | 363 | — | — | — | — | 702 |
| Venezuela | 134 | 63 | 26 | 37 | — | — | — | 70 |
| Other Western Hemisphere, total | 9,084 | 7,410 | — | — | — | — | 7,410 | 1,675 |
| Europe, total | 480,031 | 340,305 | 13,708 | 401 | 201,518 | 12,699 | 111,979 | 139,726 |
| Denmark | 3 | 3 | 3 | — | — | — | — | — |
| France (including Andorra) | 12 | 12 | 1 | 5 | 1 | — | 5 | — |
| Italy (including San Marino) | 277 | 277 | — | 277 | — | — | — | — |
| Netherlands | 61,849 | 61,052 | — | — | — | 12,699 | 48,353 | 797 |
| Norway | 204,183 | 201,516 | — | — | 201,518 | — | — | 2,667 |
| Spain | 4 | 4 | — | — | — | — | 4 | — |
| United Kingdom | 213,307 | 77,244 | 13,704 | — | — | — | 63,539 | 136,063 |
| West Germany | 348 | 149 | 1 | 71 | — | — | 77 | 200 |
| Africa, total | 58,767 | 58,767 | — | — | 1,509 | — | 57,258 | — |
| Asia, total | 199,011 | 117,597 | 14,206 | — | 146 | 5,403 | 97,842 | 81,414 |
| Indonesia | 193,407 | 111,993 | 14,206 | — | — | — | 97,787 | 81,414 |
| Japan (including Okinawa and Ryukyus) | 147 | 147 | (1) | — | 146 | — | 1 | — |
| Oceania, total | 11,368 | 11,306 | 48 | 4 | — | 495 | 10,759 | 62 |
| Australia | 11,368 | 11,306 | 48 | 4 | — | 495 | 10,759 | 62 |
| OPEC countries, total (included above) | 193,853 | 112,369 | 14,232 | 37 | — | — | 98,099 | 81,484 |
| Tax haven countries, total (included above) | 71,017 | 68,546 | — | — | — | 12,768 | 55,778 | 2,471 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Oil and gas extraction** | | | | | | | | | | | | |
| All geographic areas, total | 114 | 12,245,445 | 1,528,521 | 667,004 | 567,707 | 1,348,218 | 524,940 | 222,741 | 174,792 | 304,224 | 567,707 | — |
| Canada | 87 | 7,390,845 | 879,682 | 377,664 | 330,499 | 768,505 | 241,002 | 221,057 | 89,171 | 192,509 | 330,499 | — |
| Latin America, total | 19 | 4,235,643 | 472,264 | 193,978 | 184,492 | 440,225 | 15,375 | 218,335 | 30,135 | 23,321 | 184,492 | — |
| Mexico | 15 | 23,076 | 1,301 | 296 | 6 | 26 | 9 | — | — | — | 6 | — |
| Venezuela | 3 | 4,075,269 | 470,911 | 193,673 | 184,478 | 440,148 | 13,813 | 218,335 | 28,606 | 3,496 | 184,478 | — |
| Other Western Hemisphere, total | 4 | 6,831,215 | 801,771 | 345,869 | 338,257 | 769,381 | 246,237 | 221,889 | 93,950 | 196,458 | 338,257 | — |
| Europe, total | 27 | 8,465,290 | 1,145,971 | 502,193 | 474,932 | 1,087,538 | 413,362 | 220,940 | 148,005 | 287,456 | 474,932 | — |
| Denmark | 15 | 23,076 | 1,301 | 296 | 6 | 26 | 9 | — | — | — | 6 | — |
| Netherlands | 5 | 840,264 | 155,414 | 70,058 | 65,489 | 149,200 | 62,653 | 797 | 6,458 | 34,386 | 65,489 | — |
| Norway | 3 | 3,385,258 | 440,884 | 201,390 | 191,849 | 418,689 | 299,863 | 2,667 | 85,211 | 189,013 | 191,849 | — |
| United Kingdom | 6 | 4,929,075 | 611,398 | 257,863 | 231,407 | 551,025 | 93,864 | 218,273 | 53,253 | — | 231,407 | — |
| West Germany | 3 | 3,116,978 | 487,187 | 200,747 | 179,528 | 427,832 | 11,642 | 217,477 | 28,606 | — | 179,528 | — |
| Africa, total | 4 | 5,726,324 | 855,715 | 377,785 | 353,513 | 859,960 | 287,873 | 220,144 | 90,700 | 208,838 | 353,513 | — |
| Asia, total | 6 | 3,927,477 | 627,440 | 270,083 | 285,595 | 621,465 | 123,650 | 217,477 | 79,872 | 91,116 | 265,595 | — |
| Oceania, total | 18 | 286,670 | 14,120 | 4,740 | 146 | 4,502 | 2,215 | — | 1,529 | 19,825 | 146 | — |
| Australia | 18 | 288,670 | 14,120 | 4,740 | 146 | 4,502 | 2,215 | — | 1,529 | 19,825 | 146 | — |
| OPEC countries, total | 7 | 5,028,582 | 661,229 | 279,927 | 270,548 | 633,806 | 125,822 | 218,335 | 79,872 | 94,612 | 270,548 | — |
| Tax haven countries, total | 10 | 8,111,455 | 1,036,943 | 451,358 | 437,178 | 1,001,304 | 347,025 | 222,686 | 128,138 | 292,812 | 437,178 | — |
| **Construction** | | | | | | | | | | | | |
| All geographic areas, total | 150 | 18,503,316 | 237,565 | 115,469 | 81,715 | 203,554 | 30,307 | 45,748 | — | 24,073 | 81,715 | — |
| Canada | 31 | 16,048,801 | 218,221 | 108,325 | 80,442 | 196,417 | 29,253 | 45,748 | — | 23,832 | 80,442 | — |
| Latin America, total | 9 | 12,319,510 | 180,143 | 81,252 | 67,940 | 161,685 | 27,714 | 35,354 | — | 16,616 | 67,940 | — |
| Brazil | 4 | 11,758,049 | 143,340 | 65,849 | 53,991 | 127,777 | 13,934 | 35,354 | — | 16,409 | 53,991 | — |
| Mexico | 4 | 11,552,709 | 132,695 | 60,952 | 49,509 | 117,574 | 13,519 | 31,287 | — | 16,409 | 49,509 | — |
| Panama (including Canal Zone) | 3 | 10,368,302 | 101,045 | 46,050 | 44,561 | 107,699 | 12,000 | 31,693 | — | 3,397 | 44,561 | — |
| Venezuela | 6 | 11,490,207 | 154,884 | 70,063 | 59,716 | 142,749 | 26,115 | 32,564 | — | 3,604 | 59,716 | — |
| Other Western Hemisphere, total | 7 | 14,951,113 | 170,466 | 87,329 | 72,959 | 178,670 | 28,413 | 42,958 | — | 10,777 | 72,959 | — |
| Bermuda | 3 | 2,442,992 | 40,491 | 18,108 | 5,364 | 11,994 | 2,991 | 1,151 | — | 5,192 | 5,364 | — |
| Netherlands Antilles | 3 | 12,109,031 | 98,673 | 55,772 | 54,456 | 138,314 | 12,245 | 41,808 | — | 5,585 | 54,456 | — |
| Europe, total | 106 | 14,036,342 | 181,705 | 91,394 | 77,773 | 191,843 | 27,885 | 45,468 | — | 18,816 | 77,773 | — |
| Belgium | 3 | 824,556 | 21,595 | 9,787 | 7,827 | 19,542 | 996 | 2,790 | — | 13,219 | 7,827 | — |
| France (including Andorra) | 3 | 12,464,135 | 109,807 | 60,807 | 52,156 | 132,130 | 13,141 | 38,612 | — | 5,585 | 52,156 | — |
| Italy (including San Marino) | 3 | 11,012,305 | 122,664 | 56,338 | 46,371 | 111,211 | 12,938 | 32,564 | — | 3,397 | 46,371 | — |
| Netherlands | 100 | 10,783,068 | 115,952 | 51,861 | 41,827 | 100,352 | 12,449 | 28,497 | — | 3,409 | 41,827 | — |
| United Kingdom | 4 | 11,868,241 | 161,786 | 73,384 | 62,532 | 145,205 | 26,581 | 31,287 | — | 16,409 | 62,532 | — |
| West Germany | 3 | 11,012,305 | 122,664 | 56,338 | 46,371 | 111,211 | 12,938 | 32,564 | — | 3,397 | 46,371 | — |
| Africa, total | 8 | 728,871 | 25,497 | 11,393 | 2,506 | 7,930 | 1,427 | 871 | — | 208 | 2,506 | — |
| Asia, total | 9 | 14,070,605 | 193,482 | 87,485 | 69,930 | 165,648 | 28,203 | 35,634 | — | 21,808 | 69,930 | — |
| Oceania, total | 4 | 12,587,533 | 131,524 | 60,414 | 44,403 | 106,510 | 13,536 | 28,777 | — | 8,589 | 44,403 | — |
| Australia | 4 | 12,587,533 | 131,524 | 60,414 | 44,403 | 106,510 | 13,536 | 28,777 | — | 8,589 | 44,403 | — |
| Puerto Rico and U.S. possessions, total | 9 | 11,181,322 | 123,790 | 56,764 | 52,185 | 124,503 | 12,992 | 34,483 | — | 16,430 | 52,185 | — |
| OPEC countries, total (included above) | 7 | 11,525,872 | 158,677 | 71,475 | 59,731 | 143,477 | 26,130 | 32,564 | — | 3,604 | 59,731 | — |
| Tax haven countries, total (included above) | 105 | 15,010,775 | 176,611 | 68,766 | 73,012 | 179,146 | 28,455 | 42,958 | — | 10,789 | 73,012 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Oil and gas extraction** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,147,458 | 276,721 | 222,741 | 45,947 | 1,602,048 | 1,931,282 | 778,303 | 845,227 | 1,348,218 | -20,937 | — | 1,369,155 |
| **Canada** | 12,807 | 238 | 56 | 5,119 | 7,394 | 24,530 | 650 | 19,509 | 16,821 | 4,864 | — | 11,956 |
| **Latin America, total** | 4,049 | 147 | 70 | 801 | 3,031 | 9,099 | 2,945 | 28,453 | -16,352 | -17,456 | — | 1,104 |
| Mexico | 17 | 17 | — | — | — | — | — | — | 17 | — | — | 17 |
| Venezuela | 450 | 131 | 70 | 249 | — | — | 13 | 13 | 423 | -13 | — | 437 |
| **Other Western Hemisphere, total** | 33,524 | 5,468 | 1,675 | 1,869 | 24,512 | 23,517 | 9,124 | 8,087 | 24,400 | — | — | 24,400 |
| **Europe, total** | 1,385,621 | 168,378 | 139,526 | 36,139 | 1,043,578 | 1,221,792 | 556,969 | 569,868 | 827,144 | -1,508 | — | 828,652 |
| Denmark | 9 | 9 | — | — | — | — | — | — | 9 | — | — | 9 |
| Netherlands | 171,564 | 1,108 | 797 | 2,010 | 167,650 | 135,516 | 49,770 | 43,699 | 149,401 | 27,607 | — | 121,794 |
| Norway | 721,527 | 4,777 | 2,667 | 26,212 | 687,871 | 714,042 | 401,820 | 401,820 | 319,706 | — | — | 319,706 |
| United Kingdom | 480,579 | 160,463 | 136,063 | 24 | 184,029 | 376,097 | 100,919 | 114,999 | 359,322 | -20,338 | — | 379,660 |
| West Germany | 62 | 10 | — | 52 | — | 4 | — | 30 | 37 | -26 | — | 62 |
| **Africa, total** | 163,885 | — | — | 625 | 163,260 | 164,856 | 48,283 | 54,315 | 108,264 | -7,338 | — | 115,602 |
| **Asia, total** | 544,018 | 104,206 | 81,414 | 1,395 | 357,001 | 484,197 | 148,454 | 153,318 | 396,063 | 501 | — | 395,562 |
| **Oceania, total** | 3,498 | 226 | (1) | — | 3,272 | 3,272 | 11,678 | 11,678 | -8,180 | — | — | -8,180 |
| Australia | 3,498 | 226 | (1) | — | 3,272 | 3,272 | 11,678 | 11,678 | -8,180 | — | — | -8,180 |
| **OPEC countries, total** | 543,871 | 104,328 | 81,484 | 1,609 | 356,449 | 464,516 | 147,177 | 147,141 | 383,555 | -13,138 | — | 396,693 |
| **Tax haven countries, total** | 205,999 | 6,577 | 2,471 | 3,868 | 193,083 | 159,030 | 59,768 | 51,734 | 173,692 | 27,659 | — | 146,233 |
| **Construction** | | | | | | | | | | | | |
| **All geographic areas, total** | 303,462 | 90,256 | 45,748 | 6,043 | 161,415 | — | 109,751 | — | 203,554 | 9,063 | 780 | 193,711 |
| **Canada** | 90,619 | 48,578 | 28,491 | 398 | 13,151 | — | 13,659 | — | 76,960 | — | — | 76,960 |
| **Latin America, total** | 47,062 | 2,082 | 1,191 | 815 | 42,975 | — | 11,686 | — | 35,376 | — | — | 35,376 |
| Brazil | 3,083 | 1,608 | 1,157 | — | 317 | — | 571 | — | 2,512 | — | — | 2,512 |
| Mexico | 1,473 | 349 | 3 | — | 1,120 | — | 167 | — | 1,305 | — | — | 1,305 |
| Panama (including Canal Zone) | 1,621 | 31 | 31 | — | 1,560 | — | 431 | — | 1,190 | — | — | 1,190 |
| Venezuela | 37,975 | 93 | — | 503 | 37,379 | — | 9,740 | — | 28,235 | — | — | 28,235 |
| **Other Western Hemisphere, total** | 10,773 | 6,599 | 1,243 | 2,420 | 510 | — | 1,075 | — | 9,698 | — | — | 9,698 |
| Bermuda | 1,331 | 821 | — | — | 510 | — | 1,050 | — | 281 | — | — | 281 |
| Netherlands Antilles | 9,191 | 5,624 | 1,243 | 2,324 | — | — | 1 | — | 9,190 | — | — | 9,190 |
| **Europe, total** | 68,740 | 28,176 | 13,898 | — | 26,665 | — | 20,035 | — | 55,152 | 6,447 | — | 48,705 |
| Belgium | 5,836 | 2,633 | 2,139 | — | 1,064 | — | 1,667 | — | 4,169 | — | — | 4,169 |
| France (including Andorra) | 30,240 | 18,724 | 10,077 | — | 1,439 | — | 32 | — | 30,208 | — | — | 30,208 |
| Italy (including San Marino) | 1,406 | 253 | 11 | — | 1,142 | — | 981 | — | 425 | — | — | 425 |
| Netherlands | 5,362 | 3,603 | 822 | — | 937 | — | 527 | — | 4,834 | — | — | 4,834 |
| United Kingdom | 2,249 | 154 | 52 | — | 2,043 | — | 195 | — | 8,500 | 6,447 | — | 2,054 |
| West Germany | 9,901 | 235 | 199 | — | 9,468 | — | 6,733 | — | 3,168 | — | — | 3,168 |
| **Africa, total** | 412 | 4 | — | — | 408 | — | 675 | — | -263 | — | — | -263 |
| **Asia, total** | 57,452 | 3,946 | 581 | 23 | 52,903 | — | 48,092 | — | 10,112 | 752 | — | 9,361 |
| **Oceania, total** | 6,974 | 328 | 280 | 155 | 6,211 | — | 329 | — | 8,516 | 1,871 | — | 6,645 |
| Australia | 6,974 | 328 | 280 | 155 | 6,211 | — | 329 | — | 8,516 | 1,871 | — | 6,645 |
| **Puerto Rico and U.S. possessions, total** | 8,958 | 100 | 65 | — | 8,794 | — | 4,653 | — | 4,305 | — | — | 4,305 |
| **OPEC countries, total (included above)** | 39,447 | 1,729 | — | 503 | 37,215 | — | 9,847 | — | 29,707 | 108 | — | 29,599 |
| **Tax haven countries, total (included above)** | 21,920 | 13,043 | 2,790 | 2,732 | 3,355 | — | 2,492 | — | 19,429 | — | — | 19,429 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Oil and gas extraction** | | | | | | | | |
| **All geographic areas, total** | 747,681 | 524,940 | 50,553 | 854 | 203,688 | 21,785 | 248,060 | 222,741 |
| **Canada** | 24,689 | 24,633 | 22,568 | 763 | 647 | 491 | 163 | 56 |
| **Latin America, total** | 4,972 | 4,902 | 32 | 37 | 14 | 3,193 | 1,626 | 70 |
| Mexico | 6 | 6 | 6 | — | — | — | — | — |
| Venezuela | 134 | 63 | 26 | 37 | — | — | — | 70 |
| **Other Western Hemisphere, total** | 9,084 | 7,410 | — | — | — | — | 7,410 | 1,675 |
| **Europe, total** | 479,402 | 339,875 | 13,708 | 53 | 201,518 | 12,699 | 111,898 | 139,528 |
| Denmark | 3 | 3 | 3 | — | — | — | — | — |
| Netherlands | 61,849 | 61,052 | — | — | — | 12,699 | 48,353 | 797 |
| Norway | 204,183 | 201,516 | — | — | 201,516 | — | — | 2,667 |
| United Kingdom | 213,307 | 77,244 | 13,704 | — | — | — | 63,539 | 136,063 |
| West Germany | 1 | 1 | 1 | — | — | — | — | — |
| **Africa, total** | 30,670 | 30,670 | — | — | 1,509 | — | 29,161 | — |
| **Asia, total** | 198,826 | 117,412 | 14,206 | — | — | 5,403 | 97,603 | 81,414 |
| **Oceania, total** | 38 | 38 | 38 | — | — | — | — | — |
| Australia | 38 | 38 | 38 | — | — | — | — | — |
| **OPEC countries, total** | 193,814 | 112,330 | 14,232 | 37 | — | — | 98,060 | 81,484 |
| **Tax haven countries, total** | 71,017 | 68,546 | — | — | — | 12,768 | 55,778 | 2,471 |
| **Construction** | | | | | | | | |
| **All geographic areas, total** | 76,054 | 30,307 | 9,238 | 88 | 1,516 | 4,307 | 15,160 | 45,748 |
| **Canada** | 36,585 | 8,093 | 6,746 | 39 | 549 | — | 759 | 28,491 |
| **Latin America, total** | 15,074 | 13,883 | 600 | — | 178 | — | 13,105 | 1,191 |
| Brazil | 1,568 | 411 | 402 | — | 9 | — | — | 1,157 |
| Mexico | 364 | 361 | 192 | — | 169 | — | — | 3 |
| Panama (including Canal Zone) | 519 | 488 | — | — | — | — | 488 | 31 |
| Venezuela | 12,531 | 12,531 | 5 | — | — | — | 12,526 | — |
| **Other Western Hemisphere, total** | 1,243 | — | — | — | — | — | — | 1,243 |
| Bermuda | — | — | — | — | — | — | — | — |
| Netherlands Antilles | 1,243 | — | — | — | — | — | — | 1,243 |
| **Europe, total** | 18,632 | 4,734 | 1,689 | — | 161 | 2,884 | — | 13,898 |
| Belgium | 2,534 | 395 | 395 | — | — | — | — | 2,139 |
| France (including Andorra) | 10,777 | 699 | 627 | — | 72 | — | — | 10,077 |
| Italy (including San Marino) | 67 | 56 | 38 | — | 18 | — | — | 11 |
| Netherlands | 1,067 | 246 | 246 | — | — | — | — | 822 |
| United Kingdom | 2,935 | 2,884 | — | — | — | 2,884 | — | 52 |
| West Germany | 234 | 35 | 35 | — | — | — | — | 199 |
| **Africa, total** | 1 | 1 | 1 | — | — | — | — | — |
| **Asia, total** | 1,483 | 902 | 144 | 3 | 328 | 13 | 414 | 581 |
| **Oceania, total** | 2,188 | 1,908 | — | 5 | 180 | 936 | 787 | 280 |
| Australia | 2,188 | 1,908 | — | 5 | 180 | 936 | 787 | 280 |
| **Puerto Rico and U.S. possessions, total** | 560 | 495 | 10 | — | — | 474 | 11 | 65 |
| **OPEC countries, total (included above)** | 12,731 | 12,731 | 5 | — | 200 | — | 12,526 | — |
| **Tax haven countries, total (included above)** | 3,547 | 757 | 269 | — | — | — | 488 | 2,790 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Manufacturing, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 1,580 | 1,652,503,476 | 82,070,235 | 34,937,733 | 18,092,585 | 48,608,782 | 5,813,368 | 12,989,791 | 851,926 | 4,044,541 | 18,094,634 | 721 |
| **Canada** | 908 | 1,581,681,871 | 76,585,196 | 32,643,573 | 17,754,334 | 47,432,979 | 5,712,395 | 12,749,813 | 836,245 | 3,971,630 | 17,756,383 | 721 |
| **Latin America, total** | 488 | 1,539,698,677 | 71,892,718 | 30,556,541 | 17,690,556 | 47,456,673 | 5,726,589 | 12,674,156 | 851,360 | 3,981,371 | 17,692,605 | 721 |
| Brazil | 219 | 1,250,579,283 | 58,258,510 | 24,580,565 | 15,878,660 | 41,186,349 | 5,405,493 | 11,337,060 | 836,087 | 3,676,428 | 15,880,690 | 702 |
| Ecuador | 88 | 993,331,369 | 44,506,828 | 19,028,151 | 13,743,345 | 35,053,864 | 4,926,343 | 9,557,100 | 813,765 | 3,518,531 | 13,745,234 | 562 |
| Mexico | 358 | 1,458,803,456 | 67,377,118 | 28,722,808 | 17,309,904 | 46,112,361 | 5,624,015 | 12,391,050 | 836,242 | 3,914,135 | 17,311,949 | 717 |
| Panama (including Canal Zone) | 115 | 1,069,952,229 | 46,782,631 | 20,006,998 | 13,657,128 | 35,077,337 | 4,450,249 | 9,844,791 | 749,930 | 3,527,809 | 13,659,003 | 547 |
| Venezuela | 166 | 1,224,756,139 | 55,522,447 | 23,912,354 | 15,709,253 | 41,630,258 | 5,311,290 | 11,055,947 | 836,087 | 3,760,510 | 15,711,297 | 716 |
| **Other Western Hemisphere, total** | 173 | 1,241,474,498 | 58,434,686 | 24,859,213 | 16,086,833 | 42,921,157 | 4,917,127 | 11,734,552 | 773,493 | 3,810,944 | 16,088,643 | 683 |
| The Bahamas | 63 | 858,681,445 | 35,182,596 | 15,362,037 | 11,973,221 | 32,324,205 | 3,763,415 | 8,704,852 | 730,429 | 3,435,487 | 11,974,888 | 339 |
| Bermuda | 110 | 1,058,394,431 | 48,291,691 | 20,594,739 | 14,314,151 | 36,965,683 | 4,617,041 | 10,497,700 | 773,491 | 3,412,669 | 14,316,153 | 674 |
| Netherlands Antilles | 90 | 1,045,158,717 | 47,224,026 | 20,177,821 | 14,549,051 | 38,592,181 | 4,513,940 | 10,502,947 | 730,285 | 3,604,230 | 14,550,597 | 219 |
| **Europe, total** | 721 | 1,581,801,939 | 75,589,160 | 32,189,941 | 17,996,011 | 48,366,291 | 5,762,514 | 12,940,915 | 851,622 | 4,019,451 | 17,998,060 | 721 |
| Austria | 122 | 896,118,294 | 45,047,963 | 19,438,708 | 13,933,430 | 37,668,305 | 4,195,696 | 10,308,300 | 673,602 | 3,453,060 | 13,935,304 | 547 |
| Belgium | 216 | 1,269,739,251 | 58,791,363 | 25,228,398 | 16,466,802 | 43,666,190 | 5,386,642 | 11,750,122 | 813,812 | 3,846,654 | 16,468,716 | 586 |
| Denmark | 116 | 1,087,790,544 | 49,489,522 | 21,508,793 | 15,038,868 | 40,032,755 | 5,049,222 | 10,567,417 | 807,993 | 3,743,130 | 15,040,878 | 682 |
| France (including Andorra) | 328 | 1,398,750,853 | 66,447,602 | 28,198,443 | 17,042,045 | 45,862,389 | 5,143,002 | 12,457,928 | 773,491 | 3,871,192 | 17,044,094 | 721 |
| Italy (including San Marino) | 263 | 1,290,512,663 | 59,988,477 | 25,559,338 | 16,746,863 | 44,653,031 | 5,374,091 | 12,072,690 | 851,201 | 3,884,339 | 16,748,777 | 586 |
| Luxembourg | 28 | 575,079,022 | 15,328,028 | 6,445,681 | 4,384,099 | 11,263,686 | 1,795,920 | 3,148,840 | 156,986 | 289,775 | 4,384,307 | 208 |
| Netherlands | 253 | 1,231,550,192 | 59,023,696 | 25,093,776 | 16,502,713 | 44,219,773 | 5,325,807 | 11,846,096 | 851,201 | 3,882,655 | 16,504,645 | 604 |
| Norway | 97 | 935,508,022 | 42,456,966 | 18,278,037 | 14,397,520 | 38,509,388 | 4,785,273 | 10,304,331 | 830,314 | 3,569,071 | 14,399,058 | 210 |
| Spain | 188 | 1,181,741,164 | 55,741,334 | 23,696,109 | 15,485,023 | 39,959,210 | 5,292,976 | 11,113,519 | 813,812 | 3,522,532 | 15,486,932 | 581 |
| Sweden | 168 | 1,169,111,820 | 54,455,150 | 23,385,027 | 15,771,226 | 42,107,126 | 4,826,064 | 11,466,736 | 736,099 | 3,756,649 | 15,773,139 | 585 |
| Switzerland | 207 | 1,297,586,504 | 58,915,299 | 25,250,897 | 16,526,437 | 43,868,666 | 5,419,707 | 11,761,945 | 813,769 | 3,817,695 | 16,528,351 | 586 |
| United Kingdom | 483 | 1,457,294,445 | 69,466,641 | 29,647,865 | 17,674,623 | 47,398,481 | 5,676,389 | 12,702,833 | 851,622 | 3,974,835 | 17,676,673 | 721 |
| West Germany | 374 | 1,388,103,921 | 66,380,454 | 28,246,422 | 17,507,933 | 46,643,770 | 5,639,437 | 12,550,074 | 836,130 | 3,953,024 | 17,509,963 | 702 |
| **Africa, total** | 316 | 1,320,694,656 | 62,579,468 | 26,714,046 | 16,858,348 | 45,099,369 | 5,509,344 | 11,992,437 | 836,087 | 3,885,782 | 16,860,393 | 717 |
| Liberia | 22 | 665,697,392 | 23,835,148 | 10,307,752 | 8,559,445 | 22,277,147 | 3,450,986 | 6,170,817 | 794,268 | 2,099,676 | 8,560,775 | 2 |
| South Africa (including Namibia) | 280 | 1,197,045,803 | 58,095,958 | 24,977,097 | 15,933,624 | 42,327,782 | 4,856,180 | 11,550,231 | 736,059 | 3,789,875 | 15,935,668 | 716 |
| **Asia, total** | 761 | 1,557,360,794 | 74,700,690 | 31,805,916 | 17,834,380 | 47,997,302 | 5,740,195 | 12,787,808 | 851,361 | 4,005,523 | 17,836,429 | 721 |
| Hong Kong | 167 | 1,058,486,107 | 51,424,632 | 22,185,517 | 15,214,468 | 40,757,590 | 4,584,625 | 11,099,743 | 730,287 | 3,753,790 | 15,216,381 | 586 |
| Indonesia | 90 | 1,033,268,254 | 46,240,894 | 19,557,909 | 13,638,917 | 34,736,183 | 4,855,752 | 9,633,371 | 842,750 | 3,416,070 | 13,640,585 | 340 |
| Japan (including Okinawa and Ryukyus) | 666 | 1,507,662,288 | 71,544,184 | 30,492,730 | 17,584,496 | 47,043,234 | 5,658,440 | 12,615,919 | 836,247 | 3,966,745 | 17,586,541 | 717 |
| Philippines | 143 | 1,028,974,239 | 54,858,757 | 23,296,018 | 15,491,277 | 40,172,858 | 5,183,217 | 10,663,105 | 838,083 | 3,757,421 | 15,493,172 | 566 |
| **Oceania, total** | 514 | 1,486,985,080 | 68,970,399 | 29,462,799 | 17,604,999 | 47,205,104 | 5,656,611 | 12,615,524 | 838,130 | 3,971,770 | 17,607,047 | 721 |
| Australia | 481 | 1,469,951,560 | 68,434,701 | 29,225,838 | 17,544,401 | 47,020,176 | 5,645,398 | 12,569,602 | 836,130 | 3,963,109 | 17,546,426 | 698 |
| **Puerto Rico and U.S. Possessions, total** | 206 | 1,257,415,917 | 57,599,569 | 24,517,117 | 15,658,537 | 41,500,822 | 4,640,405 | 11,300,812 | 758,561 | 3,729,408 | 15,660,431 | 566 |
| **OPEC countries, total (included above)** | 222 | 1,312,055,442 | 60,050,174 | 25,751,409 | 16,505,882 | 44,031,513 | 5,510,189 | 11,690,655 | 851,201 | 3,824,232 | 16,507,931 | 721 |
| **Tax haven countries, total (included above)** | 440 | 1,518,064,152 | 71,578,812 | 30,583,220 | 17,712,262 | 47,549,652 | 5,709,192 | 12,713,062 | 851,203 | 3,962,091 | 17,714,311 | 721 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Manufacturing, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 59,317,598 | 22,226,131 | 12,989,791 | 2,364,414 | 21,737,262 | 15,884,903 | 17,156,327 | 5,123,119 | 48,808,782 | 4,871,610 | 1,775,902 | 42,161,271 |
| **Canada** | 10,275,531 | 3,723,181 | 3,244,642 | 357,046 | 2,950,652 | 3,123,338 | 2,613,268 | 412,385 | 8,538,754 | 272,505 | 601,987 | 7,662,262 |
| **Latin America, total** | 5,144,629 | 2,362,853 | 835,610 | 362,146 | 1,584,020 | 1,053,444 | 1,937,152 | 699,843 | 3,482,381 | 197,517 | 77,366 | 3,207,477 |
| Brazil | 1,337,867 | 804,233 | 416,578 | 44,871 | 72,185 | 57 | 203,618 | 508 | 1,136,382 | -14,810 | 16,944 | 1,134,249 |
| Ecuador | 204,711 | 161,332 | 3,421 | 3,670 | 36,288 | 73,043 | 162,832 | 71,385 | 47,991 | 4,730 | 1,382 | 41,879 |
| Mexico | 753,899 | 281,561 | 116,090 | 69,705 | 286,543 | — | 266,447 | 10 | 589,936 | 66,769 | 35,715 | 487,452 |
| Panama (including Canal Zone) | 791,002 | 583,427 | 130,491 | 7,542 | 69,541 | -143 | 110,606 | — | 684,327 | 2,955 | 976 | 680,396 |
| Venezuela | 165,585 | 64,386 | 38,457 | 16,621 | 46,121 | -9,306 | 96,430 | 5,213 | 89,012 | 12,123 | 7,735 | 69,155 |
| **Other Western Hemisphere, total** | 1,358,971 | 1,058,042 | 118,987 | 149,918 | 34,026 | 43 | 274,062 | 1,800 | 1,089,975 | 2,548 | 2,517 | 1,084,909 |
| The Bahamas | 174,282 | 78,496 | 20,885 | 60,923 | 13,978 | — | 40,541 | 1,800 | 135,592 | 1,679 | 172 | 133,741 |
| Bermuda | 580,527 | 475,485 | 20,999 | 81,684 | 2,360 | — | 55,178 | — | 529,264 | 2,168 | 1,748 | 525,348 |
| Netherlands Antilles | 581,739 | 503,464 | 74,957 | 820 | 2,497 | — | 168,462 | — | 414,386 | 508 | 601 | 413,277 |
| **Europe, total** | 26,534,061 | 10,850,452 | 6,362,234 | 971,784 | 6,549,590 | 5,853,732 | 5,862,697 | 1,303,624 | 22,844,994 | 1,607,863 | 365,767 | 20,671,364 |
| Austria | 457,245 | 238,906 | 96,719 | 1,261 | 120,359 | 69,269 | 54,995 | -22 | 410,383 | 5,113 | 3,020 | 402,250 |
| Belgium | 1,878,259 | 834,417 | 449,299 | 26,423 | 568,121 | — | 517,814 | — | 1,498,893 | 111,717 | 26,731 | 1,360,445 |
| Denmark | 502,921 | 196,961 | 104,105 | 4,474 | 197,381 | 95,788 | 163,449 | 134,996 | 365,175 | 21,291 | 4,412 | 339,472 |
| France (including Andorra) | 2,730,172 | 791,459 | 648,539 | 58,641 | 1,231,532 | 9,909 | 715,793 | 4,554 | 2,077,851 | 27,273 | 36,199 | 2,014,379 |
| Italy (including San Marino) | 1,870,777 | 801,949 | 408,124 | 40,386 | 620,318 | 30 | 369,588 | 3,126 | 1,591,099 | 66,672 | 23,238 | 1,501,189 |
| Luxembourg | 85,844 | 33,760 | 35,341 | (1) | 16,742 | | 12,530 | — | 73,547 | -121 | 355 | 73,314 |
| Netherlands | 2,017,955 | 760,443 | 435,973 | 44,406 | 777,133 | 648,644 | 410,635 | 47,275 | 1,741,901 | 99,628 | 34,954 | 1,607,320 |
| Norway | 536,176 | 146,706 | 42,393 | 114,579 | 232,498 | 1,556,432 | 239,896 | 649,614 | 1,450,534 | 1,152,744 | 1,511 | 296,279 |
| Spain | 680,567 | 296,604 | 149,672 | 3,896 | 230,394 | 60,242 | 191,659 | 64,007 | 503,086 | 6,927 | 7,251 | 488,908 |
| Sweden | 451,090 | 143,849 | 139,364 | 4,727 | 163,150 | — | 124,619 | 80 | 342,504 | 9,206 | 7,027 | 326,271 |
| Switzerland | 1,706,798 | 991,353 | 381,947 | 21,847 | 311,651 | — | 354,532 | — | 1,446,501 | 54,043 | 40,192 | 1,352,266 |
| United Kingdom | 7,156,192 | 2,838,853 | 1,568,693 | 543,918 | 2,204,727 | 3,043,943 | 1,436,053 | 368,797 | 5,991,378 | 205,742 | 65,497 | 5,720,139 |
| West Germany | 5,752,943 | 2,381,993 | 1,825,603 | 70,502 | 1,474,845 | 363,058 | 997,159 | 18,204 | 4,845,164 | 26,717 | 62,662 | 4,755,785 |
| **Africa, total** | 2,520,979 | 515,754 | 179,559 | 49,428 | 1,776,238 | 2,582,817 | 906,828 | 738,887 | 2,428,733 | 803,544 | 11,037 | 1,614,152 |
| Liberia | 47,917 | 37,673 | 1,605 | 4,355 | 4,284 | -185 | 34,589 | 26,360 | 14,331 | 1,001 | 1 | 13,329 |
| South Africa (including Namibia) | 456,491 | 251,587 | 55,431 | 6,769 | 142,705 | (1) | 80,674 | 144 | 513,160 | 130,554 | 6,788 | 375,817 |
| **Asia, total** | 9,009,293 | 2,471,276 | 1,899,562 | 202,277 | 4,436,177 | 2,018,322 | 2,854,578 | 950,090 | 7,663,763 | 1,309,684 | 199,384 | 8,154,715 |
| Hong Kong | 323,609 | 180,429 | 27,050 | 6,328 | 109,802 | — | 79,745 | — | 389,771 | 131,666 | 14,242 | 243,864 |
| Indonesia | 812,850 | 465,715 | 285,305 | 643 | 61,188 | 890,848 | 366,917 | 229,541 | 1,234,348 | 785,964 | 2,451 | 445,933 |
| Japan (including Okinawa and Ryukyus) | 5,331,209 | 1,220,484 | 1,425,589 | 119,162 | 2,565,974 | 5,790 | 1,032,261 | 8,940 | 4,603,350 | 188,375 | 116,028 | 4,298,947 |
| Philippines | 147,770 | 70,647 | 35,227 | 3,721 | 38,176 | 2,325 | 41,800 | 3,120 | 123,285 | 14,251 | 3,064 | 105,970 |
| **Oceania, total** | 1,348,084 | 385,094 | 311,670 | 71,959 | 579,361 | 1,251,187 | 469,711 | 956,912 | 1,327,659 | 411,270 | 38,017 | 878,373 |
| Australia | 1,175,267 | 338,007 | 267,430 | 65,647 | 504,183 | 1,251,190 | 420,294 | 953,358 | 1,204,962 | 415,371 | 34,617 | 754,974 |
| **Puerto Rico and U.S. Possessions, total** | 1,589,408 | 530,476 | 33,234 | 29,892 | 975,805 | 107 | 1,397,752 | 47,027 | 471,981 | 115,715 | 184,610 | 171,658 |
| **OPEC countries, total (included above)** | 2,863,262 | 959,715 | 416,364 | 38,383 | 1,248,800 | 2,350,896 | 1,649,211 | 799,399 | 2,319,188 | 1,286,375 | 18,763 | 1,014,051 |
| **Tax haven countries, total (included above)** | 7,548,166 | 4,192,340 | 1,275,566 | 377,265 | 1,702,998 | 718,744 | 1,615,761 | 77,169 | 6,375,796 | 318,071 | 125,320 | 5,932,405 |

Footnotes at end of table

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Manufacturing, total** | | | | | | | | |
| **All geographic areas, total** | **18,803,159** | **5,813,368** | **2,086,037** | **125,544** | **517,900** | **2,348,107** | **735,779** | **12,989,791** |
| **Canada** | **4,051,763** | **807,122** | **509,189** | **35,437** | **61,735** | **71,760** | **129,001** | **3,244,641** |
| **Latin America, total** | **1,797,180** | **961,570** | **553,324** | **31,205** | **64,169** | **164,789** | **148,084** | **835,610** |
| Brazil | 762,932 | 346,354 | 319,605 | 6,442 | 2,551 | 2,066 | 15,691 | 416,578 |
| Ecuador | 27,474 | 24,053 | 5,324 | 131 | 2,873 | 16,592 | −867 | 3,421 |
| Mexico | 392,292 | 276,202 | 152,373 | 14,698 | 30,110 | 56,025 | 22,997 | 116,090 |
| Panama (including Canal Zone) | 141,093 | 10,603 | 8,413 | 288 | 1,402 | 894 | −394 | 130,491 |
| Venezuela | 60,168 | 21,711 | 10,952 | 2,066 | 1,489 | 611 | 6,594 | 38,457 |
| **Other Western Hemisphere, total** | **122,060** | **5,073** | **1,045** | **3** | **8** | **3,409** | **608** | **116,987** |
| The Bahamas | 20,987 | 102 | 102 | — | — | — | — | 20,885 |
| Bermuda | 21,002 | 4 | — | — | — | — | 4 | 20,999 |
| Netherlands Antilles | 79,462 | 4,504 | 942 | 3 | — | 3,310 | 249 | 74,957 |
| **Europe, total** | **8,236,820** | **1,874,587** | **782,950** | **39,847** | **111,944** | **781,103** | **158,743** | **6,362,234** |
| Austria | 107,960 | 11,241 | 8,758 | — | 125 | 2,220 | 137 | 96,719 |
| Belgium | 508,193 | 58,894 | 48,157 | 2,224 | 454 | 6,890 | 1,168 | 449,299 |
| Denmark | 153,032 | 48,926 | 8,589 | — | 35 | 16,269 | 24,033 | 104,105 |
| France (including Andorra) | 733,648 | 85,109 | 37,116 | 444 | 32,689 | 5,094 | 9,765 | 648,539 |
| Italy (including San Marino) | 510,189 | 102,065 | 27,294 | 3,259 | 44,199 | 25,468 | 1,845 | 408,124 |
| Luxembourg | 37,332 | 1,991 | 1,991 | — | — | — | — | 35,341 |
| Netherlands | 527,685 | 91,712 | 37,238 | 216 | 74 | 17,485 | 36,699 | 435,973 |
| Norway | 573,384 | 530,991 | 59,299 | 29,690 | 2 | 442,000 | — | 42,393 |
| Spain | 237,073 | 87,401 | 51,684 | 243 | 22,197 | 6,774 | 6,504 | 149,672 |
| Sweden | 151,099 | 11,735 | 8,698 | — | 17 | 3,020 | — | 139,364 |
| Switzerland | 463,793 | 81,846 | 75,626 | 26 | 618 | 4,484 | 1,093 | 381,947 |
| United Kingdom | 2,031,194 | 462,500 | 172,839 | 511 | 1,243 | 216,900 | 71,009 | 1,568,693 |
| West Germany | 2,076,256 | 250,653 | 236,689 | 2,996 | 3,748 | 3,279 | 3,941 | 1,825,603 |
| **Africa, total** | **694,460** | **514,901** | **25,448** | **738** | **12,772** | **329,211** | **146,731** | **179,559** |
| Liberia | 1,888 | 283 | 188 | 95 | — | — | — | 1,605 |
| South Africa (including Namibia) | 112,256 | 56,825 | 16,450 | 175 | 10,199 | 29,827 | 173 | 55,431 |
| **Asia, total** | **3,130,471** | **1,230,908** | **164,806** | **11,700** | **235,808** | **701,960** | **116,635** | **1,899,562** |
| Hong Kong | 33,202 | 6,152 | 65 | 716 | 453 | 4,410 | 507 | 27,050 |
| Indonesia | 709,126 | 423,821 | 2,085 | 164 | 1,814 | 416,453 | 3,304 | 285,305 |
| Japan (including Okinawa and Ryukyus) | 1,770,997 | 345,407 | 117,767 | 3,634 | 180,251 | 30,781 | 12,975 | 1,425,589 |
| Philippines | 60,351 | 25,124 | 9,413 | 192 | 4,757 | 8,624 | 2,138 | 35,227 |
| **Oceania, total** | **626,035** | **314,366** | **37,226** | **4,839** | **22,755** | **242,344** | **7,201** | **311,670** |
| Australia | 568,253 | 300,823 | 31,621 | 4,627 | 17,942 | 239,493 | 7,140 | 267,430 |
| **Puerto Rico and U.S. Possessions, total** | **125,428** | **92,194** | **10,728** | **1,037** | **4,743** | **49,470** | **26,216** | **33,234** |
| **OPEC countries, total (included above)** | **1,300,604** | **884,240** | **21,621** | **2,788** | **9,653** | **752,105** | **98,074** | **416,364** |
| **Tax haven countries, total (included above)** | **1,512,262** | **236,696** | **134,332** | **2,547** | **21,120** | **37,105** | **41,592** | **1,275,566** |

Footnotes at end of table.



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Food and kindred products** | | | | | | | | | | | | |
| **All geographic areas, total** | **86** | **96,639,554** | **5,569,464** | **2,397,551** | **762,593** | **2,029,815** | **246,198** | **560,589** | — | **34,182** | **782,710** | **116** |
| **Canada** | **44** | **85,947,731** | **4,746,412** | **2,056,426** | **706,779** | **1,641,066** | **231,497** | **529,738** | — | **17,311** | **706,895** | **116** |
| **Latin America, total** | **36** | **83,426,553** | **4,245,756** | **1,816,098** | **702,416** | **1,859,079** | **235,737** | **512,571** | — | **23,106** | **702,532** | **116** |
| Brazil | 11 | 56,801,068 | 2,946,420 | 1,264,825 | 601,786 | 1,572,404 | 203,388 | 444,732 | — | 14,929 | 601,902 | 116 |
| Ecuador | 6 | 31,239,361 | 1,672,112 | 694,790 | 413,535 | 1,098,014 | 169,361 | 298,663 | — | — | 413,535 | — |
| Mexico | 20 | 60,055,081 | 3,655,139 | 1,582,012 | 638,146 | 1,671,002 | 224,331 | 466,346 | — | 15,174 | 638,262 | 116 |
| Panama (including Canal Zone) | 19 | 51,915,072 | 2,627,247 | 1,118,975 | 580,019 | 1,531,167 | 217,944 | 411,744 | — | 9,948 | 580,019 | — |
| Venezuela | 10 | 41,055,223 | 2,502,143 | 1,071,293 | 556,475 | 1,482,567 | 207,397 | 395,101 | — | 8,413 | 556,591 | 116 |
| **Other Western Hemisphere, total** | **14** | **62,604,340** | **4,050,318** | **1,758,096** | **649,832** | **1,702,656** | **221,934** | **474,163** | — | **20,263** | **649,748** | **116** |
| The Bahamas | 6 | 32,200,911 | 2,085,078 | 889,146 | 482,053 | 1,237,478 | 186,594 | 324,214 | — | 8,201 | 482,053 | — |
| Bermuda | 8 | 38,455,491 | 2,350,677 | 1,016,003 | 545,611 | 1,434,055 | 195,004 | 396,325 | — | 12,062 | 545,727 | 116 |
| Netherlands Antilles | 10 | 47,258,158 | 3,250,190 | 1,405,111 | 556,928 | 1,422,461 | 207,970 | 385,632 | — | 8,201 | 556,928 | — |
| **Europe, total** | **30** | **92,143,224** | **5,120,145** | **2,204,792** | **750,283** | **1,995,015** | **233,699** | **560,044** | — | **33,174** | **750,400** | **116** |
| Austria | 6 | 27,348,329 | 1,306,449 | 559,381 | 479,726 | 1,295,376 | 182,627 | 340,763 | — | 8,646 | 479,726 | — |
| Belgium | 13 | 55,541,691 | 2,828,145 | 1,210,946 | 587,802 | 1,549,375 | 217,481 | 426,475 | — | 9,779 | 587,802 | — |
| Denmark | 10 | 48,918,549 | 3,285,218 | 1,426,769 | 572,823 | 1,526,037 | 207,317 | 405,211 | — | 15,600 | 572,939 | 116 |
| France (including Andorra) | 19 | 81,415,868 | 4,369,295 | 1,884,628 | 700,659 | 1,849,930 | 230,461 | 508,015 | — | 23,092 | 700,775 | 116 |
| Italy (including San Marino) | 12 | 61,220,287 | 2,726,561 | 1,144,633 | 595,443 | 1,561,747 | 215,201 | 434,509 | — | 8,323 | 595,443 | — |
| Netherlands | 14 | 62,699,308 | 3,559,607 | 1,539,363 | 566,863 | 1,511,526 | 209,167 | 410,326 | — | 14,003 | 566,863 | — |
| Norway | 8 | 38,102,790 | 1,872,536 | 806,652 | 539,213 | 1,447,141 | 200,026 | 383,166 | — | 14,003 | 539,213 | — |
| Spain | 9 | 43,589,729 | 2,592,298 | 1,126,754 | 524,517 | 1,409,103 | 201,683 | 364,549 | — | 12,425 | 524,517 | — |
| Sweden | 10 | 41,790,598 | 2,380,256 | 1,010,365 | 534,616 | 1,436,896 | 204,184 | 371,626 | — | 13,785 | 534,616 | — |
| Switzerland | 7 | 36,420,208 | 2,237,139 | 968,168 | 556,300 | 1,415,262 | 207,353 | 379,299 | — | 9,779 | 556,300 | — |
| United Kingdom | 22 | 84,333,703 | 4,465,724 | 1,928,061 | 721,803 | 1,899,485 | 230,236 | 539,548 | — | 21,601 | 721,919 | 116 |
| West Germany | 16 | 49,872,143 | 3,200,556 | 1,360,620 | 659,542 | 1,772,154 | 221,802 | 467,905 | — | 29,538 | 659,659 | 116 |
| **Africa, total** | **21** | **38,195,294** | **3,022,852** | **1,299,470** | **610,474** | **1,552,662** | **215,827** | **419,588** | — | **13,459** | **610,590** | **116** |
| **Asia, total** | **38** | **83,940,068** | **4,627,762** | **1,991,723** | **740,165** | **1,968,704** | **232,745** | **543,897** | — | **33,174** | **740,302** | **116** |
| Hong Kong | 9 | 38,636,768 | 2,172,814 | 933,614 | 540,836 | 1,398,555 | 203,654 | 369,282 | — | 8,032 | 540,836 | — |
| Indonesia | 5 | 25,669,483 | 1,783,458 | 759,099 | 460,291 | 1,189,338 | 177,809 | 311,538 | — | 6,454 | 460,291 | — |
| Japan (including Okinawa and Ryukyus) | 31 | 67,031,912 | 4,321,448 | 1,876,349 | 685,017 | 1,829,665 | 225,342 | 496,849 | — | 31,138 | 685,133 | 116 |
| Philippines | 15 | 46,549,923 | 2,806,159 | 1,196,396 | 562,205 | 1,455,762 | 209,716 | 385,371 | — | 10,089 | 562,205 | — |
| **Oceania, total** | **32** | **64,578,646** | **4,023,639** | **1,737,887** | **709,494** | **1,885,569** | **230,187** | **521,863** | — | **33,221** | **709,610** | **116** |
| **Puerto Rico and U.S. Possessions, total** | **30** | **72,396,267** | **3,819,683** | **1,655,268** | **620,728** | **1,600,470** | **222,397** | **436,973** | — | **11,837** | **620,728** | — |
| **OPEC countries, total (included above)** | **14** | **45,744,769** | **2,881,379** | **1,225,931** | **584,018** | **1,550,376** | **213,161** | **416,437** | — | **10,327** | **584,134** | **116** |
| **Tax haven countries, total (included above)** | **29** | **73,155,828** | **4,590,184** | **1,998,840** | **673,988** | **1,778,845** | **229,309** | **490,110** | — | **22,507** | **674,104** | **116** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Food and kindred products** | | | | | | | | | | | | |
| **All geographic areas, total** | **2,155,316** | **853,557** | **560,589** | **145,544** | **595,626** | **—** | **342,990** | **—** | **2,029,815** | **202,041** | **15,249** | **1,812,326** |
| **Canada** | **159,997** | **45,960** | **34,749** | **19,440** | **59,848** | **—** | **29,182** | **—** | **132,857** | **221** | **1,822** | **130,814** |
| **Latin America, total** | **319,884** | **223,118** | **47,081** | **15,896** | **33,788** | **—** | **62,104** | **—** | **318,214** | **59,613** | **822** | **257,780** |
| Brazil | 67,412 | 51,641 | 18,380 | 2,007 | -4,616 | — | 6,664 | — | 63,828 | 3,080 | ([1]) | 60,748 |
| Ecuador | 10,998 | 5,844 | 1,573 | 1 | 3,581 | — | 3,849 | — | 7,045 | -104 | — | 7,149 |
| Mexico | 56,337 | 21,306 | 8,878 | 1,826 | 24,328 | — | 24,681 | — | 55,897 | 23,922 | 318 | 31,656 |
| Panama (including Canal Zone) | 20,634 | 21,431 | 1,336 | 210 | -2,343 | — | 3,901 | — | 17,815 | 1,052 | 31 | 16,732 |
| Venezuela | 18,642 | 8,105 | 5,113 | 2,611 | 2,812 | — | 3,523 | — | 17,049 | 1,837 | 93 | 15,119 |
| **Other Western Hemisphere, total** | **82,304** | **57,217** | **20,716** | **3,692** | **680** | **—** | **2,187** | **—** | **81,668** | **-10** | **1,561** | **80,118** |
| The Bahamas | 3,258 | — | — | 3,131 | 127 | — | 285 | — | 2,994 | -12 | 34 | 2,972 |
| Bermuda | 48,672 | 44,523 | 3,076 | 561 | 511 | — | 852 | — | 49,329 | -3 | 1,512 | 47,820 |
| Netherlands Antilles | 30,372 | 12,693 | 17,639 | — | 40 | — | 1,049 | — | 29,335 | 5 | 7 | 29,324 |
| **Europe, total** | **898,520** | **320,897** | **257,720** | **75,104** | **244,799** | **—** | **161,995** | **—** | **785,164** | **47,465** | **1,174** | **736,525** |
| Austria | 9,819 | 4,988 | 3,116 | 499 | 1,217 | — | 3,012 | — | 6,810 | 2 | — | 6,808 |
| Belgium | 39,248 | 6,757 | 4,817 | 5,192 | 22,480 | — | 11,535 | — | 30,901 | 2,934 | 254 | 27,712 |
| Denmark | 27,004 | 10,610 | 11,288 | 740 | 4,366 | — | 5,898 | — | 21,043 | -64 | — | 21,106 |
| France (including Andorra) | 67,708 | 12,110 | 9,847 | 10,614 | 35,137 | — | 18,930 | — | 49,403 | 113 | 513 | 48,778 |
| Italy (including San Marino) | 69,455 | 43,620 | 18,620 | 21,074 | 6,141 | — | 13,168 | — | 103,495 | 27,207 | 2 | 76,286 |
| Netherlands | 47,944 | 19,208 | 20,295 | 5,436 | 3,004 | — | 4,317 | — | 47,987 | 4,259 | 101 | 43,627 |
| Norway | 2,280 | 321 | 137 | 952 | 870 | — | 578 | — | 1,702 | — | — | 1,702 |
| Spain | 41,244 | 24,229 | 11,469 | 97 | 5,450 | — | 3,744 | — | 37,458 | -50 | 7 | 37,500 |
| Sweden | 15,641 | 4,731 | 4,811 | 479 | 5,620 | — | 4,647 | — | 11,183 | — | -12 | 11,195 |
| Switzerland | 39,218 | 22,843 | 8,703 | 537 | 7,135 | — | 8,319 | — | 29,170 | -1,224 | -505 | 30,889 |
| United Kingdom | 248,883 | 90,091 | 68,371 | 18,321 | 72,100 | — | 53,264 | — | 196,985 | 1,009 | 357 | 195,619 |
| West Germany | 233,526 | 73,963 | 93,076 | 8,162 | 58,326 | — | 27,615 | — | 206,385 | 10 | 464 | 205,911 |
| **Africa, total** | **46,018** | **23,342** | **12,753** | **1,673** | **8,250** | **—** | **7,071** | **—** | **117,349** | **78,396** | **7** | **38,947** |
| **Asia, total** | **517,731** | **164,020** | **182,595** | **2,373** | **168,743** | **—** | **38,049** | **—** | **472,112** | **-9,409** | **1,839** | **479,682** |
| Hong Kong | 5,281 | 932 | 226 | ([1]) | 4,122 | — | 3,756 | — | 1,532 | 6 | 2 | 1,525 |
| Indonesia | 400 | 140 | 83 | — | 177 | — | 92 | — | 312 | 2 | 4 | 307 |
| Japan (including Okinawa and Ryukyus) | 469,844 | 141,127 | 168,877 | 1,822 | 158,019 | — | 25,040 | — | 423,735 | -21,748 | 680 | 444,803 |
| Philippines | 13,018 | 7,084 | 3,586 | 226 | 2,121 | — | 2,869 | — | 20,871 | 9,765 | 957 | 10,149 |
| **Oceania, total** | **88,625** | **13,829** | **4,437** | **19,188** | **51,171** | **—** | **25,722** | **—** | **67,883** | **4,843** | **136** | **62,904** |
| **Puerto Rico and U.S. Possessions, total** | **16,310** | **2,309** | **533** | **412** | **13,056** | **—** | **7,131** | **—** | **32,413** | **23,134** | **101** | **9,178** |
| **OPEC countries, total (included above)** | **30,106** | **14,089** | **6,769** | **2,612** | **6,636** | **—** | **7,527** | **—** | **24,435** | **1,735** | **121** | **22,579** |
| **Tax haven countries, total (included above)** | **302,385** | **217,228** | **57,073** | **12,409** | **15,655** | **—** | **33,732** | **—** | **274,302** | **4,396** | **1,272** | **268,633** |

Footnotes at end of table.



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Food and kindred products** | | | | | | | | |
| **All geographic areas, total** | **806,786** | **246,198** | **87,712** | **9,538** | **22,385** | **108,168** | **18,396** | **560,589** |
| **Canada** | **45,118** | **10,369** | **4,640** | **2,444** | **2,642** | **57** | **586** | **34,749** |
| **Latin America, total** | **149,457** | **102,376** | **40,271** | **1,884** | **5,643** | **42,500** | **12,098** | **47,081** |
| Brazil | 42,569 | 24,189 | 22,316 | 576 | 434 | 68 | 795 | 18,380 |
| Ecuador | 2,700 | 1,127 | — | — | 1,127 | — | — | 1,573 |
| Mexico | 51,483 | 42,606 | 11,942 | 186 | 1,701 | 27,011 | 1,765 | 8,878 |
| Panama (including Canal Zone) | 2,197 | 861 | 81 | 30 | 195 | 505 | 49 | 1,336 |
| Venezuela | 7,456 | 2,343 | 936 | 447 | 232 | 43 | 684 | 5,113 |
| **Other Western Hemisphere, total** | **20,716** | **—** | **—** | **—** | **—** | **—** | **—** | **20,716** |
| The Bahamas | — | — | — | — | — | — | — | — |
| Bermuda | 3,076 | — | — | — | — | — | — | 3,076 |
| Netherlands Antilles | 17,639 | — | — | — | — | — | — | 17,639 |
| **Europe, total** | **307,375** | **49,655** | **23,674** | **2,895** | **3,240** | **18,166** | **1,680** | **257,720** |
| Austria | 3,365 | 249 | 249 | — | — | — | — | 3,116 |
| Belgium | 10,789 | 5,971 | 1,002 | 739 | — | 4,230 | — | 4,817 |
| Denmark | 11,818 | 530 | 530 | — | — | — | — | 11,288 |
| France (including Andorra) | 11,581 | 1,735 | 606 | 50 | 488 | 340 | 250 | 9,847 |
| Italy (including San Marino) | 34,135 | 15,514 | 1,208 | 2,045 | 1,568 | 10,563 | 130 | 18,620 |
| Netherlands | 21,960 | 1,665 | 533 | — | 23 | 708 | 400 | 20,295 |
| Norway | 166 | 29 | 28 | — | 2 | — | — | 137 |
| Spain | 16,676 | 5,207 | 3,825 | 33 | 633 | — | 716 | 11,469 |
| Sweden | 5,083 | 272 | 269 | — | 3 | — | — | 4,811 |
| Switzerland | 9,596 | 893 | 887 | 6 | 1 | — | — | 8,703 |
| United Kingdom | 73,086 | 4,715 | 3,853 | — | 15 | 661 | 185 | 68,371 |
| West Germany | 103,456 | 10,380 | 10,185 | — | 195 | — | — | 93,076 |
| **Africa, total** | **40,058** | **27,305** | **1,640** | **7** | **310** | **24,883** | **466** | **12,753** |
| **Asia, total** | **215,765** | **33,170** | **15,598** | **94** | **8,012** | **7,088** | **2,378** | **182,595** |
| Hong Kong | 256 | 30 | — | — | 26 | 4 | — | 226 |
| Indonesia | 132 | 49 | 28 | — | 16 | — | 5 | 83 |
| Japan (including Okinawa and Ryukyus) | 189,458 | 20,581 | 12,235 | 83 | 7,288 | 310 | 665 | 168,877 |
| Philippines | 11,610 | 8,023 | 1,052 | — | 397 | 5,297 | 1,278 | 3,586 |
| **Oceania, total** | **14,549** | **10,112** | **1,292** | **2,226** | **1,825** | **4,346** | **422** | **4,437** |
| **Puerto Rico and U.S. Possessions, total** | **12,997** | **12,463** | **456** | **—** | **550** | **10,785** | **672** | **533** |
| **OPEC countries, total (included above)** | **10,298** | **3,529** | **964** | **447** | **1,385** | **43** | **689** | **6,769** |
| **Tax haven countries, total (included above)** | **61,728** | **4,655** | **2,106** | **47** | **393** | **1,218** | **691** | **57,073** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Chemicals and allied products** | | | | | | | | | | | | |
| **All geographic areas, total** | **184** | **212,359,180** | **15,392,062** | **6,201,505** | **3,070,633** | **7,744,091** | **825,738** | **2,197,589** | **22,176** | **262,054** | **3,070,845** | **212** |
| **Canada** | **136** | **204,817,564** | **14,938,268** | **5,995,401** | **3,034,988** | **7,853,447** | **820,106** | **2,169,081** | **22,176** | **250,883** | **3,035,200** | **212** |
| **Latin America, total** | **107** | **203,479,160** | **14,549,599** | **5,818,787** | **3,015,082** | **7,600,861** | **817,702** | **2,153,311** | **22,176** | **253,434** | **3,015,294** | **212** |
| Brazil | 59 | 158,183,291 | 12,285,150 | 4,837,078 | 2,677,596 | 6,776,101 | 750,812 | 1,855,978 | 22,176 | 235,555 | 2,677,808 | 212 |
| Ecuador | 30 | 98,151,042 | 8,974,375 | 3,583,992 | 2,126,976 | 5,243,576 | 607,463 | 1,433,142 | 22,172 | 207,241 | 2,127,184 | 208 |
| Mexico | 78 | 191,149,215 | 13,979,975 | 5,571,222 | 2,927,518 | 7,393,783 | 799,017 | 2,082,661 | 22,172 | 234,345 | 2,927,726 | 208 |
| Panama (including Canal Zone) | 29 | 82,497,106 | 8,039,998 | 3,377,835 | 2,082,636 | 5,005,277 | 565,738 | 1,454,755 | 19,501 | 223,083 | 2,082,844 | 208 |
| Venezuela | 57 | 151,332,740 | 11,196,746 | 4,492,206 | 2,487,763 | 6,265,736 | 714,706 | 1,700,033 | 22,176 | 208,694 | 2,487,971 | 208 |
| **Other Western Hemisphere, total** | **46** | **167,342,477** | **12,906,453** | **5,091,793** | **2,817,617** | **7,088,135** | **759,520** | **2,004,405** | **22,176** | **231,793** | **2,817,825** | **208** |
| The Bahamas | 15 | 72,663,678 | 3,388,541 | 1,479,870 | 578,733 | 1,617,559 | 157,746 | 445,194 | (¹) | 3,418 | 578,733 | — |
| Bermuda | 33 | 134,279,688 | 9,827,492 | 4,041,438 | 2,416,831 | 5,926,120 | 664,278 | 1,705,155 | 22,175 | 207,161 | 2,417,039 | 208 |
| Netherlands Antilles | 24 | 128,310,135 | 9,469,244 | 3,651,337 | 2,191,121 | 5,501,959 | 612,238 | 1,477,803 | 22,172 | 212,872 | 2,191,329 | 208 |
| **Europe, total** | **126** | **208,589,600** | **15,033,985** | **6,038,554** | **3,064,485** | **7,723,536** | **824,812** | **2,192,523** | **22,176** | **261,843** | **3,064,697** | **212** |
| Austria | 32 | 133,709,672 | 10,762,213 | 4,322,308 | 2,310,383 | 5,851,916 | 644,090 | 1,666,158 | 19,497 | 81,221 | 2,310,591 | 208 |
| Belgium | 58 | 175,664,951 | 12,879,871 | 5,113,833 | 2,729,847 | 6,858,913 | 731,217 | 1,942,569 | 22,176 | 235,950 | 2,730,055 | 208 |
| Denmark | 25 | 103,726,719 | 8,137,791 | 3,359,040 | 1,953,586 | 4,786,773 | 563,270 | 1,321,156 | 22,172 | 201,552 | 1,953,794 | 208 |
| France (including Andorra) | 73 | 185,157,268 | 13,920,529 | 5,539,904 | 2,972,984 | 7,481,692 | 798,677 | 2,118,294 | 22,176 | 241,244 | 2,973,197 | 212 |
| Italy (including San Marino) | 62 | 177,577,034 | 13,576,066 | 5,394,254 | 2,900,982 | 7,287,957 | 776,082 | 2,075,584 | 22,176 | 228,711 | 2,901,190 | 208 |
| Luxembourg | 7 | 35,008,799 | 3,477,465 | 1,455,141 | 1,274,852 | 2,918,024 | 373,872 | 800,199 | 19,497 | 199,755 | 1,275,061 | 208 |
| Netherlands | 61 | 173,140,235 | 12,477,609 | 4,887,626 | 2,767,619 | 6,907,403 | 749,075 | 1,937,203 | 22,176 | 231,856 | 2,767,831 | 212 |
| Norway | 22 | 110,680,625 | 7,609,219 | 2,977,320 | 1,949,596 | 4,928,832 | 555,694 | 1,396,057 | 22,175 | 71,800 | 1,949,804 | 208 |
| Spain | 50 | 167,084,776 | 12,258,396 | 4,900,465 | 2,612,154 | 6,617,350 | 747,133 | 1,889,165 | 22,176 | 95,276 | 2,612,362 | 208 |
| Sweden | 40 | 152,230,379 | 11,434,228 | 4,531,930 | 2,529,445 | 6,334,716 | 696,892 | 1,760,521 | 22,172 | 211,862 | 2,529,653 | 208 |
| Switzerland | 53 | 173,872,932 | 13,036,852 | 5,140,979 | 2,755,764 | 6,927,938 | 748,979 | 1,935,059 | 22,176 | 236,624 | 2,755,972 | 208 |
| United Kingdom | 87 | 196,038,701 | 14,333,735 | 5,726,990 | 3,008,454 | 7,581,915 | 806,539 | 2,149,873 | 22,176 | 250,623 | 3,008,666 | 212 |
| West Germany | 76 | 188,889,805 | 14,131,749 | 5,635,778 | 3,010,476 | 7,567,129 | 803,808 | 2,154,886 | 22,176 | 248,384 | 3,010,684 | 208 |
| **Africa, total** | **69** | **183,358,652** | **13,169,884** | **5,237,485** | **2,803,530** | **7,010,627** | **748,324** | **1,994,808** | **22,176** | **226,135** | **2,803,738** | **208** |
| Liberia | 3 | 8,894,723 | 515,405 | 176,385 | 121,774 | 301,172 | 27,250 | 97,198 | 2,675 | — | 121,774 | — |
| South Africa (including Namibia) | 65 | 176,454,847 | 12,551,740 | 4,959,960 | 2,640,220 | 6,615,917 | 709,542 | 1,867,280 | 22,176 | 224,986 | 2,640,428 | 208 |
| **Asia, total** | **119** | **204,270,190** | **14,915,571** | **5,992,561** | **3,042,609** | **7,671,157** | **821,052** | **2,172,448** | **22,176** | **261,157** | **3,042,821** | **212** |
| Hong Kong | 44 | 153,850,773 | 11,244,807 | 4,523,344 | 2,554,877 | 6,422,643 | 713,020 | 1,782,797 | 22,176 | 222,690 | 2,555,085 | 208 |
| Indonesia | 30 | 118,266,351 | 8,605,010 | 3,436,607 | 1,866,101 | 4,656,787 | 549,270 | 1,277,881 | 19,497 | 144,460 | 1,866,105 | 4 |
| Japan (including Okinawa and Ryukyus) | 107 | 194,575,634 | 14,581,479 | 5,841,862 | 3,012,410 | 7,598,531 | 810,021 | 2,153,426 | 22,176 | 251,132 | 3,012,616 | 208 |
| Philippines | 42 | 155,346,723 | 11,906,161 | 4,655,458 | 2,653,263 | 6,675,670 | 740,083 | 1,837,763 | 22,172 | 219,505 | 2,653,471 | 208 |
| **Oceania, total** | **93** | **195,588,164** | **14,280,360** | **5,703,383** | **3,002,987** | **7,573,276** | **804,685** | **2,144,097** | **22,176** | **253,057** | **3,003,199** | **212** |
| Australia | 87 | 191,144,429 | 14,244,269 | 5,687,870 | 2,994,609 | 7,551,011 | 803,595 | 2,139,174 | 22,176 | 247,133 | 2,994,817 | 208 |
| **Puerto Rico and U.S. Possessions, total** | **50** | **164,833,273** | **12,294,343** | **4,809,250** | **2,634,367** | **6,638,871** | **735,207** | **1,820,144** | **22,172** | **225,856** | **2,634,576** | **208** |
| **OPEC countries, total (included above)** | **72** | **172,390,031** | **12,110,327** | **4,879,991** | **2,635,628** | **6,663,184** | **755,420** | **1,810,556** | **22,176** | **212,238** | **2,635,840** | **212** |
| **Tax haven countries, total (included above)** | **92** | **200,424,782** | **14,485,573** | **5,780,483** | **3,030,082** | **7,625,944** | **814,666** | **2,163,881** | **22,176** | **249,924** | **3,030,294** | **212** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Chemicals and allied products** | | | | | | | | | | | | |
| **All geographic areas, total** | **10,187,367** | **4,297,233** | **2,197,589** | **315,514** | **3,377,030** | **1,053,885** | **3,297,112** | **23,404** | **7,744,091** | **590,224** | **263,612** | **6,890,255** |
| **Canada** | **1,126,577** | **451,851** | **322,004** | **74,022** | **278,700** | **9,833** | **238,018** | **889** | **939,148** | **38,919** | **11,669** | **888,559** |
| **Latin America, total** | **917,469** | **487,084** | **163,050** | **45,615** | **201,740** | **—** | **240,503** | **—** | **760,441** | **66,444** | **17,011** | **676,986** |
| Brazil | 209,265 | 135,930 | 51,998 | 8,999 | 12,337 | — | 28,732 | — | 187,040 | 483 | 6,024 | 180,533 |
| Ecuador | 7,392 | 3,169 | 285 | 259 | 3,680 | — | 3,280 | — | 4,322 | 5 | 206 | 4,111 |
| Mexico | 219,889 | 106,324 | 26,732 | 6,165 | 80,668 | — | 78,634 | — | 188,343 | 44,434 | 2,654 | 141,255 |
| Panama (including Canal Zone) | 282,087 | 160,931 | 74,621 | 554 | 45,980 | — | 57,319 | — | 225,649 | 773 | 107 | 224,768 |
| Venezuela | 43,823 | 21,865 | 11,194 | 1,905 | 8,858 | — | 16,171 | — | 30,519 | −1,284 | 4,152 | 27,651 |
| **Other Western Hemisphere, total** | **239,244** | **206,775** | **17,246** | **10,315** | **4,909** | **—** | **35,594** | **—** | **200,446** | **−3,280** | **75** | **203,651** |
| The Bahamas | 16,782 | 11,855 | 18 | 2,602 | 2,308 | — | 3,668 | — | 13,137 | 5 | 19 | 13,113 |
| Bermuda | 124,241 | 109,692 | 7,264 | 6,261 | 1,024 | — | 21,997 | — | 102,320 | 25 | 51 | 102,244 |
| Netherlands Antilles | 94,922 | 84,630 | 9,818 | 46 | 427 | — | 9,604 | — | 85,325 | 2 | 5 | 85,318 |
| **Europe, total** | **4,758,597** | **1,898,969** | **1,261,112** | **116,643** | **1,481,873** | **902,057** | **915,799** | **15,438** | **4,207,712** | **313,494** | **51,419** | **3,842,799** |
| Austria | 19,294 | 7,289 | 6,769 | 432 | 4,805 | — | 5,262 | — | 15,151 | 691 | 427 | 14,033 |
| Belgium | 338,554 | 138,118 | 94,386 | 13,678 | 92,371 | — | 71,840 | — | 268,149 | −6,869 | 8,305 | 266,713 |
| Denmark | 7,049 | 1,205 | 36 | — | 5,808 | — | 1,752 | — | 5,629 | 267 | 64 | 5,297 |
| France (including Andorra) | 812,166 | 202,666 | 194,845 | 10,909 | 403,746 | — | 230,890 | — | 587,236 | −821 | 6,781 | 581,276 |
| Italy (including San Marino) | 219,794 | 80,398 | 58,652 | 5,719 | 75,025 | −317 | 48,355 | (¹) | 176,874 | −2,362 | 7,797 | 171,439 |
| Luxembourg | 51,082 | 20,306 | 25,516 | — | 5,260 | — | 5,037 | — | 46,045 | — | — | 46,045 |
| Netherlands | 282,295 | 97,118 | 44,797 | 12,282 | 128,097 | 29,025 | 46,403 | 495 | 269,149 | 28,121 | 5,136 | 235,892 |
| Norway | 2,561 | 280 | 171 | — | 2,109 | 294,997 | 331 | 5,046 | 297,090 | 294,825 | 36 | 2,230 |
| Spain | 42,935 | 19,615 | 6,073 | 465 | 16,763 | −140 | 9,826 | — | 37,271 | 1,318 | 2,843 | 33,110 |
| Sweden | 23,724 | 4,572 | 4,956 | 348 | 13,848 | — | 6,425 | — | 18,148 | 7 | 842 | 17,299 |
| Switzerland | 874,535 | 552,331 | 236,603 | 10,999 | 74,601 | — | 158,233 | — | 724,157 | 3,431 | 4,425 | 716,302 |
| United Kingdom | 1,290,044 | 516,422 | 358,534 | 36,715 | 378,372 | 578,491 | 170,596 | 9,897 | 1,124,794 | −10,199 | 15,546 | 1,119,447 |
| West Germany | 670,265 | 228,675 | 221,837 | 18,092 | 201,661 | — | 133,468 | — | 546,127 | 1,187 | 8,143 | 536,796 |
| **Africa, total** | **134,944** | **41,402** | **27,474** | **2,786** | **63,302** | **34,378** | **51,050** | **5,136** | **118,766** | **30,042** | **4,830** | **83,894** |
| Liberia | 439 | — | — | 439 | — | — | 694 | — | −255 | — | (¹) | −255 |
| South Africa (including Namibia) | 62,461 | 21,517 | 14,234 | 1,591 | 25,119 | — | 14,082 | — | 48,991 | −2,250 | 2,861 | 48,379 |
| **Asia, total** | **1,093,815** | **357,553** | **324,795** | **20,185** | **391,281** | **108,580** | **303,684** | **1,963** | **931,529** | **108,464** | **32,934** | **790,131** |
| Hong Kong | 82,918 | 57,554 | 8,512 | 3,365 | 13,487 | — | 16,506 | — | 71,211 | 429 | 4,371 | 66,412 |
| Indonesia | 11,273 | 6,064 | 3,517 | 530 | 1,162 | −6,135 | 7,518 | — | −1,092 | −6,092 | 1,245 | 3,755 |
| Japan (including Okinawa and Ryukyus) | 752,266 | 207,289 | 275,557 | 12,790 | 256,630 | — | 214,923 | — | 529,540 | −27,474 | 19,671 | 537,343 |
| Philippines | 59,303 | 32,878 | 18,095 | 24 | 8,306 | — | 11,911 | — | 49,898 | 2,145 | 362 | 47,391 |
| **Oceania, total** | **179,772** | **52,388** | **44,065** | **7,379** | **75,940** | **−648** | **42,056** | **−2** | **144,098** | **551** | **5,831** | **137,718** |
| Australia | 162,953 | 49,407 | 41,909 | 7,075 | 64,562 | −648 | 37,404 | −2 | 131,752 | −566 | 6,769 | 125,549 |
| **Puerto Rico and U.S. Possessions, total** | **1,247,606** | **453,014** | **17,718** | **8,208** | **768,667** | **—** | **1,192,707** | **—** | **221,979** | **39,403** | **127,677** | **54,899** |
| **OPEC countries, total (included above)** | **119,636** | **32,759** | **16,417** | **3,124** | **67,336** | **160,540** | **67,622** | **7,099** | **218,181** | **157,276** | **8,891** | **52,014** |
| **Tax haven countries, total (included above)** | **1,681,766** | **1,120,652** | **419,535** | **56,379** | **285,202** | **29,025** | **341,105** | **495** | **1,591,708** | **32,502** | **18,545** | **1,540,662** |

Footnotes at end of table.

Corporate Foreign Tax Credit, 1986

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Chemicals and allied products** | | | | | | | | |
| **All geographic areas, total** | **3,023,325** | **825,736** | **364,679** | **19,893** | **90,271** | **311,926** | **38,967** | **2,197,589** |
| **Canada** | **415,141** | **93,136** | **50,933** | **9,528** | **15,459** | **11,461** | **5,755** | **322,004** |
| **Latin America, total** | **369,379** | **186,330** | **112,419** | **3,486** | **16,183** | **41,627** | **12,615** | **183,050** |
| Brazil | 89,965 | 37,967 | 32,854 | 887 | 340 | — | 3,886 | 51,998 |
| Ecuador | 1,371 | 1,086 | 577 | — | 238 | 271 | — | 285 |
| Mexico | 121,380 | 94,648 | 58,734 | 1,165 | 7,555 | 19,947 | 7,246 | 26,732 |
| Panama (including Canal Zone) | 82,026 | 7,404 | 6,473 | (¹) | 397 | 370 | 164 | 74,621 |
| Venezuela | 16,091 | 4,897 | 3,764 | 305 | 159 | 7 | 663 | 11,194 |
| **Other Western Hemisphere, total** | **17,561** | **315** | **124** | **3** | — | — | **187** | **17,246** |
| The Bahamas | 18 | — | — | — | — | — | — | 18 |
| Bermuda | 7,264 | — | — | — | — | — | — | 7,264 |
| Netherlands Antilles | 10,133 | 315 | 124 | 3 | — | — | 187 | 9,818 |
| **Europe, total** | **1,593,093** | **331,981** | **157,581** | **2,345** | **15,357** | **146,163** | **10,534** | **1,281,112** |
| Austria | 7,439 | 670 | 663 | — | 6 | — | (¹) | 6,769 |
| Belgium | 110,889 | 16,502 | 14,358 | 1,059 | 296 | 638 | 151 | 94,386 |
| Denmark | 881 | 845 | 62 | — | 10 | 773 | — | 36 |
| France (including Andorra) | 217,896 | 23,051 | 10,006 | 47 | 6,287 | 326 | 6,385 | 194,845 |
| Italy (including San Marino) | 69,544 | 10,892 | 4,049 | 773 | 5,888 | 29 | 153 | 58,652 |
| Luxembourg | 27,036 | 1,519 | 1,519 | — | — | — | — | 25,516 |
| Netherlands | 53,076 | 8,279 | 7,353 | — | 22 | 905 | — | 44,797 |
| Norway | 135,943 | 135,771 | 40 | — | — | 135,731 | — | 171 |
| Spain | 13,359 | 7,287 | 3,905 | 105 | 1,519 | 530 | 1,227 | 6,073 |
| Sweden | 5,179 | 223 | 223 | — | — | — | — | 4,956 |
| Switzerland | 289,013 | 52,409 | 51,361 | — | 2 | 1,046 | — | 236,603 |
| United Kingdom | 391,828 | 33,295 | 28,761 | 95 | 288 | 2,077 | 2,074 | 358,534 |
| West Germany | 257,913 | 36,075 | 34,652 | 201 | 106 | 802 | 314 | 221,837 |
| **Africa, total** | **61,589** | **34,115** | **4,140** | **64** | **2,813** | **26,314** | **783** | **27,474** |
| Liberia | — | — | — | — | — | — | — | — |
| South Africa (including Namibia) | 17,947 | 3,713 | 2,110 | 35 | 1,501 | — | 67 | 14,234 |
| **Asia, total** | **462,139** | **137,344** | **28,958** | **3,500** | **33,962** | **64,183** | **6,740** | **324,795** |
| Hong Kong | 9,395 | 883 | 65 | 647 | 104 | 66 | (¹) | 8,512 |
| Indonesia | 7,337 | 3,820 | 1,094 | 13 | 1,046 | 942 | 725 | 3,517 |
| Japan (including Okinawa and Ryukyus) | 318,064 | 42,507 | 17,552 | 1,898 | 18,633 | 2,688 | 1,736 | 275,557 |
| Philippines | 23,820 | 5,725 | 3,275 | 1 | 1,518 | 906 | 24 | 18,095 |
| **Oceania, total** | **56,463** | **12,398** | **6,229** | **545** | **5,205** | **18** | **401** | **44,065** |
| Australia | 53,174 | 11,266 | 5,983 | 522 | 4,364 | — | 396 | 41,909 |
| **Puerto Rico and U.S. Possessions, total** | **44,717** | **26,999** | **4,249** | **410** | **791** | **20,231** | **1,318** | **17,718** |
| **OPEC countries, total (included above)** | **107,943** | **91,526** | **5,844** | **318** | **3,486** | **78,450** | **3,629** | **16,417** |
| **Tax haven countries, total (included above)** | **493,474** | **73,939** | **67,624** | **1,122** | **1,676** | **3,038** | **479** | **419,535** |

Footnotes at end of table.



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Petroleum (including integrated) and coal products** | | | | | | | | | | | | |
| **All geographic areas, total** | **15** | **311,401,958** | **18,188,438** | **7,739,022** | **7,071,083** | **16,000,128** | **2,903,559** | **4,177,618** | **829,025** | **3,129,161** | **7,072,410** | — |
| **Canada** | **10** | **308,322,541** | **17,541,852** | **7,530,014** | **7,011,552** | **15,583,541** | **2,880,766** | **4,128,730** | **813,911** | **3,122,059** | **7,012,880** | — |
| **Latin America, total** | **12** | **310,267,882** | **18,128,710** | **7,715,757** | **7,071,028** | **15,999,980** | **2,903,556** | **4,177,587** | **829,025** | **3,128,691** | **7,072,355** | — |
| Brazil | 8 | 306,327,564 | 17,447,727 | 7,491,202 | 7,004,098 | 15,561,898 | 2,880,199 | 4,125,072 | 813,911 | 3,118,830 | 7,005,426 | — |
| Ecuador | 7 | 283,939,652 | 16,675,565 | 7,243,568 | 6,986,305 | 15,491,984 | 2,859,314 | 4,113,147 | 791,593 | 3,111,529 | 6,987,633 | — |
| Panama (including Canal Zone) | 6 | 255,942,563 | 16,174,388 | 6,925,055 | 6,544,303 | 14,550,584 | 2,346,116 | 4,066,865 | 730,429 | 3,057,525 | 6,545,631 | — |
| Venezuela | 9 | 307,878,363 | 17,534,816 | 7,526,787 | 7,011,548 | 15,583,507 | 2,880,762 | 4,128,730 | 813,911 | 3,122,059 | 7,012,876 | — |
| **Other Western Hemisphere, total** | **9** | **264,171,988** | **16,632,504** | **7,122,540** | **6,631,076** | **14,782,058** | **2,398,753** | **4,120,929** | **751,316** | **3,062,159** | **6,632,403** | — |
| The Bahamas | 6 | 255,942,563 | 16,174,388 | 6,925,055 | 6,544,303 | 14,550,584 | 2,346,116 | 4,066,865 | 730,429 | 3,057,525 | 6,545,631 | — |
| Netherlands Antilles | 5 | 233,554,651 | 15,402,226 | 6,677,422 | 6,526,509 | 14,480,670 | 2,325,230 | 4,054,940 | 708,111 | 3,050,225 | 6,527,837 | — |
| **Europe, total** | **11** | **309,602,841** | **18,085,668** | **7,696,213** | **7,070,953** | **15,999,817** | **2,903,468** | **4,177,587** | **829,025** | **3,128,691** | **7,072,281** | — |
| Austria | 6 | 179,940,501 | 14,487,059 | 6,251,970 | 5,992,416 | 13,223,265 | 2,122,042 | 3,669,118 | 654,105 | 3,051,135 | 5,993,744 | — |
| Belgium | 7 | 283,939,652 | 16,675,565 | 7,243,568 | 6,986,305 | 15,491,984 | 2,859,314 | 4,113,147 | 791,593 | 3,111,529 | 6,987,633 | — |
| Denmark | 7 | 278,985,504 | 16,855,390 | 7,251,095 | 6,966,387 | 15,698,429 | 2,829,945 | 4,111,597 | 785,821 | 3,116,757 | 6,967,715 | — |
| Luxembourg | 3 | 138,871,871 | 5,433,234 | 2,333,656 | 2,274,435 | 5,114,214 | 1,019,142 | 1,589,227 | 137,489 | 63,624 | 2,274,435 | — |
| Netherlands | 11 | 309,602,841 | 18,085,668 | 7,696,213 | 7,070,953 | 15,999,817 | 2,903,468 | 4,177,587 | 829,025 | 3,128,691 | 7,072,281 | — |
| Norway | 7 | 300,388,236 | 17,209,813 | 7,381,761 | 6,977,235 | 15,493,610 | 2,850,518 | 4,123,523 | 808,139 | 3,117,425 | 6,978,563 | — |
| Spain | 7 | 283,939,652 | 16,675,565 | 7,243,568 | 6,986,305 | 15,491,984 | 2,859,314 | 4,113,147 | 791,593 | 3,111,529 | 6,987,633 | — |
| Sweden | 6 | 239,493,979 | 15,640,140 | 6,786,862 | 6,553,373 | 14,548,959 | 2,354,912 | 4,056,489 | 713,884 | 3,051,630 | 6,554,701 | — |
| Switzerland | 7 | 283,939,652 | 16,675,565 | 7,243,568 | 6,986,305 | 15,491,984 | 2,859,314 | 4,113,147 | 791,593 | 3,111,529 | 6,987,633 | — |
| United Kingdom | 11 | 309,602,841 | 18,085,668 | 7,696,213 | 7,070,953 | 15,999,817 | 2,903,468 | 4,177,587 | 829,025 | 3,128,691 | 7,072,281 | — |
| West Germany | 8 | 306,327,564 | 17,447,727 | 7,491,202 | 7,004,098 | 15,561,898 | 2,880,199 | 4,125,072 | 813,911 | 3,118,830 | 7,005,426 | — |
| **Africa, total** | **10** | **308,863,544** | **17,952,555** | **7,643,754** | **7,018,494** | **15,858,241** | **2,881,076** | **4,128,730** | **813,911** | **3,128,691** | **7,019,822** | — |
| Liberia | 6 | 234,970,915 | 11,920,325 | 5,198,698 | 5,037,442 | 11,247,285 | 2,394,595 | 2,917,021 | 791,593 | 2,032,627 | 5,038,770 | — |
| South Africa (including Namibia) | 7 | 241,044,778 | 15,727,229 | 6,822,448 | 6,560,823 | 14,570,568 | 2,355,475 | 4,060,147 | 713,884 | 3,054,859 | 6,562,151 | — |
| **Asia, total** | **12** | **310,060,742** | **18,115,025** | **7,709,717** | **7,071,005** | **15,999,930** | **2,903,468** | **4,177,618** | **829,025** | **3,129,161** | **7,072,332** | — |
| Hong Kong | 5 | 233,554,651 | 15,402,226 | 6,677,422 | 6,526,509 | 14,480,670 | 2,325,230 | 4,054,940 | 708,111 | 3,050,225 | 6,527,837 | — |
| Indonesia | 8 | 301,127,533 | 17,342,927 | 7,434,220 | 7,029,694 | 15,635,186 | 2,872,910 | 4,172,380 | 823,253 | 3,117,425 | 7,031,022 | — |
| Japan (including Okinawa and Ryukyus) | 9 | 307,878,363 | 17,534,816 | 7,526,787 | 7,011,548 | 15,583,507 | 2,880,762 | 4,128,730 | 813,911 | 3,122,059 | 7,012,876 | — |
| Philippines | 8 | 306,327,564 | 17,447,727 | 7,491,202 | 7,004,098 | 15,561,898 | 2,880,199 | 4,125,072 | 813,911 | 3,118,830 | 7,005,426 | — |
| **Oceania, total** | **10** | **308,863,544** | **17,952,555** | **7,643,754** | **7,018,494** | **15,858,241** | **2,881,076** | **4,128,730** | **813,911** | **3,128,691** | **7,019,822** | — |
| Australia | 10 | 308,863,544 | 17,952,555 | 7,643,754 | 7,018,494 | 15,858,241 | 2,881,076 | 4,128,730 | 813,911 | 3,128,691 | 7,019,822 | — |
| **Puerto Rico and U.S. Possessions, total** | **7** | **261,881,891** | **16,412,302** | **7,034,495** | **6,571,167** | **14,618,873** | **2,375,798** | **4,068,414** | **736,201** | **3,058,930** | **6,572,494** | — |
| **OPEC countries, total (included above)** | **10** | **308,617,660** | **17,667,929** | **7,579,246** | **7,064,008** | **15,725,084** | **2,903,155** | **4,177,587** | **829,025** | **3,122,059** | **7,065,335** | — |
| **Tax haven countries, total (included above)** | **12** | **310,060,742** | **18,115,025** | **7,709,717** | **7,071,005** | **15,999,930** | **2,903,468** | **4,177,618** | **829,025** | **3,129,161** | **7,072,332** | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Petroleum (including integrated) and coal products** | | | | | | | | | | | | |
| **All geographic areas, total** | **18,941,529** | **7,274,064** | **4,177,618** | **867,807** | **6,622,041** | **14,830,925** | **6,802,704** | **5,099,623** | **16,000,128** | **3,813,694** | **47,609** | **12,138,826** |
| **Canada** | **5,586,315** | **1,998,392** | **1,750,301** | **76,983** | **1,760,639** | **3,113,503** | **1,807,984** | **411,518** | **3,958,538** | **179,850** | **354** | **3,778,331** |
| **Latin America, total** | **1,576,870** | **595,871** | **109,068** | **116,062** | **755,869** | **1,053,444** | **862,020** | **699,843** | **778,893** | **62,195** | **-352** | **714,850** |
| Brazil | 76,445 | 45,738 | 30,848 | 551 | -693 | 57 | 12,782 | 508 | 66,335 | 2,673 | — | 63,662 |
| Ecuador | 162,680 | 146,960 | — | 20 | 15,700 | 73,043 | 142,895 | 71,385 | 25,290 | 5,506 | (¹) | 19,784 |
| Panama (including Canal Zone) | 262,695 | 230,485 | 11,276 | 5,001 | 15,933 | -143 | 28,821 | — | 234,907 | 1,026 | 6 | 233,875 |
| Venezuela | 18,860 | 9,851 | 6,802 | 3,872 | -1,665 | -9,306 | 36,506 | 5,213 | -6,622 | 11,023 | — | -17,646 |
| **Other Western Hemisphere, total** | **482,559** | **340,486** | **34,585** | **95,310** | **12,178** | **43** | **56,541** | **1,800** | **429,387** | **3,369** | **—** | **426,018** |
| The Bahamas | 98,633 | 48,087 | 20,810 | 20,775 | 8,960 | — | 22,504 | 1,600 | 78,354 | 2,225 | — | 76,129 |
| Netherlands Antilles | 71,494 | 58,614 | 12,236 | 1 | 643 | — | 13,041 | — | 57,571 | -882 | — | 58,453 |
| **Europe, total** | **6,297,552** | **3,080,840** | **1,674,254** | **402,653** | **1,139,805** | **4,951,583** | **1,744,378** | **1,288,093** | **6,057,804** | **1,503,695** | **936** | **4,553,174** |
| Austria | 162,966 | 116,849 | 45,432 | — | 684 | 69,269 | 2,846 | -22 | 160,125 | 5 | — | 160,120 |
| Belgium | 576,927 | 290,599 | 144,561 | 1,094 | 140,673 | — | 217,383 | — | 473,855 | 114,078 | 233 | 359,543 |
| Denmark | 128,723 | 39,134 | 9,724 | 678 | 79,187 | 95,788 | 84,676 | 134,996 | 54,306 | 10,260 | — | 44,046 |
| Luxembourg | 773 | — | — | — | 773 | — | 56 | — | 716 | — | — | 716 |
| Netherlands | 849,798 | 371,703 | 199,862 | 12,909 | 265,324 | 619,619 | 205,777 | 46,781 | 697,461 | 53,440 | — | 644,021 |
| Norway | 289,793 | 8,799 | 3,691 | 113,116 | 164,187 | 1,261,434 | 207,746 | 844,568 | 935,522 | 853,476 | — | 82,047 |
| Spain | 20,388 | 5,149 | 52 | 44 | 15,143 | 60,382 | 30,605 | 64,007 | 7,048 | 17,464 | — | -10,416 |
| Sweden | 58,581 | 16,280 | 18,123 | 1 | 24,177 | — | 4,798 | 80 | 54,634 | 851 | — | 53,783 |
| Switzerland | 58,814 | 36,225 | 19,195 | 848 | 2,546 | — | 5,507 | — | 53,416 | 75 | 34 | 53,307 |
| United Kingdom | 3,254,167 | 1,638,935 | 897,112 | 269,675 | 448,445 | 2,465,452 | 747,038 | 358,899 | 2,945,452 | 438,096 | 226 | 2,507,130 |
| West Germany | 719,124 | 466,912 | 309,626 | 1,368 | -58,782 | 363,058 | 108,797 | 18,204 | 618,775 | 8,448 | — | 610,327 |
| **Africa, total** | **1,846,179** | **285,697** | **103,732** | **35,709** | **1,421,042** | **2,548,439** | **668,580** | **733,751** | **1,825,673** | **647,687** | **387** | **1,177,599** |
| Liberia | 31,836 | 29,775 | 612 | 751 | 698 | -185 | 27,309 | 26,360 | 4,527 | — | — | 4,527 |
| South Africa (including Namibia) | 93,931 | 66,697 | 3,876 | — | 23,357 | (¹) | 2,682 | 144 | 91,697 | 61 | 387 | 91,249 |
| **Asia, total** | **2,655,013** | **914,771** | **482,326** | **49,349** | **1,208,566** | **1,909,742** | **1,345,522** | **948,129** | **2,419,779** | **1,066,780** | **43,507** | **1,309,491** |
| Hong Kong | 91,450 | 52,497 | 7,973 | 12 | 30,968 | — | 13,947 | — | 200,762 | 123,257 | 2 | 77,503 |
| Indonesia | 780,762 | 454,353 | 278,664 | 166 | 47,579 | 896,983 | 349,193 | 229,541 | 1,222,906 | 791,336 | — | 431,569 |
| Japan (including Okinawa and Ryukyus) | 326,780 | 130,509 | 148,111 | 363 | 47,798 | 5,790 | 45,712 | 8,940 | 495,146 | 170,700 | 43,378 | 281,068 |
| Philippines | 5,068 | (¹) | — | 1,343 | 3,726 | 2,325 | 8,006 | 3,120 | -6,792 | -3,831 | -23 | -2,938 |
| **Oceania, total** | **182,883** | **32,353** | **12,770** | **20,473** | **117,287** | **1,251,835** | **123,267** | **958,913** | **438,011** | **378,021** | **2,395** | **59,595** |
| Australia | 134,219 | 12,642 | 8,031 | 17,071 | 96,475 | 1,251,838 | 108,531 | 953,360 | 411,092 | 385,408 | -4 | 25,688 |
| **Puerto Rico and U.S. Possessions, total** | **69,396** | **21,955** | **10,584** | **1,178** | **35,679** | **107** | **33,175** | **47,027** | **57,548** | **20,945** | **381** | **36,222** |
| **OPEC countries, total (included above)** | **2,224,459** | **865,997** | **372,155** | **19,422** | **966,885** | **2,190,358** | **1,419,259** | **792,300** | **1,908,702** | **1,101,417** | **84** | **805,200** |
| **Tax haven countries, total (included above)** | **2,175,539** | **1,254,900** | **339,424** | **190,029** | **391,187** | **687,718** | **397,822** | **76,674** | **1,964,464** | **186,687** | **80** | **1,777,717** |

Footnotes at end of table

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Petroleum (including integrated) and coal products** | | | | | | | | |
| **All geographic areas, total** | **7,081,177** | **2,903,559** | **642,871** | **36,308** | **9,817** | **1,664,089** | **550,474** | **4,177,618** |
| **Canada** | **2,247,826** | **497,525** | **352,119** | **1,707** | **799** | **30,004** | **112,897** | **1,750,301** |
| **Latin America, total** | **284,007** | **174,939** | **38,569** | **2,323** | **1,417** | **50,317** | **82,314** | **109,068** |
| Brazil | 42,211 | 11,362 | 8,943 | 146 | 21 | — | 2,252 | 30,848 |
| Ecuador | 17,968 | 17,968 | 2,921 | — | 32 | 16,321 | -1,306 | — |
| Panama (including Canal Zone) | 11,294 | 19 | 627 | — | 19 | — | -627 | 11,276 |
| Venezuela | 10,637 | 3,835 | 964 | — | 20 | 187 | 2,664 | 6,802 |
| **Other Western Hemisphere, total** | **36,922** | **2,337** | **102** | **—** | **—** | **2,231** | **4** | **34,585** |
| The Bahamas | 20,913 | 102 | 102 | — | — | — | — | 20,810 |
| Netherlands Antilles | 14,368 | 2,132 | — | — | — | 2,132 | — | 12,236 |
| **Europe, total** | **2,574,909** | **900,655** | **200,048** | **30,051** | **1,179** | **542,601** | **126,778** | **1,674,254** |
| Austria | 51,319 | 5,887 | 5,825 | — | — | — | 61 | 45,432 |
| Belgium | 161,230 | 16,669 | 16,183 | — | (¹) | 486 | — | 144,561 |
| Denmark | 49,825 | 40,101 | 743 | — | — | 15,341 | 24,018 | 9,724 |
| Luxembourg | — | — | — | — | — | — | — | — |
| Netherlands | 262,110 | 62,248 | 13,684 | 216 | — | 12,885 | 35,464 | 199,862 |
| Norway | 372,188 | 368,498 | 33,195 | 29,624 | — | 305,679 | — | 3,691 |
| Spain | 3,878 | 3,826 | 764 | — | 788 | 1,851 | 423 | 52 |
| Sweden | 19,325 | 1,202 | 1,202 | — | — | — | — | 18,123 |
| Switzerland | 19,857 | 662 | 662 | — | — | — | — | 19,195 |
| United Kingdom | 1,241,397 | 344,284 | 76,942 | 205 | 4 | 201,403 | 65,730 | 897,112 |
| West Germany | 356,965 | 47,339 | 46,516 | — | — | — | 822 | 309,626 |
| **Africa, total** | **526,675** | **422,943** | **13,653** | **403** | **60** | **264,422** | **144,408** | **103,732** |
| Liberia | 650 | 38 | 38 | — | — | — | — | 612 |
| South Africa (including Namibia) | 12,813 | 8,937 | 8,877 | — | 51 | — | 10 | 3,876 |
| **Asia, total** | **1,148,848** | **666,522** | **32,253** | **1,350** | **5,018** | **549,953** | **77,948** | **482,326** |
| Hong Kong | 7,993 | 20 | — | — | — | — | 20 | 7,973 |
| Indonesia | 689,146 | 410,482 | — | — | 8 | 408,926 | 1,548 | 278,664 |
| Japan (including Okinawa and Ryukyus) | 169,847 | 21,735 | 19,277 | 83 | 1,847 | 38 | 490 | 148,111 |
| Philippines | 547 | 547 | 304 | — | (¹) | 112 | 130 | — |
| **Oceania, total** | **244,237** | **231,468** | **2,305** | **475** | **1,166** | **221,583** | **5,939** | **12,770** |
| Australia | 236,360 | 228,329 | 230 | 475 | 102 | 221,583 | 5,939 | 8,031 |
| **Puerto Rico and U.S. Possessions, total** | **17,677** | **7,093** | **3,825** | **—** | **147** | **2,978** | **144** | **10,584** |
| **OPEC countries, total (included above)** | **1,114,130** | **741,975** | **8,199** | **400** | **67** | **646,191** | **87,117** | **372,155** |
| **Tax haven countries, total (included above)** | **411,439** | **72,016** | **21,218** | **219** | **37** | **15,609** | **34,933** | **339,424** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed | |
| | | | | | | | | | | | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Primary metal industries** | | | | | | | | | | | | |
| **All geographic areas, total** | 31 | 43,362,139 | 708,294 | 289,022 | 119,105 | 426,267 | 30,182 | 118,854 | — | 47,024 | 119,105 | — |
| **Canada** | 18 | 40,459,997 | 541,427 | 238,491 | 114,969 | 405,327 | 28,678 | 115,618 | — | 32,701 | 114,969 | — |
| **Latin America, total** | 14 | 41,294,285 | 529,222 | 230,786 | 112,157 | 409,373 | 29,285 | 112,325 | — | 46,922 | 112,157 | — |
| Brazil | 6 | 32,664,197 | 110,853 | 42,325 | 33,081 | 226,072 | 16,511 | 36,490 | — | 10,608 | 33,081 | — |
| Panama (including Canal Zone) | 3 | 36,132,523 | 314,528 | 137,264 | 61,097 | 277,329 | 19,851 | 60,425 | — | 21,055 | 61,097 | — |
| Venezuela | 4 | 36,333,060 | 316,543 | 138,190 | 62,024 | 281,866 | 20,269 | 64,284 | — | 28,958 | 62,024 | — |
| **Other Western Hemisphere, total** | 5 | 37,052,002 | 369,470 | 162,537 | 73,839 | 308,383 | 25,608 | 70,761 | — | 28,958 | 73,839 | — |
| **Europe, total** | 21 | 41,863,523 | 622,443 | 251,770 | 113,858 | 413,692 | 28,759 | 113,998 | — | 32,701 | 113,858 | — |
| Belgium | 7 | 37,607,162 | 347,564 | 149,969 | 65,805 | 300,933 | 21,652 | 65,985 | — | 29,655 | 65,805 | — |
| France (including Andorra) | 9 | 38,717,147 | 446,482 | 172,207 | 69,386 | 308,867 | 21,671 | 69,090 | — | 30,152 | 69,386 | — |
| Italy (including San Marino) | 7 | 37,349,525 | 371,818 | 162,095 | 66,213 | 292,177 | 20,722 | 67,678 | — | 30,170 | 66,213 | — |
| Netherlands | 7 | 37,712,889 | 403,669 | 176,747 | 77,238 | 315,944 | 26,035 | 73,390 | — | 30,170 | 77,238 | — |
| Spain | 7 | 37,089,193 | 354,995 | 154,109 | 66,524 | 292,213 | 21,081 | 66,933 | — | 30,867 | 66,524 | — |
| Sweden | 4 | 35,189,243 | 262,464 | 113,425 | 47,294 | 246,122 | 17,484 | 52,494 | — | 29,673 | 47,294 | — |
| Switzerland | 7 | 37,590,635 | 365,030 | 156,806 | 66,970 | 303,138 | 21,250 | 67,752 | — | 29,454 | 66,970 | — |
| United Kingdom | 17 | 39,813,173 | 469,990 | 203,465 | 82,777 | 341,036 | 27,842 | 76,341 | — | 32,701 | 82,777 | — |
| West Germany | 10 | 39,379,269 | 494,487 | 216,280 | 109,170 | 400,543 | 27,611 | 111,198 | — | 30,170 | 109,170 | — |
| **Africa, total** | 8 | 37,231,154 | 366,614 | 157,402 | 65,139 | 296,540 | 24,188 | 62,440 | — | 30,867 | 65,139 | — |
| South Africa (including Namibia) | 8 | 37,231,154 | 366,614 | 157,402 | 65,139 | 296,540 | 24,188 | 62,440 | — | 30,867 | 65,139 | — |
| **Asia, total** | 19 | 42,129,618 | 662,008 | 268,002 | 113,868 | 414,536 | 28,765 | 113,978 | — | 32,724 | 113,868 | — |
| Hong Kong | 4 | 37,082,943 | 379,139 | 166,985 | 90,818 | 345,780 | 20,705 | 96,744 | — | 21,055 | 90,818 | — |
| Indonesia | 4 | 35,967,719 | 316,423 | 137,103 | 58,121 | 268,640 | 22,624 | 54,594 | — | 22,889 | 58,121 | — |
| Philippines | 4 | 36,227,770 | * 318,781 | 138,972 | 62,199 | 280,115 | 20,236 | 60,445 | — | 21,752 | 62,199 | — |
| **Oceania, total** | 10 | 39,736,874 | 497,287 | 217,320 | 109,813 | 399,925 | 27,854 | 107,551 | — | 22,964 | 109,813 | — |
| Australia | 10 | 39,736,874 | 497,287 | 217,320 | 109,813 | 399,925 | 27,854 | 107,551 | — | 22,964 | 109,813 | — |
| **Puerto Rico and U.S. Possessions, total** | 6 | 37,425,440 | 392,773 | 171,204 | 90,359 | 355,645 | 24,230 | 96,111 | — | 28,958 | 90,359 | — |
| **OPEC countries, total (included above)** | 8 | 37,422,386 | 376,827 | 164,698 | 74,434 | 310,408 | 25,969 | 70,911 | — | 30,792 | 74,434 | — |
| **Tax haven countries, total (included above)** | 10 | 39,370,310 | 488,879 | 212,778 | 109,162 | 400,593 | 27,585 | 111,216 | — | 30,170 | 109,162 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Primary metal industries** | | | | | | | | | | | | |
| **All geographic areas, total** | 673,470 | 273,259 | 118,854 | 12,042 | 269,315 | — | 276,888 | — | 426,267 | 7,349 | 22,335 | 396,582 |
| **Canada** | 114,172 | 27,859 | 19,609 | 4,854 | 61,850 | — | 45,865 | — | 77,842 | 7,547 | 1,988 | 68,307 |
| **Latin America, total** | 78,353 | 11,041 | 2,011 | 1,188 | 64,112 | — | 86,552 | — | 12,915 | 112 | 1,002 | 11,800 |
| Brazil | 3,563 | 882 | 713 | — | 1,967 | — | 3,293 | — | 405 | 112 | 24 | 270 |
| Panama (including Canal Zone) | 7,168 | 4,598 | — | — | 2,570 | — | 169 | — | 7,012 | — | 13 | 6,999 |
| Venezuela | 616 | — | — | — | 616 | — | 749 | — | -131 | — | 3 | -134 |
| **Other Western Hemisphere, total** | 52,361 | 51,851 | 436 | 34 | 41 | — | 908 | — | 51,511 | — | 57 | 51,454 |
| **Europe, total** | 219,635 | 82,780 | 53,147 | 3,458 | 60,252 | — | 77,187 | — | 141,925 | -1,651 | 1,128 | 142,448 |
| Belgium | 2,247 | — | — | 359 | 1,686 | — | 2,257 | — | -1,470 | -1,468 | 9 | -10 |
| France (including Andorra) | 16,103 | 1,337 | 1,336 | 1,085 | 12,345 | — | 5,574 | — | 10,565 | — | 36 | 10,529 |
| Italy (including San Marino) | 7,251 | (1) | — | — | 7,251 | — | 3,805 | — | 3,386 | -76 | 16 | 3,446 |
| Netherlands | 61,791 | 31,332 | 28,195 | (1) | 2,264 | — | 1,560 | — | 60,256 | — | 24 | 60,232 |
| Spain | 5,202 | — | — | 49 | 5,153 | — | 3,065 | — | 2,152 | — | 16 | 2,136 |
| Sweden | 2,638 | 126 | 91 | 379 | 2,042 | — | 1,824 | — | 820 | — | 7 | 813 |
| Switzerland | 39,759 | 27,265 | 11,541 | 15 | 938 | — | 22,144 | — | 17,637 | — | 21 | 17,615 |
| United Kingdom | 49,161 | 14,179 | 5,107 | 837 | 29,039 | — | 19,850 | — | 29,969 | -164 | 822 | 29,312 |
| West Germany | 25,824 | 5,021 | 5,614 | 406 | 14,783 | — | 10,606 | — | 15,392 | 58 | 115 | 15,219 |
| **Africa, total** | 3,539 | 1,492 | 97 | 205 | 1,745 | — | 1,585 | — | 2,219 | — | 265 | 1,954 |
| South Africa (including Namibia) | 3,160 | 1,492 | 97 | 205 | 1,365 | — | 1,228 | — | 2,189 | — | 257 | 1,931 |
| **Asia, total** | 110,572 | 42,173 | 35,438 | 1,820 | 31,141 | — | 23,609 | — | 87,711 | 215 | 534 | 86,983 |
| Hong Kong | 13,560 | 11,059 | 1,985 | 6 | 510 | — | 4,945 | — | 8,667 | — | 52 | 8,615 |
| Indonesia | 703 | 95 | — | — | 607 | — | 339 | — | 434 | — | 71 | 364 |
| Philippines | 1,122 | 428 | 14 | — | 679 | — | 659 | — | 507 | — | 45 | 462 |
| **Oceania, total** | 36,228 | 8,923 | 7,165 | 178 | 19,962 | — | 6,529 | — | 30,210 | — | 512 | 29,698 |
| Australia | 35,376 | 8,923 | 7,165 | 127 | 19,161 | — | 6,245 | — | 29,619 | — | 488 | 29,131 |
| **Puerto Rico and U.S. Possessions, total** | 48,469 | 46,857 | 857 | — | 755 | — | 46,015 | — | 19,112 | 1,126 | 15,532 | 2,454 |
| **OPEC countries, total (included above)** | 1,776 | 95 | — | — | 1,680 | — | 1,537 | — | 369 | 1 | 129 | 239 |
| **Tax haven countries, total (included above)** | 178,695 | 128,896 | 42,726 | 186 | 6,686 | — | 33,167 | — | 145,915 | — | 387 | 145,528 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Primary metal industries** | | | | | | | | |
| **All geographic areas, total** | 149,038 | 30,182 | 12,889 | 367 | 11,273 | 4,359 | 1,295 | 118,854 |
| **Canada** | 29,245 | 9,636 | 1,966 | 204 | 3,280 | 4,056 | 131 | 19,609 |
| **Latin America, total** | 7,361 | 5,349 | 2,093 | 83 | 2,261 | 150 | 762 | 2,011 |
| Brazil | 1,339 | 626 | 221 | — | 383 | 23 | — | 713 |
| Panama (including Canal Zone) | 12 | 12 | — | — | 12 | — | — | — |
| Venezuela | 36 | 36 | — | 21 | 15 | — | — | — |
| **Other Western Hemisphere, total** | 436 | — | — | — | — | — | — | 436 |
| **Europe, total** | 61,131 | 7,984 | 7,153 | 54 | 594 | 3 | 180 | 53,147 |
| Belgium | 54 | 54 | — | 54 | — | — | — | — |
| France (including Andorra) | 1,411 | 75 | (1) | — | 75 | — | — | 1,336 |
| Italy (including San Marino) | 29 | 29 | (1) | — | 26 | 3 | — | — |
| Netherlands | 31,784 | 3,589 | 3,589 | — | — | — | — | 28,195 |
| Spain | 392 | 392 | — | — | 392 | — | — | — |
| Sweden | 97 | 6 | 6 | — | — | — | — | 91 |
| Switzerland | 11,977 | 436 | 436 | — | — | — | — | 11,541 |
| United Kingdom | 7,634 | 2,526 | 2,318 | — | 28 | — | 180 | 5,107 |
| West Germany | 6,362 | 748 | 748 | — | (1) | — | — | 5,614 |
| **Africa, total** | 614 | 517 | 221 | 20 | 275 | — | — | 97 |
| South Africa (including Namibia) | 463 | 366 | 221 | 20 | 124 | — | — | 97 |
| **Asia, total** | 39,253 | 3,816 | 915 | 4 | 2,696 | 35 | 164 | 35,436 |
| Hong Kong | 1,995 | 11 | (1) | 1 | 10 | — | — | 1,985 |
| Indonesia | 13 | 13 | — | — | 13 | — | — | — |
| Philippines | 59 | 45 | 4 | — | 41 | — | — | 14 |
| **Oceania, total** | 9,478 | 2,311 | 494 | 2 | 1,758 | — | 57 | 7,165 |
| Australia | 9,403 | 2,238 | 494 | 2 | 1,685 | — | 57 | 7,165 |
| **Puerto Rico and U.S. Possessions, total** | 1,164 | 307 | — | — | 192 | 115 | — | 857 |
| **OPEC countries, total (included above)** | 443 | 443 | — | 21 | 422 | — | — | — |
| **Tax haven countries, total (included above)** | 46,797 | 4,071 | 4,048 | 1 | 21 | — | — | 42,726 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Machinery, except electrical** | | | | | | | | | | | | |
| **All geographic areas, total** | 235 | 113,673,993 | 8,434,272 | 3,804,393 | 3,092,438 | 9,596,648 | 798,480 | 2,829,754 | 116 | 96,749 | 3,092,447 | 11 |
| **Canada** | 110 | 109,823,289 | 8,091,873 | 3,651,005 | 3,075,808 | 9,532,305 | 793,582 | 2,815,496 | 116 | 94,636 | 3,075,818 | 11 |
| **Latin America, total** | 80 | 105,328,166 | 7,641,517 | 3,445,815 | 3,058,188 | 9,465,507 | 789,856 | 2,803,630 | 116 | 89,144 | 3,058,198 | 11 |
| Brazil | 25 | 96,449,149 | 7,073,466 | 3,189,666 | 3,019,666 | 9,358,283 | 773,726 | 2,779,416 | — | 87,210 | 3,019,677 | 11 |
| Ecuador | 7 | 73,694,477 | 5,905,525 | 2,689,328 | 2,643,271 | 8,155,358 | 695,135 | 2,448,851 | — | 41,369 | 2,643,281 | 11 |
| Mexico | 34 | 100,391,879 | 7,187,349 | 3,237,920 | 2,998,731 | 9,313,617 | 775,294 | 2,760,588 | 116 | 82,254 | 2,998,742 | 11 |
| Panama (including Canal Zone) | 9 | 72,409,984 | 6,114,127 | 2,783,924 | 2,703,030 | 8,374,126 | 694,058 | 2,488,475 | — | 73,048 | 2,703,041 | 11 |
| Venezuela | 13 | 90,408,956 | 6,592,059 | 2,999,938 | 2,875,480 | 8,864,936 | 762,908 | 2,662,208 | — | 51,045 | 2,875,490 | 11 |
| **Other Western Hemisphere, total** | 12 | 91,255,849 | 6,515,275 | 2,962,843 | 2,905,274 | 9,060,908 | 756,447 | 2,684,359 | — | 77,840 | 2,905,285 | 11 |
| The Bahamas | 7 | 73,694,477 | 5,905,525 | 2,689,328 | 2,643,271 | 8,155,358 | 695,135 | 2,448,851 | — | 41,369 | 2,643,281 | 11 |
| Bermuda | 8 | 78,046,941 | 6,325,555 | 2,879,009 | 2,856,743 | 8,878,967 | 739,033 | 2,677,815 | — | 36,471 | 2,856,745 | 2 |
| Netherlands Antilles | 8 | 84,632,339 | 6,473,164 | 2,943,272 | 2,891,007 | 8,948,121 | 744,743 | 2,675,628 | — | 63,042 | 2,891,018 | 11 |
| **Europe, total** | 86 | 109,368,932 | 7,968,854 | 3,593,981 | 3,086,193 | 9,559,809 | 795,533 | 2,825,773 | — | 95,799 | 3,086,203 | 11 |
| Austria | 11 | 86,876,884 | 6,610,309 | 3,009,293 | 2,862,068 | 8,814,997 | 747,528 | 2,664,482 | — | 41,369 | 2,862,079 | 11 |
| Belgium | 22 | 93,800,412 | 6,951,599 | 3,136,174 | 2,962,335 | 9,088,847 | 770,577 | 2,740,915 | — | 51,896 | 2,962,346 | 11 |
| Denmark | 10 | 88,829,255 | 6,533,727 | 2,972,040 | 2,876,088 | 8,873,065 | 753,305 | 2,672,724 | — | 41,369 | 2,876,099 | 11 |
| France (including Andorra) | 27 | 100,398,824 | 7,286,835 | 3,285,855 | 3,018,605 | 9,365,542 | 783,270 | 2,770,101 | — | 83,199 | 3,018,616 | 11 |
| Italy (including San Marino) | 24 | 97,340,930 | 7,116,164 | 3,207,120 | 2,997,298 | 9,303,961 | 781,017 | 2,751,801 | — | 79,301 | 2,997,308 | 11 |
| Netherlands | 27 | 97,599,534 | 7,144,400 | 3,222,178 | 3,010,095 | 9,318,811 | 780,517 | 2,764,369 | — | 81,897 | 3,010,106 | 11 |
| Norway | 12 | 81,827,817 | 6,649,321 | 2,996,839 | 2,905,240 | 9,063,832 | 753,976 | 2,717,856 | — | 33,047 | 2,905,243 | 2 |
| Spain | 11 | 71,493,760 | 6,587,300 | 2,994,396 | 2,892,497 | 8,793,466 | 720,893 | 2,684,208 | — | 77,840 | 2,892,508 | 11 |
| Sweden | 17 | 93,985,371 | 6,880,585 | 3,100,108 | 2,976,025 | 9,242,982 | 768,115 | 2,742,733 | — | 72,214 | 2,976,036 | 11 |
| Switzerland | 22 | 94,974,929 | 7,048,102 | 3,183,268 | 2,952,530 | 9,069,831 | 774,577 | 2,726,990 | — | 45,448 | 2,952,540 | 11 |
| United Kingdom | 54 | 104,374,778 | 7,550,703 | 3,403,776 | 3,063,250 | 9,489,697 | 781,315 | 2,817,013 | — | 90,721 | 3,063,261 | 11 |
| West Germany | 45 | 103,275,144 | 7,511,169 | 3,388,714 | 3,031,506 | 9,400,039 | 788,006 | 2,779,354 | — | 86,746 | 3,031,517 | 11 |
| **Africa, total** | 45 | 98,229,966 | 7,213,970 | 3,251,840 | 3,032,963 | 9,394,258 | 784,535 | 2,761,223 | — | 85,650 | 3,032,973 | 11 |
| South Africa (including Namibia) | 34 | 80,714,028 | 7,026,109 | 3,189,149 | 2,981,234 | 9,033,808 | 743,509 | 2,747,777 | — | 85,465 | 2,981,245 | 11 |
| **Asia, total** | 121 | 107,984,871 | 7,973,859 | 3,597,423 | 3,062,650 | 9,504,399 | 792,138 | 2,804,228 | 116 | 92,582 | 3,062,661 | 11 |
| Hong Kong | 16 | 87,793,585 | 6,741,973 | 3,066,367 | 2,912,792 | 9,073,986 | 760,767 | 2,687,570 | — | 69,294 | 2,912,802 | 11 |
| Indonesia | 5 | 55,352,056 | 5,687,224 | 2,589,221 | 2,559,569 | 7,699,787 | 639,476 | 2,397,574 | — | 51,045 | 2,559,578 | 8 |
| Japan (including Okinawa and Ryukyus) | 109 | 105,580,962 | 7,763,161 | 3,500,887 | 3,050,627 | 9,469,988 | 780,819 | 2,803,110 | 116 | 92,007 | 3,050,637 | 11 |
| Philippines | 14 | 67,925,076 | 6,368,222 | 2,893,612 | 2,842,036 | 8,533,153 | 717,519 | 2,651,149 | — | 54,042 | 2,842,047 | 11 |
| **Oceania, total** | 71 | 102,131,432 | 7,476,132 | 3,369,789 | 3,043,239 | 9,426,583 | 788,046 | 2,788,655 | — | 89,957 | 3,043,249 | 11 |
| Australia | 67 | 101,507,623 | 7,383,176 | 3,327,008 | 3,021,187 | 9,374,147 | 786,213 | 2,768,178 | — | 89,957 | 3,021,198 | 11 |
| **Puerto Rico and U.S. Possessions, total** | 14 | 82,376,873 | 6,722,432 | 3,035,502 | 2,891,072 | 8,822,783 | 757,435 | 2,676,801 | — | 45,923 | 2,891,083 | 11 |
| **OPEC countries, total (included above)** | 16 | 95,069,936 | 6,903,074 | 3,111,661 | 2,967,852 | 9,214,705 | 776,927 | 2,728,458 | — | 77,840 | 2,967,863 | 11 |
| **Tax haven countries, total (included above)** | 45 | 103,925,994 | 7,594,702 | 3,427,308 | 3,066,242 | 9,489,433 | 787,337 | 2,810,821 | — | 92,050 | 3,066,252 | 11 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Machinery, except electrical** | | | | | | | | | | | | |
| **All geographic areas, total** | **11,697,742** | **3,383,443** | **2,829,754** | **205,688** | **5,278,858** | **—** | **2,718,771** | **—** | **9,596,648** | **287,623** | **350,054** | **8,978,972** |
| **Canada** | **764,124** | **175,530** | **245,254** | **11,179** | **332,161** | **—** | **135,591** | **—** | **694,141** | **10,493** | **55,115** | **628,533** |
| **Latin America, total** | **985,819** | **421,841** | **290,680** | **55,737** | **217,561** | **—** | **261,525** | **—** | **774,050** | **25,045** | **24,711** | **724,294** |
| Brazil | 405,811 | 150,782 | 195,713 | 12,162 | 47,154 | — | 78,663 | — | 338,122 | 2,410 | 8,564 | 327,148 |
| Ecuador | 13,058 | 2,266 | 712 | 3,134 | 6,947 | — | 7,997 | — | 5,473 | — | 411 | 5,062 |
| Mexico | 166,867 | 53,341 | 53,104 | 20,798 | 39,624 | — | 51,716 | — | 126,064 | 2,921 | 7,992 | 115,151 |
| Panama (including Canal Zone) | 154,479 | 133,993 | 16,351 | 951 | 3,184 | — | 7,759 | — | 147,322 | — | 603 | 146,719 |
| Venezuela | 45,027 | 9,951 | 7,365 | 3,602 | 24,109 | — | 25,518 | — | 22,423 | 1,087 | 1,826 | 19,509 |
| **Other Western Hemisphere, total** | **93,416** | **74,688** | **7,610** | **8,524** | **2,594** | **—** | **22,757** | **—** | **72,644** | **1,751** | **234** | **70,659** |
| The Bahamas | 8,084 | 3,293 | — | 3,651 | 1,140 | — | 4,275 | — | 3,828 | — | 19 | 3,809 |
| Bermuda | 37,229 | 36,591 | 306 | -13 | 345 | — | 3,074 | — | 34,670 | 368 | 147 | 34,155 |
| Netherlands Antilles | 43,030 | 34,804 | 7,304 | 28 | 895 | — | 13,157 | — | 31,324 | 1,363 | 68 | 29,873 |
| **Europe, total** | **6,642,698** | **1,983,237** | **1,582,114** | **87,508** | **2,989,838** | **—** | **1,444,432** | **—** | **5,448,732** | **114,030** | **136,436** | **5,198,266** |
| Austria | 94,157 | 21,691 | 18,847 | -7 | 53,626 | — | 21,794 | — | 77,575 | 4,175 | 1,037 | 72,363 |
| Belgium | 275,757 | 86,875 | 48,485 | 3,772 | 136,624 | — | 93,784 | — | 196,142 | 1,726 | 12,443 | 181,972 |
| Denmark | 267,820 | 112,472 | 68,656 | 660 | 86,032 | — | 49,988 | — | 219,955 | 12 | 2,110 | 217,832 |
| France (including Andorra) | 1,232,842 | 383,481 | 317,678 | 19,998 | 511,685 | — | 261,262 | — | 994,809 | 4,076 | 19,153 | 971,580 |
| Italy (including San Marino) | 879,635 | 317,725 | 214,463 | 6,681 | 340,766 | — | 169,063 | — | 740,439 | 18,758 | 10,108 | 711,572 |
| Netherlands | 278,217 | 49,895 | 32,297 | 1,629 | 194,396 | — | 54,753 | — | 230,124 | 977 | 5,683 | 223,464 |
| Norway | 90,028 | 24,525 | 9,927 | 368 | 55,208 | — | 19,393 | — | 71,623 | 3 | 987 | 70,634 |
| Spain | 333,630 | 140,402 | 80,056 | 2,841 | 110,330 | — | 66,657 | — | 269,584 | 69 | 2,542 | 266,973 |
| Sweden | 256,337 | 71,410 | 85,661 | 305 | 98,962 | — | 52,318 | — | 208,646 | 1 | 4,625 | 204,019 |
| Switzerland | 153,268 | 24,386 | 3,090 | 1,349 | 124,443 | — | 55,663 | — | 168,136 | 42,327 | 28,204 | 97,605 |
| United Kingdom | 926,517 | 234,944 | 121,604 | 30,856 | 539,113 | — | 212,041 | — | 754,728 | 12,266 | 27,985 | 714,477 |
| West Germany | 1,626,972 | 455,848 | 543,972 | 7,216 | 619,936 | — | 328,216 | — | 1,332,872 | 15,099 | 19,017 | 1,298,756 |
| **Africa, total** | **93,036** | **15,063** | **11,329** | **3,064** | **63,581** | **—** | **28,597** | **—** | **118,762** | **51,320** | **3,003** | **64,439** |
| South Africa (including Namibia) | 80,714 | 11,743 | 9,260 | 1,410 | 58,301 | — | 22,863 | — | 107,025 | 46,817 | 2,357 | 57,852 |
| **Asia, total** | **2,824,765** | **638,171** | **590,886** | **18,596** | **1,377,113** | **—** | **619,334** | **—** | **2,099,424** | **56,698** | **37,294** | **2,005,431** |
| Hong Kong | 22,819 | 12,489 | 1,766 | 170 | 8,395 | — | 7,738 | — | 16,619 | -4 | 1,542 | 15,080 |
| Indonesia | 3,908 | — | — | 34 | 3,874 | — | 4,585 | — | 981 | 718 | 941 | -678 |
| Japan (including Okinawa and Ryukyus) | 2,337,745 | 544,885 | 552,638 | 5,100 | 1,235,121 | — | 485,187 | — | 1,915,477 | 40,013 | 22,906 | 1,852,558 |
| Philippines | 14,994 | 4,568 | 2,318 | 538 | 7,570 | — | 4,880 | — | 14,099 | 3,839 | 146 | 10,114 |
| **Oceania, total** | **333,051** | **63,221** | **101,097** | **10,062** | **158,672** | **—** | **119,621** | **—** | **241,840** | **13,077** | **15,333** | **213,430** |
| Australia | 271,447 | 50,613 | 76,240 | 9,221 | 135,373 | — | 102,148 | — | 193,512 | 9,499 | 14,715 | 169,298 |
| **Puerto Rico and U.S. Possessions, total** | **50,116** | **595** | **—** | **7,788** | **41,732** | **—** | **38,791** | **—** | **19,164** | **-1,962** | **9,821** | **11,325** |
| **OPEC countries, total (included above)** | **75,603** | **14,317** | **8,757** | **6,858** | **45,672** | **—** | **43,944** | **—** | **38,719** | **3,489** | **3,571** | **31,659** |
| **Tax haven countries, total (included above)** | **838,387** | **329,263** | **85,518** | **10,362** | **413,245** | **—** | **210,865** | **—** | **715,805** | **48,845** | **39,437** | **627,522** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Machinery, except electrical** | | | | | | | | |
| **All geographic areas, total** | **3,628,234** | **798,480** | **404,865** | **14,445** | **231,301** | **132,080** | **15,787** | **2,829,754** |
| **Canada** | **286,224** | **40,971** | **15,931** | **797** | **19,999** | **3,654** | **589** | **245,254** |
| **Latin America, total** | **475,441** | **184,761** | **143,429** | **6,488** | **15,833** | **10,347** | **6,665** | **290,680** |
| Brazil | 292,142 | 96,429 | 94,219 | 2,055 | 134 | — | 22 | 195,713 |
| Ecuador | 1,606 | 895 | 844 | 51 | — | — | — | 712 |
| Mexico | 92,300 | 39,196 | 28,332 | 2,837 | 7,331 | — | 696 | 53,104 |
| Panama (including Canal Zone) | 17,008 | 658 | 118 | 56 | 484 | — | — | 16,351 |
| Venezuela | 10,768 | 3,403 | 2,291 | 741 | 371 | — | — | 7,365 |
| **Other Western Hemisphere, total** | **8,788** | **1,178** | **—** | **—** | **—** | **1,176** | **—** | **7,610** |
| The Bahamas | — | — | — | — | — | — | — | — |
| Bermuda | 306 | — | — | — | — | — | — | 306 |
| Netherlands Antilles | 8,462 | 1,178 | — | — | — | 1,178 | — | 7,304 |
| **Europe, total** | **1,869,920** | **287,806** | **174,759** | **498** | **66,546** | **40,473** | **5,532** | **1,582,114** |
| Austria | 22,152 | 3,305 | 1,085 | — | (¹) | 2,220 | — | 18,847 |
| Belgium | 60,043 | 11,557 | 10,295 | 135 | — | 368 | 759 | 48,485 |
| Denmark | 74,280 | 5,624 | 5,624 | — | — | — | — | 68,656 |
| France (including Andorra) | 357,495 | 39,817 | 18,086 | 278 | 20,017 | 1,436 | — | 317,678 |
| Italy (including San Marino) | 272,016 | 57,553 | 16,752 | 55 | 29,643 | 11,103 | (¹) | 214,463 |
| Netherlands | 34,901 | 2,604 | 2,314 | — | 27 | 263 | — | 32,297 |
| Norway | 13,394 | 3,468 | 3,460 | 8 | — | — | — | 9,927 |
| Spain | 120,083 | 40,027 | 24,297 | 1 | 14,229 | — | 1,500 | 80,056 |
| Sweden | 90,964 | 5,303 | 5,303 | — | — | — | — | 85,661 |
| Switzerland | 13,635 | 10,544 | 9,180 | 17 | — | 819 | 528 | 3,090 |
| United Kingdom | 133,189 | 11,585 | 10,482 | — | 36 | 1,067 | — | 121,604 |
| West Germany | 611,954 | 67,983 | 64,190 | — | 22 | 2,351 | 1,419 | 543,972 |
| **Africa, total** | **31,393** | **20,064** | **2,014** | **71** | **4,631** | **13,348** | **—** | **11,329** |
| South Africa (including Namibia) | 23,000 | 13,740 | 1,674 | 33 | 4,623 | 7,410 | — | 9,260 |
| **Asia, total** | **826,118** | **235,230** | **50,581** | **3,981** | **117,413** | **50,463** | **2,792** | **590,886** |
| Hong Kong | 5,128 | 3,362 | — | 3 | 23 | 3,336 | — | 1,766 |
| Indonesia | 6,870 | 6,870 | — | (¹) | 88 | 6,586 | 196 | — |
| Japan (including Okinawa and Ryukyus) | 718,077 | 165,438 | 52,032 | 235 | 101,368 | 11,647 | 157 | 552,638 |
| Philippines | 3,751 | 1,433 | 641 | 39 | 732 | 22 | — | 2,318 |
| **Oceania, total** | **127,592** | **26,495** | **7,930** | **488** | **6,321** | **11,727** | **30** | **101,097** |
| Australia | 96,629 | 20,388 | 6,038 | 433 | 4,446 | 9,468 | 4 | 76,240 |
| **Puerto Rico and U.S. Possessions, total** | **1,275** | **1,275** | **89** | **40** | **281** | **703** | **162** | **—** |
| **OPEC countries, total (included above)** | **32,061** | **23,303** | **3,635** | **803** | **480** | **18,204** | **201** | **8,757** |
| **Tax haven countries, total (included above)** | **117,323** | **31,805** | **12,770** | **648** | **9,426** | **8,381** | **580** | **85,518** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Electrical and electronic equipment** | | | | | | | | | | | | |
| **All geographic areas, total** | 153 | 213,402,444 | 8,052,423 | 3,558,671 | 1,498,135 | 5,458,641 | 270,267 | 1,024,914 | 379 | 309,884 | 1,498,155 | 19 |
| **Canada** | 79 | 201,050,733 | 7,297,523 | 3,220,840 | 1,432,093 | 5,246,470 | 244,058 | 981,599 | — | 302,672 | 1,432,112 | 19 |
| **Latin America, total** | 43 | 194,920,312 | 6,972,382 | 3,074,443 | 1,406,234 | 5,153,044 | 246,491 | 958,541 | — | 295,493 | 1,406,253 | 19 |
| Brazil | 19 | 146,117,507 | 3,534,148 | 1,392,548 | 505,480 | 1,678,883 | 154,810 | 339,174 | — | 101,802 | 505,499 | 19 |
| Ecuador | 7 | 120,880,803 | 1,791,983 | 614,690 | 197,500 | 882,723 | 100,832 | 79,485 | — | 90,344 | 197,500 | — |
| Mexico | 30 | 183,083,507 | 5,930,629 | 2,613,271 | 1,380,020 | 5,062,059 | 230,132 | 945,732 | — | 294,262 | 1,380,039 | 19 |
| Panama (including Canal Zone) | 8 | 126,437,336 | 1,941,681 | 674,232 | 197,259 | 820,891 | 95,641 | 84,710 | — | 91,911 | 197,259 | — |
| Venezuela | 16 | 168,581,767 | 4,494,056 | 2,101,182 | 1,138,978 | 4,432,650 | 191,746 | 740,070 | — | 281,669 | 1,138,997 | 19 |
| **Other Western Hemisphere, total** | 15 | 167,946,958 | 4,431,598 | 2,067,306 | 1,279,705 | 4,711,480 | 199,008 | 876,541 | 2 | 293,654 | 1,279,705 | — |
| The Bahamas | 7 | 149,024,302 | 3,361,029 | 1,599,097 | 993,292 | 4,001,386 | 152,675 | 633,741 | — | 280,038 | 993,292 | — |
| Bermuda | 5 | 111,739,191 | 1,913,028 | 697,684 | 291,419 | 1,004,466 | 83,203 | 207,722 | — | 2,840 | 291,419 | — |
| Netherlands Antilles | 10 | 142,706,538 | 3,596,048 | 1,722,631 | 1,120,835 | 4,311,882 | 159,202 | 781,072 | 2 | 212,703 | 1,120,835 | — |
| **Europe, total** | 97 | 204,288,651 | 7,275,718 | 3,215,077 | 1,481,063 | 5,376,846 | 259,086 | 1,018,314 | 379 | 309,117 | 1,481,082 | 19 |
| Austria | 16 | 143,678,105 | 3,890,619 | 1,857,971 | 1,183,288 | 4,561,547 | 177,534 | 827,726 | — | 213,520 | 1,183,288 | — |
| Belgium | 23 | 179,156,821 | 4,866,042 | 2,269,922 | 1,288,831 | 4,861,858 | 215,944 | 868,213 | — | 284,897 | 1,288,850 | 19 |
| Denmark | 12 | 166,527,034 | 4,354,714 | 2,048,132 | 1,147,527 | 4,508,690 | 190,713 | 752,788 | — | 282,341 | 1,147,546 | 19 |
| France (including Andorra) | 41 | 191,512,532 | 6,548,369 | 2,887,394 | 1,436,442 | 5,215,826 | 246,040 | 982,890 | — | 301,496 | 1,436,461 | 19 |
| Italy (including San Marino) | 29 | 184,115,325 | 5,392,519 | 2,499,427 | 1,403,326 | 5,146,190 | 234,807 | 964,082 | — | 297,894 | 1,403,345 | 19 |
| Luxembourg | 6 | 107,723,552 | 1,557,051 | 531,297 | 153,207 | 717,195 | 76,983 | 82,531 | — | 25,104 | 153,207 | — |
| Netherlands | 28 | 179,459,974 | 5,300,534 | 2,458,825 | 1,357,135 | 5,002,429 | 225,557 | 928,459 | — | 298,922 | 1,357,154 | 19 |
| Norway | 9 | 153,973,683 | 3,670,940 | 1,741,739 | 1,133,672 | 4,394,121 | 172,853 | 755,125 | — | 279,488 | 1,133,672 | — |
| Spain | 18 | 144,472,213 | 3,470,268 | 1,363,488 | 564,158 | 1,768,624 | 157,329 | 391,851 | — | 103,286 | 564,177 | 19 |
| Sweden | 18 | 176,227,593 | 4,702,862 | 2,197,268 | 1,260,699 | 4,802,262 | 211,873 | 845,110 | — | 281,775 | 1,260,718 | 19 |
| Switzerland | 21 | 171,043,791 | 4,759,959 | 2,219,315 | 1,241,861 | 4,716,549 | 201,421 | 835,976 | — | 282,376 | 1,241,880 | 19 |
| United Kingdom | 66 | 193,622,828 | 5,980,329 | 2,765,117 | 1,452,451 | 5,298,449 | 247,203 | 1,000,016 | 379 | 308,526 | 1,452,470 | 19 |
| West Germany | 53 | 188,841,095 | 6,381,848 | 2,812,013 | 1,444,150 | 5,253,326 | 246,901 | 994,242 | — | 303,071 | 1,444,169 | 19 |
| **Africa, total** | 22 | 172,815,088 | 4,566,075 | 2,132,675 | 1,184,605 | 4,587,531 | 203,778 | 772,585 | — | 285,133 | 1,184,624 | 19 |
| Liberia | 4 | 121,398,488 | 1,717,765 | 582,463 | 234,141 | 845,086 | 87,764 | 122,617 | — | 67,048 | 234,141 | — |
| South Africa (including Namibia) | 17 | 167,172,663 | 4,234,719 | 1,991,596 | 1,105,367 | 4,397,697 | 190,062 | 706,661 | — | 282,557 | 1,105,386 | 19 |
| **Asia, total** | 92 | 199,501,677 | 7,253,982 | 3,204,580 | 1,471,878 | 5,385,685 | 262,176 | 1,007,013 | 2 | 306,263 | 1,471,897 | 19 |
| Hong Kong | 20 | 162,792,784 | 4,597,337 | 2,157,193 | 1,263,240 | 4,799,004 | 205,917 | 853,769 | — | 290,669 | 1,263,259 | 19 |
| Indonesia | 7 | 107,338,650 | 1,565,528 | 534,601 | 164,231 | 731,569 | 79,331 | 91,179 | — | 24,822 | 164,231 | — |
| Japan (including Okinawa and Ryukyus) | 68 | 196,131,924 | 6,896,556 | 3,042,131 | 1,458,140 | 5,318,016 | 254,693 | 1,001,139 | 2 | 303,002 | 1,458,159 | 19 |
| Philippines | 13 | 165,033,729 | 4,826,932 | 2,124,292 | 1,052,405 | 4,272,315 | 183,401 | 661,668 | — | 281,598 | 1,052,424 | 19 |
| **Oceania, total** | 47 | 186,265,656 | 5,611,359 | 2,601,905 | 1,429,703 | 5,208,298 | 240,562 | 984,102 | — | 298,369 | 1,429,722 | 19 |
| Australia | 42 | 184,675,956 | 5,601,743 | 2,597,677 | 1,429,630 | 5,207,324 | 240,522 | 984,070 | — | 298,369 | 1,429,649 | 19 |
| **Puerto Rico and U.S. Possessions, total** | 19 | 180,038,230 | 5,748,052 | 2,540,485 | 1,338,747 | 4,840,709 | 206,128 | 921,338 | — | 271,079 | 1,338,766 | 19 |
| **OPEC countries, total (included above)** | 24 | 177,631,782 | 4,894,875 | 2,276,101 | 1,196,091 | 4,618,318 | 206,398 | 781,496 | — | 283,401 | 1,196,110 | 19 |
| **Tax haven countries, total (included above)** | 58 | 196,269,020 | 6,341,820 | 2,924,010 | 1,447,279 | 5,291,414 | 252,917 | 991,504 | 2 | 302,639 | 1,447,298 | 19 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Electrical and electronic equipment** | | | | | | | | | | | | |
| **All geographic areas, total** | 6,486,951 | 2,534,174 | 1,024,914 | 274,871 | 2,652,993 | 93 | 1,422,759 | 93 | 5,458,641 | 134,957 | 259,492 | 5,064,192 |
| **Canada** | 188,376 | 69,365 | 56,672 | 13,217 | 49,122 | — | 51,321 | — | 188,836 | 26,676 | 25,105 | 137,055 |
| **Latin America, total** | 247,594 | 66,487 | 36,520 | 37,662 | 106,924 | — | 219,459 | — | 28,751 | -2,182 | 2,779 | 28,135 |
| Brazil | 39,558 | 20,210 | 13,341 | 2,821 | 3,186 | — | 8,362 | — | 35,676 | 3,936 | 544 | 31,196 |
| Ecuador | 825 | — | — | 33 | 792 | — | 391 | — | 970 | — | 535 | 434 |
| Mexico | 45,298 | 20,571 | 10,293 | 1,716 | 12,718 | — | 11,050 | — | 28,809 | -6,224 | 786 | 34,248 |
| Panama (including Canal Zone) | 21,775 | 10,571 | 10,352 | 120 | 732 | — | 7,224 | — | 14,552 | — | — | 14,552 |
| Venezuela | 4,572 | 293 | 148 | 2,325 | 1,806 | — | 2,354 | — | 1,554 | -976 | 312 | 2,218 |
| **Other Western Hemisphere, total** | 142,621 | 109,470 | 11,589 | 16,825 | 2,738 | — | 74,489 | — | 68,192 | 1 | 59 | 68,132 |
| The Bahamas | 21,958 | 3,540 | 11 | 18,066 | 341 | — | 5,856 | — | 16,156 | — | 55 | 16,102 |
| Bermuda | 22,059 | 12,905 | 8,730 | 62 | 361 | — | 2,808 | — | 19,257 | 1 | 4 | 19,251 |
| Netherlands Antilles | 96,598 | 93,024 | 2,847 | 632 | 94 | — | 65,748 | — | 30,850 | — | — | 30,850 |
| **Europe, total** | 4,175,917 | 1,949,954 | 731,789 | 84,635 | 1,409,539 | 93 | 569,989 | 93 | 3,740,446 | 40,472 | 94,046 | 3,605,928 |
| Austria | 152,909 | 80,581 | 17,624 | 337 | 54,366 | — | 18,012 | — | 135,327 | 240 | 191 | 134,896 |
| Belgium | 496,883 | 254,755 | 133,302 | 885 | 107,941 | — | 79,078 | — | 416,192 | -2,595 | 982 | 417,805 |
| Denmark | 32,920 | 18,413 | 1,762 | 485 | 12,260 | — | 2,792 | — | 31,185 | -332 | 1,390 | 30,128 |
| France (including Andorra) | 130,106 | 18,707 | 19,014 | 2,027 | 90,357 | 93 | 29,767 | 93 | 104,581 | -275 | 4,517 | 100,339 |
| Italy (including San Marino) | 501,267 | 297,707 | 81,031 | 1,930 | 120,599 | — | 52,017 | — | 467,395 | 16,482 | 1,663 | 449,250 |
| Luxembourg | 5,258 | 847 | 100 | (1) | 4,310 | — | 2,782 | — | 2,630 | -132 | 286 | 2,476 |
| Netherlands | 273,533 | 113,256 | 69,585 | 2,055 | 88,637 | — | 34,682 | — | 261,656 | 3,688 | 19,118 | 238,851 |
| Norway | 126,375 | 102,093 | 23,939 | 138 | 205 | — | 7,838 | — | 118,856 | — | 319 | 118,537 |
| Spain | 26,276 | 14,915 | 3,230 | 230 | 7,900 | — | 24,290 | — | 2,767 | -395 | 1,177 | 1,985 |
| Sweden | 22,204 | 13,156 | 4,297 | 1,902 | 2,849 | — | 42,442 | — | -16,239 | 2,917 | 1,083 | -20,238 |
| Switzerland | 233,904 | 182,124 | 43,849 | 209 | 7,722 | — | 21,167 | — | 211,885 | -3,224 | 2,372 | 212,736 |
| United Kingdom | 578,310 | 40,589 | 13,182 | 57,788 | 466,750 | — | 61,082 | — | 567,182 | 32,538 | 17,417 | 517,227 |
| West Germany | 1,537,961 | 799,787 | 317,489 | 10,243 | 410,443 | — | 138,052 | — | 1,413,517 | -8,274 | 21,882 | 1,399,909 |
| **Africa, total** | 44,864 | 10,555 | 3,297 | 3,818 | 27,194 | — | 28,831 | — | 13,306 | -3,995 | 1,269 | 16,033 |
| Liberia | 7,853 | 1,491 | — | 2,848 | 3,514 | — | 4,064 | — | 3,789 | — | — | 3,789 |
| South Africa (including Namibia) | 9,303 | 3,574 | 2,076 | 924 | 2,729 | — | 5,717 | — | 3,699 | — | 113 | 3,586 |
| **Asia, total** | 1,077,787 | 181,713 | 167,461 | 85,710 | 642,902 | — | 197,854 | — | 975,288 | 52,736 | 42,420 | 880,132 |
| Hong Kong | 27,341 | 12,819 | 1,647 | 200 | 12,674 | — | 3,132 | — | 37,635 | 6,914 | 6,512 | 24,209 |
| Indonesia | 3,028 | 311 | 207 | — | 2,511 | — | 1,761 | — | 1,264 | — | -3 | 1,268 |
| Japan (including Okinawa and Ryukyus) | 851,014 | 97,210 | 161,048 | 80,120 | 512,636 | — | 143,660 | — | 731,052 | 7,179 | 16,519 | 707,354 |
| Philippines | 12,602 | 5,985 | 309 | 1,036 | 5,272 | — | 5,331 | — | 11,744 | 2,707 | 1,766 | 7,271 |
| **Oceania, total** | 81,886 | 46,156 | 12,810 | 3,868 | 19,052 | — | 21,332 | — | 84,004 | 13,318 | 10,132 | 80,554 |
| Australia | 80,671 | 46,156 | 12,810 | 3,566 | 18,139 | — | 20,810 | — | 82,320 | 13,318 | 9,141 | 59,861 |
| **Puerto Rico and U.S. Possessions, total** | 37,613 | 2,481 | 1,371 | 6,946 | 26,815 | — | 18,407 | — | 48,538 | 3,864 | 25,469 | 19,206 |
| **OPEC countries, total (included above)** | 27,861 | 1,147 | 355 | 2,989 | 23,371 | — | 18,111 | — | 30,287 | 17,742 | 2,794 | 9,750 |
| **Tax haven countries, total (included above)** | 985,614 | 567,897 | 157,034 | 50,303 | 210,379 | — | 203,106 | — | 828,117 | 14,353 | 31,255 | 782,508 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Electrical and electronic equipment** | | | | | | | | |
| **All geographic areas, total** | **1,295,181** | **270,267** | **107,010** | **7,427** | **58,408** | **45,762** | **51,680** | **1,024,914** |
| **Canada** | **80,206** | **23,534** | **6,821** | **664** | **3,769** | **9,131** | **3,149** | **56,672** |
| **Latin America, total** | **65,150** | **28,629** | **16,210** | **3,255** | **4,139** | **2,284** | **2,742** | **36,520** |
| Brazil | 22,949 | 9,608 | 6,578 | 720 | 376 | 1,007 | 927 | 13,341 |
| Ecuador | 174 | 174 | — | — | 174 | — | — | — |
| Mexico | 23,468 | 13,175 | 8,106 | 1,550 | 2,969 | 213 | 338 | 10,293 |
| Panama (including Canal Zone) | 10,385 | 32 | — | 8 | 4 | — | 20 | 10,352 |
| Venezuela | 743 | 595 | 65 | 370 | 53 | 7 | 100 | 148 |
| **Other Western Hemisphere, total** | **12,010** | **421** | **5** | — | — | — | **417** | **11,589** |
| The Bahamas | 11 | — | — | — | — | — | — | 11 |
| Bermuda | 8,734 | 4 | — | — | — | — | 4 | 8,730 |
| Netherlands Antilles | 2,914 | 67 | 5 | — | — | — | 62 | 2,847 |
| **Europe, total** | **824,779** | **92,990** | **66,693** | **913** | **9,887** | **8,364** | **7,134** | **731,789** |
| Austria | 17,860 | 236 | 236 | — | — | — | — | 17,624 |
| Belgium | 135,361 | 2,059 | 1,707 | 94 | 7 | 252 | — | 133,302 |
| Denmark | 1,880 | 117 | 71 | — | — | 32 | 15 | 1,762 |
| France (including Andorra) | 26,108 | 7,093 | 869 | 2 | 2,811 | 1,117 | 2,294 | 19,014 |
| Italy (including San Marino) | 85,019 | 3,988 | 1,248 | 273 | 1,504 | 644 | 318 | 81,031 |
| Luxembourg | 227 | 127 | 127 | — | — | — | — | 100 |
| Netherlands | 77,865 | 8,280 | 6,849 | — | — | 612 | 819 | 69,585 |
| Norway | 45,470 | 21,531 | 21,473 | 58 | — | — | — | 23,939 |
| Spain | 9,949 | 6,718 | 2,409 | 86 | 960 | 1,900 | 1,363 | 3,230 |
| Sweden | 6,077 | 1,780 | 622 | — | — | 1,159 | — | 4,297 |
| Switzerland | 47,447 | 3,598 | 3,491 | — | — | 91 | 16 | 43,849 |
| United Kingdom | 20,819 | 7,636 | 3,901 | 18 | 29 | 2,487 | 1,202 | 13,182 |
| West Germany | 345,040 | 27,551 | 23,166 | 232 | 3,294 | 69 | 791 | 317,489 |
| **Africa, total** | **5,653** | **2,356** | **1,321** | **5** | **364** | **18** | **648** | **3,297** |
| Liberia | — | — | — | — | — | — | — | — |
| South Africa (including Namibia) | 3,331 | 1,255 | 883 | 5 | 364 | — | 3 | 2,076 |
| **Asia, total** | **255,570** | **88,109** | **12,477** | **1,843** | **37,094** | **20,189** | **16,506** | **167,461** |
| Hong Kong | 2,974 | 1,327 | — | 34 | 186 | 928 | 179 | 1,647 |
| Indonesia | 743 | 537 | 12 | — | 4 | — | 521 | 207 |
| Japan (including Okinawa and Ryukyus) | 217,314 | 56,266 | 10,611 | 999 | 30,502 | 10,249 | 3,904 | 161,048 |
| Philippines | 4,293 | 3,984 | 1,078 | 70 | 200 | 2,243 | 392 | 309 |
| **Oceania, total** | **20,319** | **7,509** | **2,837** | **241** | **1,411** | **2,919** | **101** | **12,810** |
| Australia | 20,257 | 7,447 | 2,837 | 241 | 1,356 | 2,919 | 93 | 12,810 |
| **Puerto Rico and U.S. Possessions, total** | **23,747** | **22,376** | **109** | **230** | **265** | **2,381** | **19,391** | **1,371** |
| **OPEC countries, total (included above)** | **8,275** | **7,920** | **313** | **386** | **241** | **4,489** | **2,491** | **355** |
| **Tax haven countries, total (included above)** | **176,990** | **19,956** | **10,715** | **135** | **3,116** | **2,492** | **3,498** | **157,034** |

Footnotes at end of table.



## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Motor vehicles and equipment** | | | | | | | | | | | | |
| **All geographic areas, total** | **51** | **309,132,607** | **4,734,956** | **2,103,680** | **591,345** | **2,168,987** | **307,409** | **577,362** | — | **2,505** | **591,345** | (1) |
| **Canada** | **30** | **306,077,786** | **4,551,180** | **2,020,885** | **583,367** | **2,145,222** | **305,961** | **570,897** | — | **1,725** | **583,367** | (1) |
| **Latin America, total** | **19** | **307,564,079** | **4,644,704** | **2,064,684** | **581,670** | **2,144,807** | **305,046** | **570,207** | — | **1,684** | **581,670** | — |
| Brazil | 6 | 244,612,047 | 3,624,574 | 1,615,800 | 531,822 | 1,991,411 | 287,474 | 537,159 | — | — | 531,822 | — |
| Ecuador | 4 | 240,285,175 | 3,558,698 | 1,586,908 | 529,039 | 1,977,054 | 280,771 | 535,554 | — | 1,042 | 529,039 | — |
| Panama (including Canal Zone) | 4 | 269,657,896 | 4,162,914 | 1,851,567 | 524,972 | 1,982,170 | 281,412 | 531,876 | — | — | 524,972 | — |
| Venezuela | 6 | 244,876,036 | 3,619,941 | 1,613,675 | 531,708 | 1,990,499 | 287,295 | 537,307 | — | — | 531,708 | — |
| **Other Western Hemisphere, total** | **5** | **240,924,126** | **3,583,144** | **1,597,958** | **529,192** | **1,980,517** | **280,838** | **535,640** | — | **1,042** | **529,192** | — |
| **Europe, total** | **20** | **307,823,290** | **4,617,184** | **2,050,211** | **586,968** | **2,157,788** | **302,314** | **577,362** | — | **1,945** | **586,968** | (1) |
| Belgium | 6 | 246,793,910 | 3,755,818 | 1,672,739 | 555,018 | 2,051,021 | 286,970 | 556,214 | — | 150 | 555,018 | — |
| Denmark | 4 | 238,429,173 | 3,552,253 | 1,584,065 | 526,196 | 1,969,345 | 278,660 | 535,736 | — | 736 | 526,196 | — |
| France (including Andorra) | 10 | 304,064,090 | 4,431,066 | 1,968,399 | 576,145 | 2,124,856 | 298,994 | 570,925 | — | 855 | 576,145 | — |
| Italy (including San Marino) | 5 | 204,250,482 | 1,178,003 | 521,635 | 228,367 | 1,338,346 | 108,331 | 403,816 | — | 736 | 228,367 | — |
| Netherlands | 7 | 165,392,788 | 761,717 | 336,998 | 266,445 | 1,435,013 | 121,579 | 434,053 | — | 855 | 266,445 | — |
| Norway | 4 | 152,193,256 | 531,936 | 236,583 | 223,174 | 1,310,608 | 104,973 | 401,897 | — | 750 | 223,174 | — |
| Spain | 5 | 246,679,838 | 3,739,370 | 1,665,305 | 554,977 | 2,050,403 | 286,958 | 556,214 | — | 120 | 554,977 | — |
| Sweden | 4 | 238,429,173 | 3,552,253 | 1,584,065 | 526,196 | 1,969,345 | 278,660 | 535,736 | — | 736 | 526,196 | — |
| Switzerland | 8 | 297,303,199 | 4,243,133 | 1,886,657 | 544,850 | 2,039,553 | 292,768 | 544,978 | — | 1,042 | 544,850 | — |
| United Kingdom | 15 | 255,114,904 | 3,906,227 | 1,737,871 | 580,283 | 2,125,890 | 298,360 | 574,550 | — | 1,931 | 580,283 | (1) |
| West Germany | 6 | 251,480,668 | 3,761,470 | 1,673,787 | 563,593 | 2,079,777 | 295,047 | 562,353 | — | 120 | 563,593 | — |
| **Africa, total** | **19** | **250,116,030** | **3,815,287** | **1,699,413** | **565,025** | **2,081,947** | **289,824** | **563,567** | — | **1,161** | **565,025** | — |
| South Africa (including Namibia) | 19 | 250,116,030 | 3,815,287 | 1,699,413 | 565,025 | 2,081,947 | 289,824 | 563,567 | — | 1,161 | 565,025 | — |
| **Asia, total** | **26** | **307,830,806** | **4,629,090** | **2,057,568** | **586,594** | **2,154,129** | **302,423** | **576,884** | — | **1,942** | **586,594** | — |
| Hong Kong | 3 | 160,019,965 | 707,417 | 313,734 | 250,067 | 1,387,191 | 112,900 | 420,861 | — | 120 | 250,067 | — |
| Indonesia | 3 | 245,618,424 | 3,697,414 | 1,646,005 | 547,372 | 2,030,571 | 283,744 | 551,825 | — | 120 | 547,372 | — |
| Philippines | 4 | 92,855,070 | 3,119,810 | 1,390,655 | 319,585 | 704,697 | 185,328 | 143,337 | — | — | 319,585 | — |
| **Oceania, total** | **15** | **307,439,510** | **4,577,633** | **2,035,107** | **580,888** | **2,142,503** | **301,995** | **571,722** | — | **1,192** | **580,888** | — |
| **Puerto Rico and U.S. Possessions, total** | **7** | **303,409,683** | **4,406,358** | **1,957,191** | **567,375** | **2,103,591** | **298,018** | **562,048** | — | **120** | **567,375** | — |
| **OPEC countries, total (included above)** | **8** | **254,798,998** | **3,832,673** | **1,706,577** | **572,395** | **2,100,546** | **297,773** | **566,366** | — | **1,161** | **572,395** | — |
| **Tax haven countries, total (included above)** | **11** | **305,451,728** | **4,465,109** | **1,983,903** | **583,103** | **2,143,021** | **301,144** | **574,620** | — | **1,897** | **583,103** | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Motor vehicles and equipment** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,324,715 | 1,027,111 | 577,362 | 233,365 | 486,877 | — | 600,083 | — | 2,168,987 | -115,303 | 559,639 | 1,724,652 |
| **Canada** | 817,275 | 300,041 | 403,522 | 98,817 | 14,894 | — | 123,538 | — | 1,192,392 | 952 | 497,704 | 693,737 |
| **Latin America, total** | 420,456 | 249,135 | 24,916 | 48,479 | 97,925 | — | 71,271 | — | 374,624 | 2,436 | 23,004 | 349,184 |
| Brazil | 265,382 | 228,388 | 21,561 | 12,186 | 3,247 | — | 18,887 | — | 247,916 | — | 1,421 | 246,495 |
| Ecuador | 1,358 | — | — | 4 | 1,355 | — | 913 | — | -229 | -676 | 2 | 445 |
| Panama (including Canal Zone) | 1,168 | 550 | 211 | — | 426 | — | 644 | — | 587 | 42 | 2 | 544 |
| Venezuela | 8,869 | 758 | 26 | 429 | 7,656 | — | 3,709 | — | 6,008 | 411 | 437 | 5,160 |
| **Other Western Hemisphere, total** | 120,492 | 105,831 | 5,487 | 355 | 8,820 | — | 62,319 | — | 58,174 | — | 1 | 58,173 |
| **Europe, total** | 653,273 | 233,501 | 126,846 | 70,160 | 222,966 | — | 188,680 | — | 322,708 | -158,400 | 16,515 | 464,593 |
| Belgium | 34,635 | 20,564 | 5,058 | — | 9,013 | — | 5,083 | — | 33,151 | 559 | 3,041 | 29,552 |
| Denmark | 18,066 | 9,192 | 7,471 | 1,312 | 91 | — | 13,049 | — | 16,285 | 11,139 | 130 | 5,016 |
| France (including Andorra) | 123,543 | 41,962 | 21,469 | 8,422 | 51,691 | — | 68,758 | — | 56,185 | 20 | 1,381 | 54,785 |
| Italy (including San Marino) | 8,536 | 3,872 | 3,326 | 41 | 1,297 | — | 4,034 | — | 4,833 | 15 | 315 | 4,502 |
| Netherlands | 45,618 | 16,793 | 11,988 | 3,845 | 12,992 | — | 5,420 | — | 40,304 | — | 105 | 40,198 |
| Norway | 5,145 | 4,087 | 1,023 | 1 | 35 | — | 676 | — | 6,662 | 2,193 | — | 4,469 |
| Spain | 149,268 | 70,559 | 39,611 | 38 | 39,060 | — | 37,647 | — | 114,729 | 2,710 | 397 | 111,621 |
| Sweden | 2,736 | 1,080 | 654 | — | 1,002 | — | 30 | — | 7,956 | 5,199 | 51 | 2,706 |
| Switzerland | 16,112 | 7,439 | 1,149 | 69 | 7,456 | — | 2,986 | — | 14,167 | — | 1,040 | 13,126 |
| United Kingdom | 118,643 | 16,755 | 6,091 | 52,911 | 42,886 | — | 19,683 | — | -88,931 | -189,317 | 1,426 | 98,960 |
| West Germany | 115,140 | 29,129 | 26,819 | 3,518 | 55,674 | — | 28,605 | — | 102,907 | 9,101 | 7,271 | 86,535 |
| **Africa, total** | 119,349 | 104,893 | 1,569 | 100 | 12,788 | — | 28,270 | — | 91,440 | — | 361 | 91,079 |
| South Africa (including Namibia) | 107,535 | 104,893 | 1,569 | 96 | 976 | — | 19,534 | — | 88,257 | — | 256 | 88,001 |
| **Asia, total** | 107,386 | 23,017 | 11,704 | 10,371 | 62,293 | — | 40,670 | — | 109,299 | 21,723 | 20,861 | 66,716 |
| Hong Kong | 75 | — | — | — | 75 | — | 51 | — | 16 | -10 | 2 | 24 |
| Indonesia | 327 | — | — | — | 327 | — | 140 | — | 186 | — | — | 186 |
| Philippines | 341 | — | — | 35 | 306 | — | 189 | — | 156 | — | 4 | 152 |
| **Oceania, total** | 21,513 | 3,795 | 3,432 | 3,159 | 11,127 | — | 30,777 | — | -4,580 | 3,274 | 1,410 | -9,264 |
| **Puerto Rico and U.S. Possessions, total** | 57,373 | 105 | 86 | 132 | 57,050 | — | 44,220 | — | 27,925 | 14,764 | 8 | 13,153 |
| **OPEC countries, total (included above)** | 15,673 | 785 | 26 | 446 | 14,616 | — | 8,278 | — | 6,488 | -1,595 | 486 | 7,597 |
| **Tax haven countries, total (included above)** | 176,386 | 130,612 | 18,836 | 5,190 | 21,748 | — | 88,382 | — | 137,295 | 7,529 | 21,762 | 108,004 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Motor vehicles and equipment** | | | | | | | | |
| **All geographic areas, total** | 884,771 | 307,409 | 218,990 | 22,046 | 8,329 | 34,753 | 23,290 | 577,362 |
| **Canada** | 457,644 | 54,122 | 28,565 | 13,610 | 1,197 | 8,958 | 1,582 | 403,522 |
| **Latin America, total** | 177,463 | 152,547 | 123,541 | 7,884 | 2,792 | 2,521 | 15,809 | 24,916 |
| Brazil | 142,427 | 120,867 | 114,260 | 1,157 | 168 | — | 5,280 | 21,561 |
| Ecuador | — | — | — | — | — | — | — | — |
| Panama (including Canal Zone) | 225 | 14 | — | — | — | 14 | — | 211 |
| Venezuela | 836 | 810 | 152 | 20 | 263 | 280 | 95 | 26 |
| **Other Western Hemisphere, total** | 5,487 | — | — | — | — | — | — | 5,487 |
| **Europe, total** | 201,303 | 74,657 | 63,483 | 26 | 299 | 10,329 | 520 | 126,646 |
| Belgium | 7,028 | 1,970 | 1,888 | — | — | 83 | — | 5,058 |
| Denmark | 8,856 | 1,385 | 1,261 | — | — | 124 | — | 7,471 |
| France (including Andorra) | 23,741 | 2,272 | 2,124 | 4 | 126 | — | 18 | 21,469 |
| Italy (including San Marino) | 3,544 | 217 | 174 | — | 36 | 6 | 1 | 3,326 |
| Netherlands | 12,731 | 743 | 743 | — | — | — | — | 11,988 |
| Norway | 1,480 | 456 | 456 | — | — | — | — | 1,023 |
| Spain | 55,085 | 15,474 | 12,749 | — | 55 | 2,350 | 319 | 39,611 |
| Sweden | 2,433 | 1,779 | 3 | — | — | 1,776 | — | 654 |
| Switzerland | 2,154 | 1,005 | 1,001 | 3 | — | — | — | 1,149 |
| United Kingdom | 48,749 | 42,659 | 36,679 | 19 | — | 5,961 | — | 6,091 |
| West Germany | 31,709 | 4,890 | 4,861 | — | — | 29 | — | 26,819 |
| **Africa, total** | 1,720 | 150 | 70 | 10 | 61 | — | 10 | 1,569 |
| South Africa (including Namibia) | 1,720 | 150 | 70 | 10 | 61 | — | 10 | 1,569 |
| **Asia, total** | 25,868 | 14,164 | 2,733 | 41 | 3,917 | 5,820 | 1,652 | 11,704 |
| Hong Kong | — | — | — | — | — | — | — | — |
| Indonesia | — | — | — | — | — | — | — | — |
| Philippines | 6 | 6 | — | 5 | 1 | — | — | — |
| **Oceania, total** | 4,795 | 1,364 | 572 | 274 | 50 | 414 | 54 | 3,432 |
| **Puerto Rico and U.S. Possessions, total** | 10,491 | 10,405 | 26 | — | 14 | 6,701 | 3,663 | 86 |
| **OPEC countries, total (included above)** | 1,656 | 1,630 | 152 | 20 | 263 | 418 | 778 | 26 |
| **Tax haven countries, total (included above)** | 22,001 | 3,166 | 1,744 | 22 | 1 | 1,399 | — | 18,836 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Transportation equipment, except motor vehicles** | | | | | | | | | | | | |
| **All geographic areas, total** | 34 | 41,225,861 | 1,555,380 | 620,942 | 211,316 | 546,985 | 30,090 | 171,701 | — | 16,275 | 211,316 | — |
| **Canada** | 15 | 36,765,884 | 1,304,068 | 509,045 | 210,980 | 531,410 | 29,756 | 171,701 | — | 16,272 | 210,980 | — |
| **Latin America, total** | 7 | 38,821,305 | 1,367,642 | 535,131 | 200,840 | 516,545 | 27,161 | 164,091 | — | 15,973 | 200,840 | — |
| Brazil | 4 | 27,686,875 | 1,021,509 | 402,627 | 169,488 | 408,686 | 26,074 | 141,257 | — | 8,541 | 169,488 | — |
| Mexico | 7 | 38,821,305 | 1,367,642 | 535,131 | 200,840 | 516,545 | 27,161 | 164,091 | — | 15,973 | 200,840 | — |
| **Other Western Hemisphere, total** | 3 | 23,070,259 | 923,171 | 371,419 | 161,842 | 398,828 | 24,998 | 134,560 | — | 8,145 | 161,842 | — |
| **Europe, total** | 12 | 36,332,548 | 1,234,079 | 475,818 | 209,640 | 528,884 | 29,648 | 170,430 | — | 16,272 | 209,640 | — |
| Belgium | 3 | 25,487,776 | 844,876 | 298,068 | 164,325 | 383,759 | 19,724 | 135,017 | — | 15,044 | 164,325 | — |
| France (including Andorra) | 6 | 28,025,474 | 1,050,707 | 414,821 | 172,937 | 416,605 | 27,676 | 142,983 | — | 8,733 | 172,937 | — |
| Italy (including San Marino) | 3 | 19,399,434 | 717,446 | 277,719 | 161,678 | 386,117 | 25,034 | 134,560 | — | 8,145 | 161,678 | — |
| Netherlands | 6 | 26,575,008 | 1,057,325 | 419,101 | 170,842 | 406,532 | 26,578 | 142,432 | — | 8,145 | 170,842 | — |
| Switzerland | 4 | 26,389,692 | 1,048,490 | 415,038 | 170,795 | 405,975 | 26,571 | 142,392 | — | 8,145 | 170,795 | — |
| United Kingdom | 7 | 28,464,201 | 1,052,777 | 415,751 | 173,064 | 422,663 | 27,697 | 142,983 | — | 8,840 | 173,064 | — |
| West Germany | 8 | 35,561,333 | 1,187,939 | 454,617 | 204,361 | 511,174 | 28,835 | 165,817 | — | 16,165 | 204,361 | — |
| **Africa, total** | 3 | 20,804,062 | 720,242 | 280,243 | 165,397 | 399,332 | 25,243 | 137,998 | — | 8,541 | 165,397 | — |
| South Africa (including Namibia) | 3 | 20,804,062 | 720,242 | 280,243 | 165,397 | 399,332 | 25,243 | 137,998 | — | 8,541 | 165,397 | — |
| **Asia, total** | 24 | 39,705,185 | 1,440,863 | 568,504 | 206,343 | 529,849 | 28,342 | 168,665 | — | 15,973 | 206,343 | — |
| Japan (including Okinawa and Ryukyus) | 24 | 39,705,185 | 1,440,863 | 568,504 | 206,343 | 529,849 | 28,342 | 168,665 | — | 15,973 | 206,343 | — |
| **Oceania, total** | 7 | 35,288,368 | 1,188,482 | 456,128 | 205,835 | 513,824 | 27,832 | 168,665 | — | 15,976 | 205,835 | — |
| **OPEC countries, total (included above)** | 3 | 26,242,520 | 1,013,254 | 398,830 | 165,691 | 394,879 | 25,787 | 137,819 | — | 8,145 | 165,691 | — |
| **Tax haven countries, total (included above)** | 8 | 31,729,916 | 1,276,763 | 517,871 | 174,682 | 433,641 | 26,907 | 145,871 | — | 8,541 | 174,682 | — |
| **Instruments and related products** | | | | | | | | | | | | |
| **All geographic areas, total** | 77 | 21,720,801 | 1,036,152 | 457,556 | 180,219 | 608,043 | 40,977 | 148,235 | — | 15,158 | 180,547 | 328 |
| **Canada** | 32 | 18,106,754 | 764,273 | 341,205 | 147,398 | 467,198 | 33,842 | 122,710 | — | 13,721 | 147,726 | 328 |
| **Latin America, total** | 18 | 18,697,733 | 661,967 | 294,564 | 155,810 | 509,715 | 33,784 | 130,608 | — | 12,599 | 156,138 | 328 |
| Brazil | 12 | 16,597,648 | 578,804 | 259,060 | 146,671 | 455,354 | 32,096 | 123,431 | — | 11,428 | 146,999 | 328 |
| Mexico | 11 | 14,282,704 | 497,736 | 221,721 | 114,388 | 352,726 | 26,577 | 98,604 | — | 9,987 | 114,716 | 328 |
| Panama (including Canal Zone) | 4 | 8,085,225 | 225,594 | 100,599 | 70,870 | 230,675 | 17,613 | 46,325 | — | 11,150 | 71,198 | 328 |
| Venezuela | 3 | 9,662,817 | 223,547 | 102,359 | 84,123 | 269,614 | 20,073 | 74,776 | — | 8,815 | 84,451 | 328 |
| **Other Western Hemisphere, total** | 8 | 8,441,598 | 228,669 | 101,216 | 63,494 | 213,078 | 15,969 | 40,594 | — | 11,150 | 63,822 | 328 |
| **Europe, total** | 50 | 20,709,865 | 906,685 | 400,145 | 178,541 | 602,906 | 39,851 | 148,114 | — | 14,640 | 178,869 | 328 |
| Austria | 5 | 6,424,905 | 201,086 | 90,966 | 71,757 | 223,129 | 16,737 | 51,410 | — | 9,931 | 72,085 | 328 |
| Belgium | 9 | 12,601,808 | 356,909 | 157,222 | 122,729 | 389,326 | 29,007 | 105,718 | — | 9,881 | 123,057 | 328 |
| France (including Andorra) | 17 | 14,953,141 | 433,803 | 189,745 | 146,141 | 484,288 | 33,157 | 121,673 | — | 13,150 | 146,469 | 328 |
| Italy (including San Marino) | 13 | 9,516,978 | 457,366 | 204,723 | 86,250 | 245,299 | 23,172 | 58,855 | — | 11,103 | 86,578 | 328 |
| Netherlands | 17 | 9,784,274 | 564,495 | 251,771 | 119,832 | 357,518 | 26,866 | 90,270 | — | 9,973 | 120,160 | 328 |
| Norway | 3 | 2,554,136 | 71,020 | 29,045 | 14,351 | 70,543 | 3,217 | 11,133 | — | — | 14,351 | — |
| Spain | 9 | 11,278,205 | 279,859 | 124,638 | 95,932 | 316,767 | 22,365 | 83,521 | — | 9,698 | 96,260 | 328 |
| Sweden | 8 | 7,298,079 | 251,617 | 110,006 | 78,258 | 207,723 | 18,708 | 56,141 | — | 9,881 | 78,586 | 328 |
| Switzerland | 20 | 13,470,938 | 410,128 | 183,294 | 129,756 | 441,121 | 27,013 | 113,049 | — | 9,749 | 130,084 | 328 |
| United Kingdom | 25 | 15,867,725 | 521,628 | 229,047 | 145,900 | 494,019 | 34,101 | 122,833 | — | 12,263 | 146,228 | 328 |
| West Germany | 28 | 17,038,783 | 490,891 | 215,037 | 146,638 | 504,588 | 31,926 | 122,911 | — | 14,321 | 146,966 | 328 |
| **Africa, total** | 10 | 13,928,217 | 510,953 | 229,877 | 126,913 | 389,610 | 27,937 | 110,167 | — | 9,092 | 127,241 | 328 |
| South Africa (including Namibia) | 7 | 7,711,973 | 393,340 | 176,841 | 80,681 | 213,061 | 18,153 | 58,056 | — | 9,092 | 81,009 | 328 |
| **Asia, total** | 33 | 19,514,339 | 755,477 | 332,231 | 142,635 | 480,914 | 32,400 | 118,990 | — | 12,416 | 142,962 | 328 |
| Hong Kong | 7 | 12,300,289 | 339,974 | 153,266 | 109,318 | 372,261 | 25,063 | 95,191 | — | 8,815 | 109,646 | 328 |
| Japan (including Okinawa and Ryukyus) | 27 | 17,303,312 | 518,003 | 223,502 | 136,756 | 462,094 | 30,910 | 115,344 | — | 11,245 | 137,084 | 328 |
| **Oceania, total** | 18 | 17,895,457 | 627,316 | 281,229 | 148,127 | 500,834 | 31,901 | 124,861 | — | 13,438 | 148,455 | 328 |
| [illegible] | 14 | 13,257,224 | 399,995 | 179,557 | 126,010 | 421,276 | 26,313 | 110,326 | — | 11,103 | 126,338 | 328 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 101,087 | — | 11,440 | 121,259 | 328 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] |

[illegible] 1118 Filed in Support of Foreign Tax Credit Claimed

[illegible] Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign [illegible] Paid—Continued

[All [illegible] based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Transportation equipment, except motor vehicles** | | | | | | | | | | | | |
| **All geographic areas, total** | 814,954 | 328,585 | 171,701 | 78,706 | 235,961 | — | 278,539 | — | 546,985 | 14,209 | -3,639 | 536,415 |
| **Canada** | 248,184 | 124,425 | 69,164 | 13,782 | 40,813 | — | 31,131 | — | 218,258 | 1,149 | 56 | 217,052 |
| **Latin America, total** | 23,077 | 1,806 | 127 | 20,760 | 384 | — | 5,237 | — | 17,835 | -6 | — | 17,840 |
| Brazil | 2,733 | 818 | 70 | 1,719 | 126 | — | 770 | — | 1,808 | -154 | — | 1,962 |
| Mexico | 1,280 | 837 | 33 | 296 | 115 | — | 569 | — | 860 | 149 | — | 711 |
| **Other Western Hemisphere, total** | 17,746 | 5,950 | 235 | 11,561 | — | — | 879 | — | 16,867 | — | — | 16,867 |
| **Europe, total** | 188,704 | 104,191 | 47,554 | 24,068 | 12,891 | — | 61,232 | — | 129,760 | 2,281 | 6 | 127,473 |
| Belgium | 408 | 273 | 210 | -82 | 7 | — | 36 | — | 934 | 563 | — | 372 |
| France (including Andorra) | 3,056 | 1,026 | 866 | 61 | 1,102 | — | 968 | — | 2,485 | 398 | — | 2,088 |
| Italy (including San Marino) | 4,351 | 203 | — | 2,380 | 1,767 | — | 1,506 | — | 2,353 | -492 | — | 2,845 |
| Netherlands | 15,272 | 8,704 | 6,157 | 213 | 197 | — | 2,968 | — | 12,304 | — | — | 12,304 |
| Switzerland | 6,981 | 4,942 | 1,907 | — | 131 | — | 961 | — | 6,020 | — | — | 6,020 |
| United Kingdom | 80,558 | 47,038 | 4,107 | 21,412 | 8,001 | — | 27,357 | — | 54,877 | 1,675 | — | 53,201 |
| West Germany | 77,356 | 41,878 | 34,307 | 84 | 1,087 | — | 27,017 | — | 50,476 | 137 | (1) | 50,339 |
| **Africa, total** | 40,322 | — | — | 40 | 40,282 | — | 11,084 | — | 29,238 | — | — | 29,238 |
| South Africa (including Namibia) | 248 | — | — | 19 | 229 | — | 71 | — | 177 | — | — | 177 |
| **Asia, total** | 158,061 | 6,572 | 8,492 | 2,735 | 140,262 | — | 125,778 | — | 39,454 | 7,168 | 4 | 32,282 |
| Japan (including Okinawa and Ryukyus) | 36,885 | 5,900 | 8,367 | 1,361 | 21,257 | — | 13,501 | — | 25,115 | 1,727 | 4 | 23,384 |
| **Oceania, total** | 116,675 | 71,338 | 46,130 | 755 | 453 | — | 25,032 | — | 93,751 | 108 | — | 93,643 |
| **OPEC countries, total (included above)** | 1,651 | 150 | 24 | 1,249 | 227 | — | 420 | — | 6,385 | 5,154 | — | 1,231 |
| **Tax haven countries, total (included above)** | 162,440 | 20,395 | 8,424 | 26,702 | 106,919 | — | 106,600 | — | 55,927 | 88 | — | 55,840 |
| **Instruments and related products** | | | | | | | | | | | | |
| **All geographic areas, total** | 687,562 | 234,013 | 148,235 | 36,842 | 268,473 | — | 214,095 | — | 608,043 | 18,967 | 115,609 | 473,467 |
| **Canada** | 41,491 | 14,160 | 10,216 | 2,153 | 14,982 | — | 12,272 | — | 35,857 | 314 | 6,323 | 29,220 |
| **Latin America, total** | 59,439 | 32,585 | 19,515 | 1,110 | 6,230 | — | 9,719 | — | 55,416 | 1,603 | 4,094 | 49,720 |
| Brazil | 43,161 | 26,736 | 16,804 | 267 | -646 | — | 3,906 | — | 39,516 | 35 | 226 | 39,255 |
| Mexico | 5,475 | 1,883 | 795 | 396 | 2,402 | — | 2,680 | — | 2,544 | -319 | 68 | 2,795 |
| Panama (including Canal Zone) | 1,170 | 797 | 82 | 284 | 8 | — | 245 | — | 1,067 | — | 141 | 926 |
| Venezuela | 1,521 | 737 | 686 | -58 | 157 | — | 430 | — | 1,353 | — | 261 | 1,092 |
| **Other Western Hemisphere, total** | 9,784 | 8,971 | 86 | — | 727 | — | 628 | — | 9,160 | — | 4 | 9,156 |
| **Europe, total** | 460,652 | 155,393 | 105,822 | 23,707 | 175,731 | — | 141,912 | — | 381,137 | 13,381 | 49,016 | 318,740 |
| Austria | 1,693 | 774 | 613 | — | 305 | — | 291 | — | 1,453 | — | 51 | 1,402 |
| Belgium | 33,351 | 18,900 | 10,899 | 136 | 3,415 | — | 2,207 | — | 31,584 | 135 | 306 | 31,144 |
| France (including Andorra) | 52,196 | 15,114 | 14,522 | 1,524 | 21,036 | — | 23,191 | — | 31,224 | 774 | 1,445 | 29,005 |
| Italy (including San Marino) | 23,760 | 12,206 | 5,407 | 249 | 5,897 | — | 7,135 | — | 18,710 | 772 | 1,314 | 16,625 |
| Netherlands | 45,576 | 16,051 | 4,311 | 10 | 25,204 | — | 15,847 | — | 41,886 | 10,205 | 1,952 | 29,729 |
| Norway | 476 | 304 | 172 | — | (1) | — | 99 | — | 406 | — | 30 | 376 |
| Spain | 4,132 | 866 | 196 | 100 | 2,970 | — | 1,700 | — | 2,337 | — | -96 | 2,432 |
| Sweden | 2,416 | 611 | 661 | 53 | 1,091 | — | 745 | — | 2,107 | 226 | 210 | 1,671 |
| Switzerland | 85,594 | 34,224 | 34,045 | 7,253 | 10,073 | — | 31,552 | — | 54,519 | — | 477 | 54,042 |
| United Kingdom | 75,185 | 19,660 | 8,424 | 6,520 | 40,581 | — | 19,995 | — | 58,281 | 1,404 | 1,688 | 55,190 |
| West Germany | 114,862 | 34,327 | 25,852 | 7,840 | 46,843 | — | 29,195 | — | 89,651 | — | 3,984 | 85,667 |
| **Africa, total** | 6,824 | 5,221 | 785 | 69 | 548 | — | 2,830 | — | 4,320 | — | 526 | 3,794 |
| South Africa (including Namibia) | 2,497 | 1,523 | 683 | 69 | 223 | — | 629 | — | 2,102 | — | 234 | 1,868 |
| **Asia, total** | 69,036 | 12,753 | 9,110 | 3,862 | 43,310 | — | 27,799 | — | 60,592 | 2,357 | 16,998 | 41,237 |
| Hong Kong | 6,458 | 3,650 | 170 | 1,648 | 990 | — | 2,886 | — | 4,411 | 505 | 334 | 3,572 |
| Japan (including Okinawa and Ryukyus) | 37,103 | 4,073 | 6,666 | 1,663 | 24,700 | — | 13,406 | — | 37,053 | 605 | 12,751 | 23,696 |
| **Oceania, total** | 16,036 | 2,295 | 1,462 | 1,591 | 10,689 | — | 9,112 | — | 8,016 | — | 1,092 | 6,924 |
| Australia | 14,433 | 1,752 | 1,053 | 1,440 | 10,189 | — | 8,651 | — | 6,784 | — | 1,001 | 5,782 |
| **Puerto Rico and U.S. Possessions, total** | 6,402 | 157 | 19 | — | 6,225 | — | 2,165 | — | 7,446 | 1,014 | 2,195 | 4,237 |
| **OPEC countries, total (included above)** | 3,821 | 1,789 | 936 | -43 | 1,140 | — | 1,431 | — | 4,229 | 1,214 | 625 | 2,390 |
| **Tax haven countries, total (included above)** | 168,905 | 70,037 | 40,260 | 9,195 | 49,414 | — | 61,303 | — | 121,508 | 10,710 | 3,194 | 107,603 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Transportation equipment, except motor vehicles** | | | | | | | | |
| ***All geographic areas, total*** | 201,791 | 30,090 | 20,438 | 1,580 | 3,074 | 4,889 | 110 | 171,701 |
| **Canada** | 75,681 | 6,517 | 4,400 | 878 | 526 | 713 | — | 69,164 |
| **Latin America, total** | 1,039 | 913 | 610 | 212 | 90 | — | 1 | 127 |
| Brazil | 379 | 309 | 119 | 155 | 35 | — | — | 70 |
| Mexico | 592 | 559 | 460 | 57 | 42 | — | — | 33 |
| **Other Western Hemisphere, total** | 235 | — | — | — | — | — | — | 235 |
| **Europe, total** | 53,814 | 6,260 | 4,679 | 49 | 595 | 912 | 25 | 47,554 |
| Belgium | 373 | 163 | 41 | 38 | — | 84 | — | 210 |
| France (including Andorra) | 1,067 | 201 | 49 | — | 33 | 119 | — | 866 |
| Italy (including San Marino) | 470 | 470 | — | 1 | 470 | — | — | — |
| Netherlands | 6,579 | 422 | 422 | — | — | — | — | 6,157 |
| Switzerland | 1,917 | 10 | 10 | — | — | — | — | 1,907 |
| United Kingdom | 5,122 | 1,015 | 258 | — | 72 | 685 | — | 4,107 |
| West Germany | 38,228 | 3,921 | 3,886 | 10 | (1) | 24 | — | 34,307 |
| **Africa, total** | 26 | 26 | — | — | 26 | — | — | — |
| South Africa (including Namibia) | 26 | 26 | — | — | 26 | — | — | — |
| **Asia, total** | 13,839 | 5,347 | 300 | 147 | 1,756 | 3,129 | 14 | 8,492 |
| Japan (including Okinawa and Ryukyus) | 10,580 | 2,212 | 300 | — | 1,237 | 664 | 11 | 8,367 |
| **Oceania, total** | 56,694 | 10,565 | 10,448 | 23 | 49 | 45 | — | 46,130 |
| **OPEC countries, total (included above)** | 2,425 | 2,401 | 30 | 147 | (1) | 2,223 | 1 | 24 |
| **Tax haven countries, total (included above)** | 8,903 | 479 | 445 | — | 6 | — | 28 | 8,424 |
| **Instruments and related products** | | | | | | | | |
| ***All geographic areas, total*** | 189,212 | 40,977 | 20,596 | 1,403 | 12,601 | 5,236 | 1,141 | 148,235 |
| **Canada** | 14,078 | 3,862 | 1,351 | 331 | 1,132 | 181 | 867 | 10,216 |
| **Latin America, total** | 29,590 | 10,074 | 7,580 | 393 | 1,440 | 641 | 21 | 19,515 |
| Brazil | 22,781 | 5,977 | 5,922 | 39 | (1) | 16 | — | 16,804 |
| Mexico | 2,732 | 1,937 | 1,048 | 166 | 703 | — | 20 | 795 |
| Panama (including Canal Zone) | 240 | 157 | 30 | 128 | — | — | — | 82 |
| Venezuela | 928 | 242 | 176 | 36 | 31 | — | (1) | 686 |
| **Other Western Hemisphere, total** | 66 | — | — | — | — | — | — | 66 |
| **Europe, total** | 119,897 | 14,065 | 8,807 | 228 | 1,526 | 3,338 | 168 | 105,822 |
| Austria | 717 | 104 | 104 | — | — | — | — | 613 |
| Belgium | 11,333 | 434 | 359 | 17 | — | 57 | — | 10,899 |
| France (including Andorra) | 15,741 | 1,218 | 554 | 5 | 219 | 430 | 10 | 14,522 |
| Italy (including San Marino) | 6,456 | 1,049 | 291 | 44 | 528 | 182 | 5 | 5,407 |
| Netherlands | 6,668 | 2,357 | 245 | — | — | 2,112 | — | 4,311 |
| Norway | 217 | 46 | 46 | — | — | — | — | 172 |
| Spain | 839 | 643 | 30 | 17 | 596 | — | — | 196 |
| Sweden | 775 | 114 | 29 | — | — | 85 | — | 661 |
| Switzerland | 35,547 | 1,503 | 1,355 | (1) | — | — | 147 | 34,045 |
| United Kingdom | 9,901 | 1,477 | 837 | 144 | 25 | 471 | — | 8,424 |
| West Germany | 30,775 | 4,922 | 4,899 | — | 17 | — | 6 | 25,852 |
| **Africa, total** | 913 | 128 | 111 | 7 | 4 | — | 6 | 785 |
| South Africa (including Namibia) | 774 | 91 | 84 | 7 | — | — | — | 683 |
| **Asia, total** | 17,142 | 8,032 | 944 | 227 | 6,221 | 621 | 17 | 9,110 |
| Hong Kong | 170 | — | — | — | — | — | — | 170 |
| Japan (including Okinawa and Ryukyus) | 9,219 | 2,552 | 181 | 142 | 1,686 | 544 | — | 6,666 |
| **Oceania, total** | 2,310 | 848 | 148 | 149 | 551 | — | — | 1,462 |
| Australia | 1,816 | 765 | 91 | 134 | 540 | — | — | 1,053 |
| **Puerto Rico and U.S. Possessions, total** | 3,468 | 3,449 | 1,472 | — | 1,610 | 349 | 18 | 19 |
| [illegible] | [illegible] | 626 | 310 | 36 | 282 | — | (1) | 936 |
| [illegible] | [illegible] | [illegible] | 1,734 | 139 | [illegible] | 2,112 | 147 | 40,260 |

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **All other manufacturing** | | | | | | | | | | | | |
| **All geographic areas, total** | 713 | 289,584,939 | 18,398,794 | 7,765,411 | 1,495,720 | 4,229,377 | 360,471 | 1,183,175 | 231 | 131,548 | 1,495,755 | 35 |
| **Canada** | 434 | 270,489,613 | 16,808,501 | 7,080,282 | 1,436,401 | 4,024,995 | 344,151 | 1,144,244 | 43 | 119,649 | 1,436,437 | 35 |
| **Latin America, total** | 172 | 235,699,202 | 13,151,220 | 5,560,476 | 1,387,133 | 3,797,762 | 338,172 | 1,091,286 | 43 | 114,324 | 1,387,168 | 35 |
| Brazil | 68 | 165,139,936 | 9,635,860 | 4,085,433 | 1,188,971 | 3,157,255 | 280,403 | 954,351 | — | 87,525 | 1,188,987 | 16 |
| Ecuador | 25 | 109,716,706 | 5,717,979 | 2,524,569 | 767,846 | 1,874,276 | 186,128 | 584,206 | — | 56,898 | 767,861 | 15 |
| Mexico | 138 | 214,954,287 | 12,087,824 | 5,155,519 | 1,348,160 | 3,674,105 | 330,788 | 1,061,915 | 43 | 108,008 | 1,348,195 | 35 |
| Panama (including Canal Zone) | 33 | 146,874,524 | 7,182,155 | 3,037,547 | 892,942 | 2,305,117 | 211,876 | 699,616 | — | 40,088 | 892,943 | 1 |
| Venezuela | 45 | 159,605,471 | 8,443,460 | 3,607,319 | 924,466 | 2,344,444 | 218,272 | 724,544 | — | 50,125 | 924,500 | 35 |
| **Other Western Hemisphere, total** | 58 | 178,664,901 | 8,794,087 | 3,613,707 | 975,163 | 2,675,113 | 234,052 | 792,581 | — | 75,940 | 975,183 | 20 |
| The Bahamas | 17 | 79,537,223 | 3,246,552 | 1,323,070 | 402,404 | 1,028,158 | 86,031 | 299,542 | — | 34,296 | 402,404 | 1 |
| Bermuda | 32 | 134,879,714 | 6,619,899 | 2,819,576 | 801,394 | 2,214,737 | 200,647 | 654,189 | — | 54,347 | 801,414 | 19 |
| Netherlands Antilles | 26 | 125,589,903 | 4,998,787 | 2,032,812 | 583,486 | 1,462,592 | 153,858 | 455,116 | — | 38,043 | 583,486 | — |
| **Europe, total** | 265 | 251,079,465 | 14,724,398 | 6,263,380 | 1,454,027 | 4,007,998 | 345,146 | 1,156,771 | 43 | 125,269 | 1,454,062 | 35 |
| Austria | 39 | 126,001,092 | 6,877,094 | 2,956,160 | 778,307 | 2,161,172 | 184,006 | 653,434 | — | 45,549 | 778,307 | — |
| Belgium | 67 | 159,145,067 | 9,284,974 | 3,975,956 | 1,003,805 | 2,690,173 | 234,757 | 795,870 | 43 | 97,872 | 1,003,825 | 20 |
| Denmark | 43 | 125,463,378 | 6,501,661 | 2,754,294 | 906,773 | 2,301,449 | 195,851 | 896,360 | — | 74,667 | 906,773 | — |
| France (including Andorra) | 115 | 189,349,341 | 10,910,274 | 4,615,982 | 1,310,725 | 3,557,992 | 303,990 | 1,053,029 | — | 100,489 | 1,310,760 | 35 |
| Italy (including San Marino) | 97 | 191,125,008 | 10,764,606 | 4,568,486 | 1,243,300 | 3,366,154 | 286,573 | 1,004,218 | — | 97,898 | 1,243,320 | 20 |
| Luxembourg | 7 | 20,226,512 | 1,031,129 | 420,629 | 129,056 | 346,779 | 34,571 | 103,037 | — | — | 129,056 | — |
| Netherlands | 74 | 169,583,343 | 9,668,672 | 4,104,953 | 1,095,690 | 2,964,781 | 256,964 | 887,988 | — | 78,143 | 1,095,725 | 35 |
| Norway | 30 | 56,569,342 | 4,470,806 | 1,943,362 | 594,725 | 1,494,636 | 122,418 | 459,676 | — | 50,735 | 594,725 | — |
| Spain | 70 | 164,853,257 | 9,363,705 | 3,982,686 | 1,058,879 | 2,938,267 | 258,217 | 855,007 | 43 | 73,678 | 1,058,894 | 15 |
| Sweden | 58 | 166,363,778 | 8,635,360 | 3,689,189 | 1,132,226 | 3,028,326 | 256,479 | 933,704 | 43 | 77,482 | 1,132,245 | 19 |
| Switzerland | 57 | 162,580,529 | 9,090,902 | 3,853,804 | 1,121,308 | 3,057,314 | 260,462 | 903,302 | — | 83,549 | 1,121,328 | 20 |
| United Kingdom | 179 | 230,061,592 | 13,099,861 | 5,541,574 | 1,375,688 | 3,745,510 | 319,628 | 1,102,089 | 43 | 118,936 | 1,375,723 | 35 |
| West Germany | 124 | 207,438,116 | 11,772,619 | 4,998,374 | 1,334,397 | 3,593,142 | 315,301 | 1,066,336 | 43 | 105,680 | 1,334,417 | 20 |
| **Africa, total** | 108 | 197,152,453 | 11,241,035 | 4,781,907 | 1,285,808 | 3,528,621 | 308,612 | 1,021,351 | — | 97,051 | 1,285,843 | 35 |
| Liberia | 3 | 13,569,482 | 533,061 | 191,830 | 72,997 | 181,143 | 19,709 | 56,293 | — | — | 72,997 | — |
| South Africa (including Namibia) | 100 | 178,011,230 | 10,347,444 | 4,449,918 | 1,176,956 | 3,205,818 | 287,781 | 939,512 | — | 80,801 | 1,176,990 | 35 |
| **Asia, total** | 279 | 242,423,298 | 14,327,033 | 6,083,628 | 1,396,613 | 3,887,999 | 335,686 | 1,104,087 | 43 | 120,130 | 1,396,648 | 35 |
| Hong Kong | 56 | 157,432,645 | 9,240,010 | 3,934,170 | 929,323 | 2,362,061 | 209,507 | 709,693 | — | 82,359 | 929,343 | 20 |
| Indonesia | 25 | 127,986,896 | 6,665,211 | 2,807,621 | 763,011 | 2,087,025 | 197,958 | 625,255 | — | 32,428 | 763,011 | — |
| Japan (including Okinawa and Ryukyus) | 249 | 232,207,528 | 13,275,045 | 5,621,762 | 1,343,331 | 3,730,034 | 324,037 | 1,069,228 | 43 | 106,578 | 1,343,366 | 35 |
| Philippines | 41 | 154,363,477 | 7,927,879 | 3,342,843 | 944,330 | 2,559,352 | 233,964 | 764,512 | — | 42,789 | 944,331 | 1 |
| **Oceania, total** | 211 | 229,199,230 | 12,735,636 | 5,416,318 | 1,356,418 | 3,698,051 | 322,473 | 1,075,278 | 43 | 114,905 | 1,356,454 | 35 |
| Australia | 201 | 226,380,290 | 12,612,921 | 5,364,589 | 1,352,392 | 3,683,648 | 320,168 | 1,072,848 | 43 | 114,900 | 1,352,408 | 16 |
| **Puerto Rico and U.S. Possessions, total** | 60 | 133,275,239 | 7,159,108 | 3,022,169 | 791,194 | 2,027,097 | 185,606 | 592,263 | 168 | 74,734 | 791,194 | — |
| **OPEC countries, total (included above)** | 63 | 183,215,867 | 10,107,680 | 4,289,205 | 1,150,699 | 3,153,858 | 283,311 | 919,524 | — | 69,454 | 1,150,734 | 35 |
| **Tax haven countries, total (included above)** | 144 | 239,526,713 | 13,527,653 | 5,712,864 | 1,397,522 | 3,837,245 | 329,770 | 1,114,922 | — | 112,009 | 1,397,557 | 35 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **All other manufacturing** | | | | | | | | | | | | |
| **All geographic areas, total** | 5,347,992 | 2,020,692 | 1,183,176 | 194,036 | 1,950,089 | — | 1,202,408 | — | 4,229,377 | -62,151 | 145,944 | 4,145,584 |
| **Canada** | 1,229,020 | 515,608 | 333,152 | 42,598 | 337,662 | — | 138,366 | — | 1,098,888 | 6,383 | 1,851 | 1,090,653 |
| **Latin America, total** | 515,649 | 273,886 | 122,641 | 19,636 | 99,486 | — | 138,762 | — | 363,423 | -17,761 | 4,296 | 376,888 |
| Brazil | 224,538 | 143,106 | 67,150 | 4,158 | 10,124 | — | 41,559 | — | 155,735 | -27,386 | 142 | 182,979 |
| Ecuador | 7,063 | 2,813 | 768 | 209 | 3,272 | — | 2,767 | — | 4,380 | — | 85 | 4,296 |
| Mexico | 88,049 | 42,217 | 8,547 | 4,783 | 32,502 | — | 45,140 | — | 47,475 | 1,968 | 2,598 | 42,909 |
| Panama (including Canal Zone) | 39,805 | 20,071 | 16,261 | 423 | 3,051 | — | 4,525 | — | 35,417 | 62 | 73 | 35,281 |
| Venezuela | 23,459 | 12,676 | 7,098 | 1,935 | 1,750 | — | 7,388 | — | 16,745 | 24 | 650 | 16,071 |
| **Other Western Hemisphere, total** | 118,443 | 96,804 | 18,999 | 1,301 | 1,338 | — | 17,760 | — | 101,925 | 717 | 526 | 100,682 |
| The Bahamas | 12,693 | 10,419 | 46 | 1,137 | 1,091 | — | 3,256 | — | 8,927 | -538 | 30 | 9,436 |
| Bermuda | 14,103 | 14,974 | 83 | 39 | -993 | — | 2,244 | — | 11,877 | 4 | 14 | 11,860 |
| Netherlands Antilles | 90,808 | 71,412 | 18,869 | 111 | 416 | — | 11,578 | — | 79,741 | — | 511 | 79,230 |
| **Europe, total** | 2,238,513 | 840,690 | 522,077 | 83,850 | 791,896 | — | 557,094 | — | 1,629,606 | -66,904 | 15,091 | 1,681,419 |
| Austria | 14,824 | 6,156 | 3,891 | — | 4,777 | — | 2,488 | — | 12,394 | (1) | 59 | 12,336 |
| Belgium | 80,251 | 17,576 | 7,580 | 1,388 | 53,708 | — | 34,609 | — | 49,454 | 2,654 | 1,158 | 45,642 |
| Denmark | 17,977 | 5,933 | 5,167 | 599 | 6,278 | — | 3,857 | — | 14,166 | 8 | 39 | 14,120 |
| France (including Andorra) | 216,432 | 64,977 | 57,637 | 3,952 | 89,866 | — | 51,628 | — | 169,522 | 2,346 | 2,373 | 164,804 |
| Italy (including San Marino) | 129,928 | 38,734 | 25,144 | 863 | 65,187 | — | 28,326 | — | 112,283 | 9,100 | 1,580 | 101,603 |
| Luxembourg | 27,512 | 12,072 | 9,725 | — | 5,715 | — | 4,654 | — | 22,920 | 11 | 52 | 22,858 |
| Netherlands | 117,911 | 36,382 | 18,486 | 6,026 | 57,017 | — | 38,909 | — | 80,774 | -1,062 | 2,833 | 79,003 |
| Norway | 18,802 | 6,297 | 3,333 | 4 | 9,168 | — | 2,629 | — | 18,551 | 2,248 | 130 | 16,173 |
| Spain | 57,434 | 20,870 | 8,985 | 13 | 27,567 | — | 13,870 | — | 29,739 | -14,190 | 365 | 43,564 |
| Sweden | 66,461 | 31,883 | 20,111 | 1,260 | 13,208 | — | 11,424 | — | 55,264 | 6 | 220 | 55,038 |
| Switzerland | 198,613 | 99,573 | 21,865 | 570 | 76,605 | — | 47,999 | — | 167,395 | 12,659 | 4,122 | 150,614 |
| United Kingdom | 534,723 | 220,241 | 86,160 | 48,883 | 179,439 | — | 105,147 | — | 348,041 | -81,567 | 31 | 429,577 |
| West Germany | 631,912 | 246,452 | 247,011 | 13,574 | 124,875 | — | 165,588 | — | 469,061 | 950 | 1,786 | 466,325 |
| **Africa, total** | 186,105 | 28,090 | 18,523 | 1,983 | 137,508 | — | 78,930 | — | 107,880 | 95 | 390 | 107,175 |
| Liberia | 4,191 | 2,883 | 993 | 316 | — | — | 506 | — | 3,685 | — | — | 3,685 |
| South Africa (including Namibia) | 62,032 | 22,346 | 15,520 | 912 | 23,254 | — | 8,416 | — | 54,032 | 95 | 321 | 53,616 |
| **Asia, total** | 595,126 | 130,532 | 86,755 | 7,277 | 370,584 | — | 132,477 | — | 468,575 | 2,952 | 2,973 | 462,850 |
| Hong Kong | 72,919 | 28,854 | 4,664 | 822 | 38,580 | — | 26,687 | — | 48,227 | 569 | 1,425 | 46,232 |
| Indonesia | 10,506 | 4,516 | 2,668 | -1,337 | 4,659 | — | 2,899 | — | 7,746 | — | 138 | 7,608 |
| Japan (including Okinawa and Ryukyus) | 350,351 | 41,002 | 60,597 | 4,380 | 244,372 | — | 54,433 | — | 298,680 | 1,890 | -1,127 | 295,918 |
| Philippines | 37,797 | 17,722 | 9,866 | 517 | 9,693 | — | 7,089 | — | 30,076 | -373 | -260 | 30,708 |
| **Oceania, total** | 289,414 | 90,797 | 78,304 | 5,306 | 115,007 | — | 66,243 | — | 224,427 | 79 | 1,176 | 223,171 |
| Australia | 256,789 | 83,277 | 69,636 | 4,221 | 99,655 | — | 57,320 | — | 200,621 | 174 | 978 | 199,469 |
| **Puerto Rico and U.S. Possessions, total** | 35,186 | 3,005 | 2,066 | 4,290 | 25,826 | — | 14,726 | — | 37,316 | 13,428 | 3,428 | 20,460 |
| **OPEC countries, total (included above)** | 162,475 | 28,588 | 10,925 | 1,725 | 121,237 | — | 81,084 | — | 83,393 | -59 | 2,062 | 81,391 |
| **Tax haven countries, total (included above)** | 678,068 | 352,459 | 106,737 | 18,511 | 202,361 | — | 159,681 | — | 540,756 | 12,981 | 9,408 | 518,387 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **All other manufacturing** | | | | | | | | |
| **All geographic areas, total** | 1,543,646 | 360,471 | 205,990 | 12,537 | 70,440 | 38,846 | 34,658 | 1,183,175 |
| **Canada** | 400,600 | 67,448 | 42,463 | 5,073 | 12,932 | 3,536 | 3,444 | 333,152 |
| **Latin America, total** | 238,294 | 115,652 | 68,603 | 3,218 | 14,370 | 14,404 | 15,057 | 122,641 |
| Brazil | 106,171 | 39,020 | 34,173 | 706 | 660 | 953 | 2,529 | 67,150 |
| Ecuador | 2,898 | 2,129 | 895 | 80 | 716 | — | 438 | 768 |
| Mexico | 52,567 | 44,020 | 24,217 | 2,132 | 6,063 | 8,561 | 3,048 | 8,547 |
| Panama (including Canal Zone) | 17,707 | 1,446 | 1,084 | 66 | 291 | 5 | — | 16,261 |
| Venezuela | 12,617 | 5,519 | 2,575 | 126 | 345 | 87 | 2,387 | 7,098 |
| **Other Western Hemisphere, total** | 19,820 | 822 | 814 | — | 8 | — | — | 18,999 |
| The Bahamas | 46 | — | — | — | — | — | — | 46 |
| Bermuda | 83 | — | — | — | — | — | — | 83 |
| Netherlands Antilles | 19,683 | 814 | 814 | — | — | — | — | 18,869 |
| **Europe, total** | 630,610 | 108,533 | 76,076 | 2,789 | 12,722 | 10,755 | 6,191 | 522,077 |
| Austria | 4,620 | 729 | 559 | — | 118 | — | 51 | 3,891 |
| Belgium | 11,094 | 3,515 | 2,324 | 88 | 151 | 693 | 259 | 7,580 |
| Denmark | 5,464 | 298 | 298 | — | — | — | — | 5,167 |
| France (including Andorra) | 64,625 | 6,989 | 2,450 | 57 | 2,391 | 1,284 | 807 | 57,637 |
| Italy (including San Marino) | 37,073 | 11,929 | 3,275 | 62 | 4,439 | 2,938 | 1,216 | 25,144 |
| Luxembourg | 10,069 | 344 | 344 | — | — | — | — | 9,725 |
| Netherlands | 20,010 | 1,524 | 1,505 | — | 3 | — | 17 | 18,486 |
| Norway | 4,525 | 1,192 | 602 | — | — | 590 | — | 3,333 |
| Spain | 16,811 | 7,827 | 3,706 | 1 | 3,023 | 142 | 955 | 8,985 |
| Sweden | 21,165 | 1,054 | 1,040 | — | 14 | — | — | 20,111 |
| Switzerland | 32,651 | 10,786 | 7,243 | — | 615 | 2,527 | 401 | 21,865 |
| United Kingdom | 99,468 | 13,308 | 8,807 | 30 | 745 | 2,088 | 1,638 | 86,160 |
| West Germany | 293,854 | 46,843 | 43,585 | 2,552 | 112 | 5 | 588 | 247,011 |
| **Africa, total** | 25,820 | 7,296 | 2,279 | 152 | 4,228 | 225 | 412 | 18,523 |
| Liberia | 1,237 | 245 | 150 | 95 | — | — | — | 993 |
| South Africa (including Namibia) | 20,823 | 5,304 | 1,836 | 57 | 3,165 | 214 | 31 | 15,520 |
| **Asia, total** | 125,930 | 39,175 | 10,046 | 512 | 19,717 | 479 | 6,422 | 86,755 |
| Hong Kong | 5,182 | 519 | — | 31 | 104 | 76 | 308 | 4,664 |
| Indonesia | 4,463 | 1,795 | 903 | 4 | 579 | — | 309 | 2,668 |
| Japan (including Okinawa and Ryukyus) | 81,875 | 21,279 | 2,740 | 175 | 12,147 | 348 | 5,869 | 60,597 |
| Philippines | 14,718 | 4,853 | 2,675 | 77 | 1,743 | 45 | 313 | 9,866 |
| **Oceania, total** | 89,600 | 11,296 | 4,972 | 416 | 4,418 | 1,292 | 197 | 78,304 |
| Australia | 79,225 | 9,589 | 4,186 | 313 | 3,605 | 1,292 | 192 | 69,636 |
| **Puerto Rico and U.S. Possessions, total** | 9,624 | 7,558 | 501 | 89 | 894 | 5,226 | 848 | 2,066 |
| **OPEC countries, total (included above)** | 21,809 | 10,885 | 4,373 | 210 | 3,047 | 87 | 3,168 | 10,925 |
| **Tax haven countries, total (included above)** | 125,278 | 18,541 | 11,929 | 226 | 2,494 | 2,858 | 1,035 | 106,737 |

Footnotes at end of table.

### Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Transportation and public utilities** | | | | | | | | | | | | |
| **All geographic areas, total** | 159 | 257,999,231 | 8,878,070 | 3,738,514 | 232,019 | 1,701,947 | 59,810 | 164,110 | 3 | 17,000 | 232,025 | 6 |
| **Canada** | 42 | 189,896,483 | 6,340,235 | 2,685,931 | 217,598 | 1,497,800 | 53,163 | 155,828 | — | 16,039 | 217,604 | 6 |
| **Latin America, total** | 24 | 189,150,407 | 6,114,910 | 2,559,124 | 211,956 | 1,547,606 | 52,897 | 154,528 | — | 6,224 | 211,962 | 6 |
| Brazil | 9 | 143,275,086 | 4,926,851 | 2,061,451 | 182,873 | 1,404,460 | 45,318 | 135,887 | — | 2,873 | 182,879 | 6 |
| Ecuador | 3 | 47,626,831 | 1,377,045 | 479,701 | 134,273 | 372,477 | 28,723 | 105,550 | — | — | 134,273 | — |
| Mexico | 16 | 87,236,170 | 3,399,478 | 1,340,675 | 173,266 | 518,537 | 39,547 | 131,013 | — | 2,873 | 173,266 | — |
| Panama (including Canal Zone) | 5 | 115,383,373 | 2,997,813 | 1,240,651 | 172,440 | 1,391,677 | 42,084 | 130,361 | — | — | 172,446 | 6 |
| Venezuela | 9 | 129,837,898 | 3,641,131 | 1,467,446 | 193,463 | 1,417,223 | 46,659 | 140,918 | — | 6,211 | 193,469 | 6 |
| **Other Western Hemisphere, total** | 23 | 215,897,155 | 6,224,238 | 2,577,166 | 214,516 | 1,538,645 | 50,327 | 158,409 | — | 6,224 | 214,522 | 6 |
| The Bahamas | 4 | 56,559,892 | 1,500,433 | 542,373 | 155,956 | 425,861 | 34,435 | 121,508 | — | 13 | 155,956 | — |
| Bermuda | 7 | 59,112,868 | 1,691,303 | 618,035 | 181,579 | 505,606 | 39,511 | 136,258 | — | 6,211 | 181,579 | — |
| **Europe, total** | 92 | 155,925,545 | 4,275,827 | 1,705,793 | 200,431 | 1,568,782 | 51,685 | 143,876 | — | 6,336 | 200,437 | 6 |
| Austria | 4 | 113,288,689 | 3,007,493 | 1,243,344 | 159,017 | 1,315,909 | 36,307 | 119,842 | — | 2,873 | 159,023 | 6 |
| Belgium | 8 | 129,427,959 | 3,476,157 | 1,392,761 | 190,542 | 1,408,775 | 46,288 | 138,048 | — | 6,211 | 190,548 | 6 |
| Denmark | 7 | 124,661,056 | 3,394,009 | 1,355,825 | 181,309 | 1,382,815 | 42,912 | 135,526 | — | 2,890 | 181,315 | 6 |
| France (including Andorra) | 7 | 124,482,783 | 3,376,996 | 1,348,538 | 181,392 | 1,383,212 | 42,940 | 135,584 | — | 2,873 | 181,398 | 6 |
| Italy (including San Marino) | 9 | 128,144,426 | 3,486,836 | 1,407,025 | 169,681 | 1,341,713 | 41,849 | 127,907 | — | 13 | 169,687 | 6 |
| Luxembourg | 3 | 46,386,678 | 1,165,151 | 426,478 | 142,855 | 389,428 | 31,445 | 108,072 | — | 3,338 | 142,855 | — |
| Netherlands | 6 | 113,536,206 | 3,113,676 | 1,276,552 | 146,394 | 1,277,866 | 35,289 | 111,108 | — | 16 | 146,400 | 6 |
| Norway | 4 | 113,357,934 | 3,082,868 | 1,262,920 | 146,304 | 1,277,451 | 35,260 | 111,050 | — | — | 146,310 | 6 |
| Spain | 7 | 121,711,996 | 3,360,194 | 1,369,194 | 147,141 | 1,280,716 | 35,752 | 111,382 | — | 13 | 147,147 | 6 |
| Sweden | 7 | 122,431,369 | 3,304,103 | 1,333,744 | 168,938 | 1,348,895 | 40,310 | 122,422 | — | 6,211 | 168,944 | 6 |
| Switzerland | 76 | 124,510,919 | 3,372,438 | 1,346,421 | 181,808 | 1,388,545 | 44,215 | 135,829 | — | 2,970 | 181,814 | 6 |
| United Kingdom | 19 | 143,160,441 | 4,013,639 | 1,605,326 | 190,313 | 1,546,915 | 47,669 | 141,208 | — | 2,902 | 190,319 | 6 |
| West Germany | 10 | 133,549,982 | 3,692,134 | 1,473,903 | 182,667 | 1,388,427 | 43,506 | 136,350 | — | 2,886 | 182,673 | 6 |
| **Africa, total** | 13 | 137,063,700 | 3,701,321 | 1,476,072 | 192,071 | 1,411,677 | 46,774 | 139,163 | 3 | 6,224 | 192,077 | 6 |
| South Africa (including Namibia) | 8 | 118,506,069 | 3,260,995 | 1,314,441 | 159,644 | 1,323,727 | 36,934 | 119,842 | — | 2,873 | 159,650 | 6 |
| **Asia, total** | 22 | 154,161,006 | 5,334,152 | 2,225,705 | 185,869 | 1,414,382 | 47,038 | 137,494 | 3 | 3,592 | 185,875 | 6 |
| Hong Kong | 5 | 113,357,934 | 3,089,765 | 1,266,093 | 146,390 | 1,277,857 | 35,289 | 111,108 | — | — | 146,396 | 6 |
| Indonesia | 3 | 47,626,831 | 1,377,045 | 479,701 | 134,273 | 372,477 | 28,723 | 105,550 | — | — | 134,273 | — |
| Japan (including Okinawa and Ryukyus) | 17 | 134,846,732 | 3,734,670 | 1,490,482 | 184,423 | 1,396,122 | 45,591 | 137,494 | — | 3,576 | 184,429 | 6 |
| Philippines | 7 | 127,413,167 | 3,388,581 | 1,379,414 | 181,412 | 1,377,514 | 42,674 | 135,858 | — | 2,686 | 181,418 | 6 |
| **Oceania, total** | 16 | 130,327,949 | 3,757,356 | 1,509,521 | 193,763 | 1,473,684 | 48,092 | 144,474 | — | 2,873 | 193,769 | 6 |
| **Puerto Rico and U.S. Possessions, total** | 19 | 135,973,096 | 3,950,821 | 1,582,891 | 192,207 | 1,462,986 | 46,362 | 143,684 | — | 3,045 | 192,213 | 6 |
| **OPEC countries, total (included above)** | 11 | 136,389,449 | 3,918,359 | 1,574,581 | 194,987 | 1,421,254 | 47,138 | 142,033 | — | 6,224 | 194,993 | 6 |
| **Tax haven countries, total (included above)** | 96 | 221,294,980 | 6,508,187 | 2,662,076 | 215,735 | 1,552,613 | 52,285 | 158,770 | — | 6,336 | 215,741 | 6 |

Footnotes at end of table.

### Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Transportation and public utilities** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,961,694 | 428,294 | 164,110 | 70,807 | 2,298,483 | 14,419 | 1,376,497 | 8,370 | 1,701,947 | 28,261 | 88,489 | 1,585,197 |
| **Canada** | 261,830 | 106,125 | 64,006 | 1,464 | 90,234 | 14,349 | 60,518 | 8,270 | 203,004 | 1,692 | — | 201,312 |
| **Latin America, total** | 486,910 | 21,304 | 6,428 | 30,824 | 428,354 | — | 335,699 | — | 159,052 | 7,840 | — | 151,211 |
| Brazil | 28,624 | 12 | 3 | 9,165 | 19,444 | — | 14,933 | — | 13,691 | — | — | 13,691 |
| Ecuador | 139 | — | — | — | 139 | — | 54 | — | -129 | -215 | — | 85 |
| Mexico | 86,951 | 2,704 | 554 | 10,415 | 73,278 | — | 69,312 | — | 17,639 | — | — | 17,639 |
| Panama (including Canal Zone) | 7,544 | 3,560 | 3,627 | 55 | 301 | — | 46 | — | 7,606 | 109 | — | 7,498 |
| Venezuela | 29,944 | 4,501 | 2,042 | 3,727 | 19,674 | — | 8,019 | — | 25,760 | 3,834 | — | 21,925 |
| **Other Western Hemisphere, total** | 171,949 | 177,469 | 20,206 | 1,575 | -27,302 | — | 38,588 | — | 132,244 | — | -1,117 | 133,361 |
| The Bahamas | 1,008 | 358 | — | 511 | 139 | — | 107 | — | 901 | — | — | 901 |
| Bermuda | 7,205 | 6,321 | — | 791 | 93 | — | 1,928 | — | 5,277 | — | — | 5,277 |
| **Europe, total** | 971,558 | 87,158 | 39,266 | 2,705 | 842,429 | — | 475,953 | — | 582,011 | 214 | 86,193 | 495,605 |
| Austria | 1,821 | 802 | 731 | — | 288 | — | 243 | — | 1,578 | — | — | 1,578 |
| Belgium | 5,788 | 2,948 | 240 | [1] | 2,599 | — | 1,825 | — | 4,010 | 47 | — | 3,963 |
| Denmark | 1,808 | 881 | 259 | — | 668 | — | 298 | — | 1,561 | 50 | — | 1,511 |
| France (including Andorra) | 67,641 | 1,800 | 1,553 | [1] | 64,287 | — | 21,725 | — | 45,936 | 20 | — | 45,915 |
| Italy (including San Marino) | 94,489 | 27,183 | 8,960 | 33 | 58,314 | — | 24,540 | — | 70,051 | 102 | — | 69,949 |
| Luxembourg | 497 | — | — | — | 497 | — | 122 | — | 375 | — | — | 375 |
| Netherlands | 30,819 | 415 | 86 | 628 | 29,689 | — | 11,605 | — | 19,214 | — | — | 19,214 |
| Norway | 3,668 | — | — | — | 3,668 | — | 1,494 | — | 2,174 | — | — | 2,174 |
| Spain | 18,392 | 1,333 | 668 | 14 | 16,376 | — | 5,729 | — | 12,503 | -160 | — | 12,663 |
| Sweden | 36,634 | 7,141 | 1,719 | 72 | 27,702 | — | 11,549 | — | 25,085 | — | — | 25,085 |
| Switzerland | 65,550 | 24,751 | 11,494 | 1,323 | 27,982 | — | 19,131 | — | 46,419 | — | — | 46,419 |
| United Kingdom | 237,047 | 12,430 | 5,273 | 341 | 219,004 | — | 83,015 | — | 240,309 | 83 | 86,193 | 154,032 |
| West Germany | 154,793 | 6,597 | 7,783 | 293 | 140,120 | — | 57,501 | — | 97,311 | 18 | — | 97,292 |
| **Africa, total** | 10,799 | 180 | 132 | 89 | 10,398 | 70 | 8,634 | — | 1,140 | -1,026 | — | 2,165 |
| South Africa (including Namibia) | 1,914 | 110 | 74 | — | 1,729 | — | 872 | — | 1,042 | — | — | 1,042 |
| **Asia, total** | 394,368 | 26,278 | 25,287 | 29,601 | 313,202 | — | 142,537 | — | 287,073 | 15,242 | — | 251,831 |
| Hong Kong | 31,315 | 2,137 | 470 | — | 28,708 | — | 11,597 | — | 19,703 | -15 | — | 19,718 |
| Indonesia | 220 | — | — | — | 220 | — | 38 | — | 184 | — | — | 184 |
| Japan (including Okinawa and Ryukyus) | 180,616 | 22,589 | 24,579 | 1,132 | 132,315 | — | 60,222 | — | 121,011 | 617 | — | 120,394 |
| Philippines | 24,624 | — | — | 26 | 24,599 | — | 7,899 | — | 16,904 | 179 | — | 16,725 |
| **Oceania, total** | 84,826 | 8,974 | 8,239 | 78 | 67,534 | — | 34,321 | 100 | 50,817 | 312 | — | 50,505 |
| **Puerto Rico and U.S. Possessions, total** | 8,282 | 794 | 546 | 712 | 6,230 | — | 6,683 | — | 6,542 | 3,983 | 939 | 1,620 |
| **OPEC countries, total (included above)** | 74,304 | 5,689 | 2,141 | 31,920 | 34,554 | — | 26,384 | — | 88,333 | 18,393 | — | 47,940 |
| **Tax haven countries, total (included above)** | 325,468 | 217,604 | 36,607 | 8,577 | 62,480 | — | 85,496 | — | 238,784 | -72 | -1,117 | 239,972 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Transportation and public utilities** | | | | | | | | |
| **All geographic areas, total** | **223,920** | **59,810** | **23,282** | **4,702** | **11,617** | **6,791** | **13,418** | **164,110** |
| **Canada** | **77,962** | **13,957** | **8,491** | **210** | **1,046** | **802** | **3,407** | **64,006** |
| **Latin America, total** | **19,213** | **12,785** | **1,644** | **4,159** | **1,953** | **2,074** | **2,955** | **6,428** |
| Brazil | 2,641 | 2,638 | — | 1,650 | 822 | — | 166 | 3 |
| Ecuador | — | — | — | — | — | — | — | — |
| Mexico | 5,159 | 4,604 | 666 | 1,792 | 590 | — | 1,556 | 554 |
| Panama (including Canal Zone) | 4,080 | 453 | 356 | 38 | 7 | 23 | 29 | 3,627 |
| Venezuela | 3,405 | 1,363 | 577 | 618 | 29 | — | 138 | 2,042 |
| **Other Western Hemisphere, total** | **21,325** | **1,119** | **1,087** | **22** | **10** | — | — | **20,206** |
| The Bahamas | 22 | 22 | — | 22 | — | — | — | — |
| Bermuda | — | — | — | — | — | — | — | — |
| **Europe, total** | **50,819** | **11,553** | **8,223** | **307** | **1,325** | **160** | **1,540** | **39,266** |
| Austria | 767 | 36 | 35 | — | — | — | (1) | 731 |
| Belgium | 668 | 428 | 417 | — | — | 11 | — | 240 |
| Denmark | 268 | 9 | 9 | — | — | — | — | 259 |
| France (including Andorra) | 2,134 | 580 | 102 | — | 479 | — | — | 1,553 |
| Italy (including San Marino) | 12,855 | 3,895 | 3,460 | — | 200 | 47 | 188 | 8,960 |
| Luxembourg | — | — | — | — | — | — | — | — |
| Netherlands | 86 | — | — | — | — | — | — | 86 |
| Norway | — | — | — | — | — | — | — | — |
| Spain | 1,461 | 793 | 145 | — | 452 | 34 | 163 | 668 |
| Sweden | 1,775 | 56 | 55 | — | 1 | — | — | 1,719 |
| Switzerland | 13,417 | 1,923 | 1,616 | 307 | — | — | — | 11,494 |
| United Kingdom | 6,977 | 1,704 | 568 | — | 4 | 29 | 1,103 | 5,273 |
| West Germany | 9,567 | 1,784 | 1,763 | — | — | 34 | -12 | 7,783 |
| **Africa, total** | **528** | **397** | **16** | — | **87** | **243** | **51** | **132** |
| South Africa (including Namibia) | 193 | 118 | 16 | — | 87 | — | 16 | 74 |
| **Asia, total** | **39,297** | **14,010** | **2,459** | — | **5,476** | **1,729** | **4,345** | **25,287** |
| Hong Kong | 482 | 12 | — | — | 1 | 11 | — | 470 |
| Indonesia | 3 | 3 | — | — | 3 | — | — | — |
| Japan (including Okinawa and Ryukyus) | 33,197 | 8,617 | 2,155 | — | 4,430 | 932 | 1,100 | 24,579 |
| Philippines | 171 | 171 | — | — | 50 | 116 | 6 | — |
| **Oceania, total** | **11,342** | **3,103** | **1,359** | — | **590** | **246** | **907** | **8,239** |
| **Puerto Rico and U.S. Possessions, total** | **2,263** | **1,716** | — | **4** | **6** | **1,539** | **166** | **546** |
| **OPEC countries, total (included above)** | **3,810** | **1,670** | **837** | **618** | **32** | **4** | **179** | **2,141** |
| **Tax haven countries, total (included above)** | **40,729** | **3,922** | **3,116** | **367** | **120** | **289** | **30** | **36,807** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Foreign tax credit computed: Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Wholesale and retail trade, total** | | | | | | | | | | | | |
| **All geographic areas, total** | **701** | **228,507,146** | **9,616,188** | **4,012,268** | **641,854** | **1,856,204** | **236,370** | **440,615** | **26,220** | **209,327** | **641,900** | — |
| **Canada** | **296** | **156,308,518** | **5,270,296** | **2,166,091** | **450,937** | **1,273,096** | **99,073** | **358,998** | **1** | **57,202** | **450,937** | — |
| **Latin America, total** | **62** | **157,990,014** | **4,693,148** | **1,968,164** | **459,911** | **1,241,738** | **111,005** | **342,097** | **884** | **81,264** | **459,911** | — |
| Brazil | 15 | 92,692,809 | 1,566,189 | 595,121 | 76,857 | 320,304 | 49,459 | 38,577 | — | 33,200 | 76,857 | — |
| Ecuador | 6 | 75,729,582 | 1,210,331 | 419,314 | 48,305 | 218,129 | 27,531 | 22,156 | — | 1,407 | 48,305 | — |
| Mexico | 34 | 129,101,543 | 3,331,946 | 1,379,585 | 252,031 | 660,157 | 62,330 | 197,105 | — | 17,189 | 252,031 | — |
| Panama (including Canal Zone) | 19 | 108,571,444 | 2,351,026 | 923,777 | 306,254 | 795,533 | 62,413 | 219,009 | 884 | 30,714 | 306,254 | — |
| Venezuela | 13 | 102,380,388 | 2,172,438 | 841,877 | 237,091 | 664,810 | 57,731 | 194,542 | — | 27,187 | 237,091 | — |
| **Other Western Hemisphere, total** | **19** | **128,085,375** | **2,969,654** | **1,204,952** | **370,786** | **958,592** | **75,611** | **272,300** | **884** | **39,406** | **370,786** | — |
| The Bahamas | 6 | 24,949,412 | 1,419,319 | 637,773 | 249,969 | 630,349 | 26,894 | 195,992 | 884 | 29,240 | 249,969 | — |
| Bermuda | 8 | 31,978,266 | 1,291,880 | 563,731 | 248,347 | 608,751 | 33,647 | 185,070 | 884 | 38,227 | 248,347 | — |
| Netherlands Antilles | 13 | 121,037,310 | 2,589,653 | 1,039,536 | 291,249 | 773,841 | 60,563 | 238,427 | — | 1,179 | 291,249 | — |
| **Europe, total** | **259** | **163,900,918** | **6,361,343** | **2,624,947** | **522,604** | **1,527,862** | **122,956** | **383,298** | **885** | **90,774** | **522,604** | — |
| Austria | 8 | 17,512,843 | 1,055,909 | 464,428 | 183,062 | 490,276 | 22,449 | 170,779 | — | 23,611 | 183,062 | — |
| Belgium | 17 | 41,119,717 | 1,880,811 | 829,284 | 237,583 | 709,164 | 40,003 | 210,203 | — | 24,588 | 237,583 | — |
| Denmark | 6 | 9,904,364 | 1,052,031 | 472,718 | 220,362 | 560,647 | 21,936 | 202,896 | — | — | 220,362 | — |
| France (including Andorra) | 42 | 108,598,682 | 2,607,417 | 1,044,815 | 292,441 | 823,921 | 64,031 | 241,478 | — | 39,220 | 292,441 | — |
| Italy (including San Marino) | 25 | 120,000,695 | 3,929,291 | 1,618,674 | 262,733 | 813,120 | 55,814 | 216,554 | 1 | 34,548 | 262,733 | — |
| Netherlands | 71 | 120,541,664 | 2,985,711 | 1,211,156 | 310,776 | 885,660 | 67,710 | 259,547 | — | 30,967 | 310,776 | — |
| Norway | 6 | 11,755,864 | 1,071,693 | 476,867 | 164,823 | 427,520 | 12,380 | 152,445 | — | 568 | 164,823 | — |
| Spain | 12 | 108,830,154 | 2,901,385 | 1,155,873 | 315,008 | 819,610 | 68,614 | 213,934 | 884 | 48,096 | 315,008 | — |
| Sweden | 11 | 85,674,305 | 2,173,287 | 834,485 | 214,099 | 607,795 | 44,774 | 182,158 | — | 24,678 | 214,099 | — |
| Switzerland | 43 | 103,812,620 | 2,674,878 | 1,049,983 | 229,031 | 650,554 | 57,030 | 184,452 | 1 | 26,585 | 229,031 | — |
| United Kingdom | 142 | 133,979,632 | 3,676,235 | 1,488,761 | 412,521 | 1,226,913 | 94,183 | 307,410 | 885 | 70,742 | 412,521 | — |
| West Germany | 26 | 106,390,856 | 2,391,268 | 943,868 | 278,617 | 829,084 | 70,918 | 208,124 | — | 51,094 | 278,617 | — |
| **Africa, total** | **16** | **116,502,447** | **2,138,635** | **828,103** | **166,521** | **525,027** | **65,007** | **87,882** | **884** | **53,919** | **166,521** | — |
| South Africa (including Namibia) | 8 | 98,062,781 | 1,640,899 | 608,437 | 139,295 | 432,746 | 44,417 | 68,405 | 884 | 30,419 | 139,295 | — |
| **Asia, total** | **184** | **194,286,367** | **7,486,308** | **3,144,991** | **558,613** | **1,581,925** | **220,689** | **370,402** | **26,220** | **204,705** | **558,613** | — |
| Hong Kong | 30 | 126,241,030 | 4,259,231 | 1,745,346 | 336,905 | 923,519 | 78,265 | 242,753 | 884 | 78,541 | 336,905 | — |
| Indonesia | 9 | 12,198,423 | 364,886 | 153,316 | 94,401 | 295,063 | 25,920 | 48,027 | 884 | 61,261 | 94,401 | — |
| Japan (including Okinawa and Ryukyus) | 94 | 181,584,112 | 6,550,026 | 2,730,539 | 462,844 | 1,351,922 | 115,108 | 355,786 | 885 | 72,910 | 462,844 | — |
| Philippines | 13 | 96,899,669 | 2,788,581 | 1,081,693 | 272,405 | 778,937 | 57,121 | 196,422 | 884 | 62,441 | 272,405 | — |
| **Oceania, total** | **44** | **119,794,547** | **3,341,419** | **1,370,009** | **385,836** | **1,023,015** | **96,938** | **282,625** | **884** | **86,742** | **385,836** | — |
| **Puerto Rico and U.S. Possessions, total** | **72** | **129,551,424** | **3,980,593** | **1,665,464** | **292,111** | **797,095** | **73,706** | **230,693** | — | **48,758** | **292,111** | — |
| **OPEC countries, total (included above)** | **24** | **114,013,382** | **2,825,772** | **1,137,644** | **377,179** | **991,184** | **165,999** | **230,574** | **26,219** | **180,887** | **377,179** | — |
| **Tax haven countries, total (included above)** | **144** | **186,257,330** | **6,702,449** | **2,794,874** | **523,426** | **1,434,938** | **117,633** | **398,215** | **885** | **87,207** | **523,426** | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Wholesale and retail trade, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 3,721,614 | 867,938 | 440,615 | 191,409 | 2,221,652 | 257,080 | 2,015,194 | 103,549 | 1,856,204 | 131,648 | 18,136 | 1,706,420 |
| **Canada** | 464,554 | 187,653 | 154,945 | 41,508 | 80,448 | — | 77,928 | — | 386,840 | 162 | 51 | 386,627 |
| **Latin America, total** | 237,222 | 85,209 | 29,098 | 17,659 | 105,256 | 9,340 | 126,425 | 2,176 | 112,671 | 1,872 | 1 | 110,797 |
| Brazil | 65,035 | 20,084 | 4,483 | 2,975 | 37,494 | — | 31,926 | — | 33,110 | — | — | 33,110 |
| Ecuador | 395 | — | — | 59 | 336 | — | 222 | — | 173 | — | — | 173 |
| Mexico | 34,064 | 8,823 | 302 | 3,222 | 21,718 | — | 48,168 | — | −13,898 | 206 | — | −14,104 |
| Panama (including Canal Zone) | 76,445 | 49,796 | 21,976 | 403 | 4,270 | 9,340 | 10,767 | 2,176 | 65,679 | (1) | 1 | 65,678 |
| Venezuela | 9,486 | 1,309 | 924 | 1,077 | 6,175 | — | 5,440 | — | 3,964 | −82 | — | 4,046 |
| **Other Western Hemisphere, total** | 146,199 | 111,588 | 23,336 | 19,101 | −7,826 | — | 17,940 | — | 126,589 | −1,671 | — | 128,259 |
| The Bahamas | 39,103 | 12,649 | 7,153 | 18,890 | 410 | — | 8,453 | — | 30,650 | — | — | 30,650 |
| Bermuda | 8,058 | 14,700 | 3,242 | — | −9,884 | — | 1,635 | — | 4,701 | −1,722 | — | 6,423 |
| Netherlands Antilles | 98,619 | 84,091 | 12,857 | 211 | 1,459 | — | 7,748 | — | 90,870 | — | — | 90,870 |
| **Europe, total** | 1,263,599 | 210,591 | 95,395 | 27,482 | 930,132 | — | 824,121 | — | 472,142 | 16,476 | 16,188 | 439,479 |
| Austria | 4,027 | 1,487 | 1,440 | (1) | 1,100 | — | 1,794 | — | 1,110 | −1,123 | — | 2,233 |
| Belgium | 69,069 | 41,537 | 20,517 | 42 | 6,972 | — | 6,211 | — | 67,835 | 4,978 | — | 62,857 |
| Denmark | 3,820 | 226 | 201 | 2,972 | 420 | — | 1,114 | — | 2,872 | 167 | — | 2,705 |
| France (including Andorra) | 73,118 | 19,919 | 19,851 | 7,949 | 25,399 | — | 17,469 | — | 40,411 | −15,238 | — | 55,649 |
| Italy (including San Marino) | 33,860 | 10,157 | 8,484 | 304 | 14,915 | — | 8,842 | — | 25,637 | 216 | 403 | 25,018 |
| Netherlands | 70,601 | 21,440 | 14,111 | 952 | 34,098 | — | 36,286 | — | 37,719 | 3,404 | — | 34,314 |
| Norway | 338 | — | — | — | 338 | — | 72 | — | 266 | — | — | 266 |
| Spain | 9,683 | 6,199 | 1,911 | 1 | 1,572 | — | 1,582 | — | 8,256 | 155 | — | 8,101 |
| Sweden | 7,107 | 1,074 | 974 | 353 | 4,706 | — | 1,046 | — | 6,061 | — | — | 6,061 |
| Switzerland | 47,357 | 17,370 | 4,106 | 1,224 | 24,658 | — | 23,595 | — | 28,102 | 4,339 | — | 23,762 |
| United Kingdom | 844,181 | 53,162 | 9,916 | 12,208 | 768,894 | — | 710,610 | — | 153,336 | 19,766 | — | 133,570 |
| West Germany | 86,860 | 31,565 | 13,489 | 1,328 | 40,478 | — | 12,856 | — | 70,989 | −3,015 | — | 74,004 |
| **Africa, total** | 66,351 | 52,889 | 7,443 | 3,337 | 2,682 | — | 18,661 | — | 58,650 | 10,960 | — | 47,690 |
| South Africa (including Namibia) | 46,700 | 43,443 | 641 | 1,547 | 1,069 | — | 11,477 | — | 35,223 | — | — | 35,223 |
| **Asia, total** | 1,104,908 | 170,992 | 109,397 | 42,283 | 782,236 | 247,740 | 587,704 | 101,373 | 545,988 | 28,652 | 133 | 517,204 |
| Hong Kong | 71,673 | 44,049 | 6,330 | 491 | 20,804 | — | 14,273 | — | 57,403 | 3 | — | 57,400 |
| Indonesia | 1,029 | 192 | — | 10 | 827 | — | 357 | — | 2,913 | 2,241 | — | 672 |
| Japan (including Okinawa and Ryukyus) | 533,547 | 90,842 | 98,529 | 38,681 | 305,495 | — | 289,216 | — | 252,332 | 7,869 | 133 | 244,331 |
| Philippines | 13,504 | 7,096 | 2,573 | 172 | 3,664 | — | 4,534 | — | 9,012 | 42 | — | 8,971 |
| **Oceania, total** | 89,408 | 31,991 | 18,846 | 9,894 | 28,676 | — | 16,433 | — | 93,616 | 20,516 | 126 | 72,975 |
| **Puerto Rico and U.S. Possessions, total** | 194,574 | 6,286 | 1,575 | 2,882 | 183,831 | — | 239,102 | — | 9,877 | 54,401 | 4 | −44,528 |
| **OPEC countries, total (included above)** | 334,965 | 4,096 | 924 | 4,068 | 325,876 | 247,740 | 200,146 | 101,373 | 138,299 | 3,481 | — | 134,818 |
| **Tax haven countries, total (included above)** | 484,495 | 254,759 | 72,050 | 25,354 | 132,332 | 9,340 | 135,482 | 2,176 | 351,798 | 2,784 | 1 | 349,013 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Wholesale and retail trade, total** | | | | | | | | |
| **All geographic areas, total** | 676,984 | 236,370 | 50,015 | 8,084 | 15,830 | 40,440 | 124,001 | 440,615 |
| **Canada** | 176,254 | 21,309 | 14,123 | 1,866 | 2,893 | 1,083 | 1,364 | 154,945 |
| **Latin America, total** | 44,998 | 15,900 | 10,914 | 1,453 | 1,005 | 1,472 | 1,056 | 29,098 |
| Brazil | 8,201 | 3,718 | 2,664 | 118 | 126 | 792 | 18 | 4,483 |
| Ecuador | 14 | 14 | — | — | — | — | 14 | — |
| Mexico | 7,073 | 6,771 | 4,848 | 746 | 218 | 49 | 910 | 302 |
| Panama (including Canal Zone) | 25,029 | 3,053 | 2,827 | 15 | 197 | — | 14 | 21,976 |
| Venezuela | 1,428 | 504 | 262 | 145 | 65 | — | 31 | 924 |
| **Other Western Hemisphere, total** | 23,858 | 522 | 37 | — | — | 130 | 355 | 23,336 |
| The Bahamas | 7,465 | 312 | — | — | — | — | 312 | 7,153 |
| Bermuda | 3,242 | — | — | — | — | — | — | 3,242 |
| Netherlands Antilles | 12,867 | 10 | — | — | — | — | 10 | 12,857 |
| **Europe, total** | 121,074 | 25,679 | 8,663 | 302 | 1,690 | 7,401 | 7,623 | 95,395 |
| Austria | 1,514 | 74 | 74 | — | — | — | — | 1,440 |
| Belgium | 23,436 | 2,919 | 482 | (1) | — | 2,395 | 42 | 20,517 |
| Denmark | 207 | 5 | 5 | — | — | — | — | 201 |
| France (including Andorra) | 21,525 | 1,674 | 424 | 258 | 680 | 2 | 310 | 19,851 |
| Italy (including San Marino) | 10,043 | 1,558 | 542 | 10 | 849 | 99 | 59 | 8,484 |
| Netherlands | 16,084 | 1,973 | 381 | 1 | — | — | 1,591 | 14,111 |
| Norway | — | — | — | — | — | — | — | — |
| Spain | 3,159 | 1,248 | 1,107 | — | 136 | — | 5 | 1,911 |
| Sweden | 1,044 | 69 | 69 | — | — | — | — | 974 |
| Switzerland | 5,615 | 1,509 | 1,107 | 12 | — | 125 | 265 | 4,106 |
| United Kingdom | 13,260 | 3,345 | 862 | 22 | — | 2,255 | 206 | 9,916 |
| West Germany | 24,986 | 11,497 | 3,581 | — | — | 2,773 | 5,142 | 13,489 |
| **Africa, total** | 18,997 | 9,554 | 7,317 | 1 | 794 | 1,424 | 18 | 7,443 |
| South Africa (including Namibia) | 6,911 | 6,270 | 6,269 | — | 1 | — | — | 641 |
| **Asia, total** | 226,689 | 117,292 | 5,570 | 435 | 7,337 | 9,776 | 94,174 | 109,396 |
| Hong Kong | 7,551 | 1,222 | 513 | 43 | 473 | 173 | 20 | 6,330 |
| Indonesia | 1,082 | 1,082 | — | 2 | 301 | 779 | — | — |
| Japan (including Okinawa and Ryukyus) | 114,084 | 15,555 | 2,659 | 297 | 4,144 | 7,875 | 580 | 98,529 |
| Philippines | 3,928 | 1,355 | 1,060 | 8 | 127 | 160 | — | 2,573 |
| **Oceania, total** | 31,640 | 12,793 | 2,611 | 984 | 1,357 | 7,818 | 43 | 18,846 |
| **Puerto Rico and U.S. Possessions, total** | 34,053 | 32,478 | 713 | 817 | 721 | 11,187 | 19,040 | 1,575 |
| **OPEC countries, total (included above)** | 95,421 | 94,497 | 262 | 147 | 448 | 779 | 92,863 | 924 |
| **Tax haven countries, total (included above)** | 81,267 | 9,217 | 4,981 | 123 | 1,217 | 553 | 2,342 | 72,050 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Wholesale trade** | | | | | | | | | | | | |
| **All geographic areas, total** | 586 | 59,203,929 | 3,152,135 | 1,345,138 | 289,985 | 899,595 | 153,941 | 150,195 | 26,220 | 168,612 | 289,985 | — |
| **Canada** | 268 | 38,030,214 | 1,939,346 | 837,922 | 109,467 | 398,825 | 25,381 | 85,234 | 1 | 17,534 | 109,467 | — |
| **Latin America, total** | 48 | 38,714,601 | 1,574,761 | 686,154 | 142,047 | 458,764 | 37,450 | 77,779 | 884 | 41,595 | 142,047 | — |
| Mexico | 27 | 26,720,613 | 856,362 | 386,316 | 30,787 | 150,212 | 15,260 | 17,142 | — | 850 | 30,787 | — |
| Panama (including Canal Zone) | 13 | 22,486,536 | 647,192 | 279,681 | 106,722 | 315,516 | 27,339 | 53,007 | 884 | 29,469 | 106,722 | — |
| Venezuela | 8 | 15,502,690 | 476,268 | 201,261 | 31,437 | 149,404 | 14,372 | 20,691 | — | 2,745 | 31,437 | — |
| **Other Western Hemisphere, total** | 10 | 15,939,146 | 422,437 | 184,989 | 85,616 | 250,017 | 23,788 | 32,971 | 884 | 38,227 | 85,616 | — |
| The Bahamas | 3 | 2,682,378 | 196,084 | 90,101 | 66,202 | 197,336 | 11,991 | 27,129 | 884 | 29,240 | 66,202 | — |
| Bermuda | 5 | 15,801,814 | 421,047 | 184,511 | 85,280 | 248,432 | 23,027 | 32,396 | 884 | 38,227 | 85,280 | — |
| Netherlands Antilles | 6 | 10,617,210 | 82,044 | 37,434 | 9,149 | 72,579 | 9,079 | 1,858 | — | — | 9,149 | — |
| **Europe, total** | 176 | 36,804,691 | 2,107,908 | 905,496 | 200,011 | 640,484 | 50,373 | 128,500 | 885 | 50,145 | 200,011 | — |
| Austria | 5 | 1,998,962 | 186,786 | 85,922 | 13,165 | 92,954 | 3,346 | 10,041 | — | 348 | 13,165 | — |
| Belgium | 13 | 17,107,066 | 658,579 | 282,342 | 47,299 | 193,100 | 16,675 | 33,425 | — | 576 | 47,299 | — |
| France (including Andorra) | 34 | 20,719,536 | 914,178 | 407,591 | 88,588 | 311,215 | 20,731 | 69,411 | — | 14,736 | 88,588 | — |
| Italy (including San Marino) | 18 | 14,602,230 | 987,614 | 438,603 | 39,130 | 211,670 | 8,628 | 28,683 | 1 | 9,870 | 39,130 | — |
| Netherlands | 64 | 16,446,332 | 673,742 | 293,433 | 77,681 | 278,360 | 18,414 | 64,193 | — | 6,524 | 77,681 | — |
| Spain | 7 | 13,539,741 | 318,604 | 146,152 | 94,892 | 275,859 | 25,455 | 46,210 | 884 | 31,757 | 94,892 | — |
| Sweden | 8 | 6,356,850 | 592,323 | 234,422 | 20,469 | 122,707 | 4,212 | 17,535 | — | 236 | 20,469 | — |
| Switzerland | 37 | 21,716,724 | 810,337 | 365,918 | 31,268 | 151,460 | 16,385 | 15,779 | 1 | 2,143 | 31,268 | — |
| United Kingdom | 72 | 26,704,000 | 1,305,453 | 545,741 | 177,729 | 566,822 | 44,127 | 111,242 | 885 | 45,551 | 177,729 | — |
| West Germany | 19 | 16,163,892 | 514,690 | 220,626 | 49,780 | 216,442 | 18,927 | 30,690 | — | 10,743 | 49,780 | — |
| **Africa, total** | 10 | 19,346,809 | 618,119 | 264,623 | 84,935 | 250,424 | 23,140 | 36,393 | 884 | 29,476 | 84,935 | — |
| South Africa (including Namibia) | 4 | 2,989,231 | 261,948 | 109,919 | 66,244 | 198,870 | 11,402 | 26,759 | 884 | 29,240 | 66,244 | — |
| **Asia, total** | 156 | 45,389,762 | 2,199,127 | 962,437 | 233,060 | 694,110 | 142,074 | 103,452 | 26,220 | 164,052 | 233,060 | — |
| Hong Kong | 17 | 7,234,600 | 580,131 | 250,786 | 105,531 | 332,226 | 20,847 | 53,063 | 884 | 38,938 | 105,531 | — |
| Indonesia | 5 | 3,323,716 | 218,240 | 98,300 | 74,400 | 224,524 | 14,241 | 29,761 | 884 | 37,998 | 74,400 | — |
| Japan (including Okinawa and Ryukyus) | 73 | 40,319,478 | 1,873,263 | 826,506 | 162,778 | 523,765 | 45,743 | 94,230 | 885 | 47,417 | 162,778 | — |
| Philippines | 6 | 5,075,835 | 333,534 | 130,882 | 74,581 | 249,611 | 14,250 | 29,914 | 884 | 37,998 | 74,581 | — |
| **Oceania, total** | 35 | 19,558,189 | 722,505 | 310,393 | 109,159 | 349,505 | 31,163 | 51,647 | 884 | 47,139 | 109,159 | — |
| **Puerto Rico and U.S. Possessions, total** | 53 | 5,949,446 | 468,591 | 204,112 | 25,197 | 132,774 | 6,562 | 15,081 | — | 9,048 | 25,197 | — |
| **OPEC countries, total (included above)** | 16 | 24,413,506 | 920,310 | 401,552 | 170,759 | 471,114 | 122,349 | 58,248 | 26,219 | 158,445 | 170,759 | — |
| **Tax haven countries, total (included above)** | 116 | 37,197,809 | 1,775,305 | 785,455 | 196,629 | 587,256 | 41,830 | 126,985 | 885 | 47,538 | 196,629 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Wholesale trade** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,497,228 | 381,510 | 150,195 | 116,804 | 1,848,719 | 257,080 | 1,654,524 | 103,549 | 899,595 | 38,819 | 18,073 | 842,704 |
| **Canada** | 123,837 | 24,814 | 19,693 | 21,937 | 57,392 | — | 56,264 | — | 67,735 | 162 | — | 67,573 |
| **Latin America, total** | 246,492 | 74,738 | 27,805 | 14,160 | 129,789 | 9,340 | 122,077 | 2,176 | 125,051 | 636 | — | 124,415 |
| Mexico | 57,371 | 870 | 27 | 2,526 | 53,949 | — | 47,470 | — | 9,901 | — | — | 9,901 |
| Panama (including Canal Zone) | 73,771 | 48,770 | 21,420 | 403 | 3,177 | 9,340 | 9,358 | 2,176 | 64,413 | — | — | 64,413 |
| Venezuela | 8,450 | 1,069 | 824 | 1,077 | 5,480 | — | 4,939 | — | 3,429 | -82 | — | 3,511 |
| **Other Western Hemisphere, total** | 25,111 | 25,160 | 8,591 | 212 | -8,851 | — | 6,729 | — | 18,434 | 52 | — | 18,382 |
| The Bahamas | 19,816 | 12,649 | 7,153 | — | 13 | — | 4,595 | — | 15,221 | — | — | 15,221 |
| Bermuda | 3,792 | 12,509 | 1,437 | — | -10,154 | — | 900 | — | 2,892 | — | — | 2,892 |
| Netherlands Antilles | 1,447 | 2 | — | 211 | 1,234 | — | 1,193 | — | 254 | — | — | 254 |
| **Europe, total** | 1,021,700 | 107,586 | 62,938 | 10,081 | 841,096 | — | 769,974 | — | 284,468 | 16,554 | 16,188 | 251,727 |
| Austria | 61 | — | — | — | 61 | — | 25 | — | 36 | — | — | 36 |
| Belgium | 7,005 | 125 | 236 | 41 | 6,604 | — | 852 | — | 17,678 | 11,525 | — | 6,153 |
| France (including Andorra) | 57,539 | 17,595 | 17,524 | 2,718 | 19,702 | — | 13,863 | — | 43,676 | — | — | 43,676 |
| Italy (including San Marino) | 29,109 | 10,072 | 8,484 | 116 | 10,436 | — | 5,382 | — | 23,995 | -135 | 403 | 23,727 |
| Netherlands | 63,567 | 18,155 | 13,651 | 271 | 31,491 | — | 27,004 | — | 39,967 | 3,404 | — | 36,563 |
| Spain | 7,398 | 5,238 | 1,520 | 1 | 639 | — | 1,134 | — | 6,264 | — | — | 6,264 |
| Sweden | 4,513 | 876 | 974 | 353 | 2,310 | — | 305 | — | 4,208 | — | — | 4,208 |
| Switzerland | 34,862 | 12,707 | 3,110 | 110 | 18,935 | — | 17,731 | — | 21,470 | 4,339 | — | 17,131 |
| United Kingdom | 775,746 | 27,613 | 8,208 | 2,813 | 737,112 | — | 695,480 | — | 82,928 | 2,662 | — | 80,266 |
| West Germany | 28,223 | 9,200 | 8,688 | 675 | 9,660 | — | 5,279 | — | 17,769 | -5,176 | — | 22,945 |
| **Africa, total** | 66,039 | 52,632 | 7,327 | 3,334 | 2,746 | — | 18,437 | — | 47,941 | 339 | — | 47,603 |
| South Africa (including Namibia) | 46,704 | 43,382 | 641 | 1,547 | 1,133 | — | 11,417 | — | 35,287 | — | — | 35,287 |
| **Asia, total** | 813,438 | 72,243 | 17,628 | 38,882 | 684,685 | 247,740 | 542,742 | 101,373 | 276,662 | 5,840 | 126 | 270,696 |
| Hong Kong | 22,252 | 15,021 | 2,191 | 23 | 5,017 | — | 4,612 | — | 17,620 | -20 | — | 17,640 |
| Indonesia | 665 | 192 | — | — | 472 | — | 355 | — | 309 | — | — | 309 |
| Japan (including Okinawa and Ryukyus) | 341,319 | 21,514 | 11,144 | 35,952 | 272,709 | — | 266,291 | — | 83,726 | 8,572 | 126 | 75,028 |
| Philippines | 12,441 | 7,069 | 2,555 | 172 | 2,645 | — | 4,254 | — | 7,693 | -495 | — | 8,188 |
| **Oceania, total** | 38,977 | 14,427 | 6,170 | 627 | 17,753 | — | 12,523 | — | 38,215 | 11,635 | 126 | 26,454 |
| **Puerto Rico and U.S. Possessions, total** | 38,159 | 97 | 35 | 486 | 37,541 | — | 34,248 | — | 7,171 | 3,260 | — | 3,911 |
| **OPEC countries, total (included above)** | 332,010 | 3,856 | 824 | 4,058 | 323,271 | 247,740 | 199,381 | 101,373 | 132,546 | -82 | — | 132,628 |
| **Tax haven countries, total (included above)** | 280,299 | 128,379 | 49,612 | 1,384 | 100,924 | 9,340 | 93,039 | 2,176 | 192,925 | 5,665 | — | 187,259 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Wholesale trade** | | | | | | | | |
| **All geographic areas, total** | 304,136 | 153,941 | 26,033 | 2,573 | 4,069 | 21,873 | 99,392 | 150,195 |
| **Canada** | 23,322 | 3,629 | 1,035 | 530 | 681 | 129 | 1,254 | 19,693 |
| **Latin America, total** | 37,568 | 9,763 | 6,258 | 1,257 | 385 | 1,136 | 727 | 27,805 |
| Mexico | 1,898 | 1,871 | 478 | 602 | 98 | — | 692 | 27 |
| Panama (including Canal Zone) | 24,230 | 2,810 | 2,773 | 15 | 7 | — | 14 | 21,420 |
| Venezuela | 1,214 | 390 | 214 | 145 | — | — | 31 | 824 |
| **Other Western Hemisphere, total** | 9,043 | 452 | — | — | — | 130 | 322 | 8,591 |
| The Bahamas | 7,465 | 312 | — | — | — | — | 312 | 7,153 |
| Bermuda | 1,437 | — | — | — | — | — | — | 1,437 |
| Netherlands Antilles | 10 | 10 | — | — | — | — | 10 | — |
| **Europe, total** | 75,605 | 12,687 | 4,698 | 89 | 1,289 | 3,655 | 2,936 | 62,938 |
| Austria | — | — | — | — | — | — | — | — |
| Belgium | 2,673 | 2,437 | — | (1) | — | 2,395 | 42 | 236 |
| France (including Andorra) | 18,400 | 876 | 58 | 47 | 462 | — | 310 | 17,524 |
| Italy (including San Marino) | 9,835 | 1,351 | 529 | 7 | 814 | — | — | 8,484 |
| Netherlands | 15,298 | 1,648 | 56 | 1 | — | — | 1,591 | 13,651 |
| Spain | 2,459 | 939 | 934 | — | — | — | 5 | 1,520 |
| Sweden | 1,014 | 40 | 40 | — | — | — | — | 974 |
| Switzerland | 4,410 | 1,300 | 698 | 12 | — | 125 | 265 | 3,110 |
| United Kingdom | 9,953 | 1,745 | 383 | 22 | — | 1,135 | 206 | 8,208 |
| West Germany | 10,978 | 2,290 | 1,775 | — | — | — | 514 | 8,688 |
| **Africa, total** | 14,590 | 7,263 | 7,244 | (1) | (1) | 1 | 18 | 7,327 |
| South Africa (including Namibia) | 6,902 | 6,261 | 6,261 | — | — | — | — | 641 |
| **Asia, total** | 126,171 | 108,542 | 5,216 | 276 | 1,219 | 8,383 | 93,447 | 17,628 |
| Hong Kong | 2,705 | 514 | 513 | — | 1 | (1) | — | 2,191 |
| Indonesia | (1) | (1) | — | — | (1) | — | — | — |
| Japan (including Okinawa and Ryukyus) | 23,046 | 11,902 | 2,424 | 187 | 1,043 | 7,875 | 374 | 11,144 |
| Philippines | 3,624 | 1,069 | 1,060 | 8 | — | — | — | 2,555 |
| **Oceania, total** | 15,650 | 9,480 | 1,515 | 37 | 412 | 7,474 | 43 | 6,170 |
| **Puerto Rico and U.S. Possessions, total** | 1,336 | 1,301 | (1) | 139 | 63 | 783 | 317 | 35 |
| **OPEC countries, total (included above)** | 93,681 | 93,057 | 214 | 145 | (1) | — | 92,698 | 824 |
| **Tax haven countries, total (included above)** | 56,584 | 6,973 | 4,254 | 28 | 118 | 380 | 2,192 | 49,612 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Retail trade** | | | | | | | | | | | | |
| **All geographic areas, total** | 115 | 169,303,217 | 8,464,053 | 2,667,130 | 351,868 | 956,609 | 82,429 | 290,420 | — | 40,715 | 351,915 | — |
| **Canada** | 30 | 118,278,305 | 3,330,950 | 1,328,169 | 341,470 | 874,271 | 73,691 | 273,764 | — | 39,669 | 341,470 | — |
| **Latin America, total** | 14 | 119,275,412 | 3,118,387 | 1,282,010 | 317,864 | 782,974 | 73,555 | 264,318 | — | 39,669 | 317,864 | — |
| Mexico | 7 | 102,380,930 | 2,475,584 | 993,268 | 221,244 | 509,945 | 47,070 | 179,963 | — | 16,339 | 221,244 | — |
| Panama (including Canal Zone) | 6 | 86,084,907 | 1,703,834 | 644,096 | 199,532 | 480,017 | 35,074 | 166,002 | — | 1,245 | 199,532 | — |
| Venezuela | 5 | 86,877,699 | 1,696,170 | 640,616 | 205,655 | 515,406 | 43,359 | 173,851 | — | 24,442 | 205,655 | — |
| **Other Western Hemisphere, total** | 9 | 112,146,229 | 2,547,217 | 1,019,963 | 285,170 | 708,574 | 52,022 | 239,329 | — | 1,179 | 285,170 | — |
| The Bahamas | 3 | 22,267,034 | 1,223,235 | 547,672 | 183,767 | 433,013 | 14,904 | 168,863 | — | — | 183,767 | — |
| Bermuda | 3 | 16,176,452 | 870,833 | 379,221 | 163,067 | 360,319 | 10,620 | 152,675 | — | — | 163,067 | — |
| **Europe, total** | 84 | 127,096,227 | 4,253,435 | 1,719,451 | 322,593 | 887,378 | 72,583 | 254,798 | — | 40,628 | 322,593 | — |
| Austria | 3 | 15,513,881 | 869,123 | 378,506 | 169,896 | 397,323 | 19,103 | 160,738 | — | 23,263 | 169,896 | — |
| Belgium | 4 | 24,012,651 | 1,222,232 | 546,943 | 190,284 | 516,064 | 23,327 | 176,778 | — | 24,012 | 190,284 | — |
| France (including Andorra) | 8 | 87,879,146 | 1,693,239 | 637,225 | 203,852 | 512,706 | 43,300 | 172,066 | — | 24,484 | 203,852 | — |
| Italy (including San Marino) | 7 | 105,398,465 | 2,941,677 | 1,180,072 | 223,603 | 601,449 | 47,186 | 187,871 | — | 24,678 | 223,603 | — |
| Netherlands | 7 | 104,095,332 | 2,311,969 | 917,723 | 233,095 | 607,299 | 49,296 | 195,354 | — | 24,442 | 233,095 | — |
| Spain | 5 | 95,290,413 | 2,582,781 | 1,009,720 | 220,116 | 543,750 | 43,160 | 167,724 | — | 16,339 | 220,116 | — |
| Sweden | 3 | 79,317,455 | 1,580,964 | 600,063 | 193,630 | 465,088 | 40,562 | 164,623 | — | 24,442 | 193,630 | — |
| Switzerland | 7 | 82,095,897 | 1,864,542 | 684,065 | 197,763 | 499,094 | 40,646 | 168,673 | — | 24,442 | 197,763 | — |
| United Kingdom | 70 | 107,275,633 | 2,370,781 | 943,020 | 234,792 | 660,091 | 50,056 | 196,168 | — | 25,191 | 234,792 | — |
| West Germany | 7 | 90,226,964 | 1,876,578 | 723,243 | 228,836 | 612,642 | 51,991 | 177,434 | — | 40,352 | 228,836 | — |
| **Africa, total** | 6 | 97,155,638 | 1,520,516 | 563,480 | 81,586 | 274,603 | 41,867 | 51,489 | — | 24,442 | 81,586 | — |
| South Africa (including Namibia) | 4 | 95,073,551 | 1,378,951 | 498,519 | 73,051 | 233,876 | 33,016 | 41,646 | — | 1,179 | 73,051 | — |
| **Asia, total** | 28 | 148,896,605 | 5,287,181 | 2,182,554 | 325,553 | 887,615 | 76,614 | 266,950 | — | 40,653 | 325,553 | — |
| Hong Kong | 13 | 119,006,430 | 3,679,099 | 1,494,560 | 231,373 | 591,293 | 57,417 | 189,689 | — | 39,602 | 231,373 | — |
| Indonesia | 4 | 8,874,707 | 146,646 | 55,015 | 20,001 | 70,539 | 11,679 | 18,266 | — | 23,263 | 20,001 | — |
| Japan (including Okinawa and Ryukyus) | 20 | 141,264,633 | 4,676,763 | 1,904,033 | 300,066 | 828,156 | 69,364 | 261,556 | — | 25,493 | 300,066 | — |
| Philippines | 7 | 91,823,835 | 2,455,047 | 950,811 | 197,824 | 529,326 | 42,871 | 166,508 | — | 24,442 | 197,824 | — |
| **Oceania, total** | 9 | 100,236,358 | 2,818,915 | 1,059,616 | 276,678 | 673,510 | 65,774 | 230,978 | — | 39,602 | 276,678 | — |
| Australia | 9 | 100,236,358 | 2,618,915 | 1,059,616 | 276,678 | 673,510 | 65,774 | 230,978 | — | 39,602 | 276,678 | — |
| **Puerto Rico and U.S. Possessions, total** | 19 | 123,601,978 | 3,512,002 | 1,461,351 | 266,914 | 664,321 | 67,144 | 215,611 | — | 39,710 | 266,914 | — |
| **OPEC countries, total (included above)** | 8 | 89,599,876 | 1,905,462 | 736,292 | 206,420 | 520,070 | 43,650 | 174,326 | — | 24,442 | 206,420 | — |
| **Tax haven countries, total (included above)** | 28 | 149,059,521 | 4,927,143 | 2,009,419 | 326,797 | 847,682 | 75,604 | 271,230 | — | 39,669 | 326,797 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Retail trade** | | | | | | | | | | | | |
| **All geographic areas, total** | **1,224,386** | **486,428** | **290,420** | **74,605** | **372,933** | **—** | **360,670** | **—** | **956,609** | **92,830** | **63** | **863,716** |
| **Canada** | **340,717** | **162,839** | **135,252** | **19,571** | **23,056** | **—** | **21,664** | **—** | **319,104** | **—** | **51** | **319,053** |
| **Latin America, total** | **-9,270** | **10,471** | **1,293** | **3,498** | **-24,532** | **—** | **4,348** | **—** | **-12,380** | **1,237** | **1** | **-13,618** |
| Mexico | -23,307 | 7,953 | 275 | 697 | -32,232 | — | 698 | — | -23,800 | 206 | — | -24,006 |
| Panama (including Canal Zone) | 2,674 | 1,026 | 556 | — | 1,093 | — | 1,409 | — | 1,266 | (1) | 1 | 1,265 |
| Venezuela | 1,036 | 240 | 100 | — | 695 | — | 501 | — | 535 | — | — | 535 |
| **Other Western Hemisphere, total** | **121,088** | **86,428** | **14,746** | **18,890** | **1,024** | **—** | **11,210** | **—** | **108,155** | **-1,722** | **—** | **109,877** |
| The Bahamas | 19,287 | — | — | 18,890 | 397 | — | 3,857 | — | 15,430 | — | — | 15,430 |
| Bermuda | 4,267 | 2,192 | 1,805 | — | 270 | — | 736 | — | 1,809 | -1,722 | — | 3,531 |
| **Europe, total** | **241,899** | **103,005** | **32,457** | **17,400** | **89,037** | **—** | **54,147** | **—** | **187,674** | **-78** | **—** | **187,752** |
| Austria | 3,966 | 1,487 | 1,440 | (1) | 1,039 | — | 1,769 | — | 1,074 | -1,123 | — | 2,197 |
| Belgium | 62,063 | 41,412 | 20,281 | 2 | 369 | — | 5,360 | — | 50,157 | -6,547 | — | 56,704 |
| France (including Andorra) | 15,579 | 2,324 | 2,326 | 5,232 | 5,697 | — | 3,606 | — | -3,265 | -15,238 | — | 11,973 |
| Italy (including San Marino) | 4,752 | 85 | — | 188 | 4,479 | — | 3,460 | — | 1,643 | 351 | — | 1,291 |
| Netherlands | 7,034 | 3,284 | 461 | 681 | 2,608 | — | 9,282 | — | -2,248 | — | — | -2,248 |
| Spain | 2,285 | 961 | 391 | — | 933 | — | 448 | — | 1,992 | 155 | — | 1,637 |
| Sweden | 2,595 | 198 | — | — | 2,397 | — | 741 | — | 1,853 | — | — | 1,853 |
| Switzerland | 12,495 | 4,663 | 996 | 1,114 | 5,723 | — | 5,864 | — | 6,631 | — | — | 6,631 |
| United Kingdom | 68,435 | 25,550 | 1,708 | 9,395 | 31,782 | — | 15,131 | — | 70,408 | 17,104 | — | 53,304 |
| West Germany | 58,637 | 22,364 | 4,801 | 653 | 30,818 | — | 7,577 | — | 53,220 | 2,160 | — | 51,060 |
| **Africa, total** | **312** | **257** | **116** | **3** | **-64** | **—** | **224** | **—** | **10,706** | **10,621** | **—** | **88** |
| South Africa (including Namibia) | -4 | 61 | — | — | -64 | — | 61 | — | -64 | — | — | -64 |
| **Asia, total** | **291,469** | **98,749** | **91,768** | **3,401** | **97,551** | **—** | **44,961** | **—** | **269,326** | **22,812** | **7** | **246,508** |
| Hong Kong | 49,420 | 29,027 | 4,139 | 467 | 15,787 | — | 9,661 | — | 39,782 | 23 | — | 39,760 |
| Indonesia | 365 | — | — | 10 | 355 | — | 2 | — | 2,604 | 2,241 | — | 363 |
| Japan (including Okinawa and Ryukyus) | 192,228 | 69,328 | 87,385 | 2,729 | 32,787 | — | 22,925 | — | 168,606 | -703 | 6 | 169,303 |
| Philippines | 1,063 | 27 | 18 | — | 1,018 | — | 280 | — | 1,320 | 537 | — | 783 |
| **Oceania, total** | **50,431** | **17,564** | **12,676** | **9,267** | **10,923** | **—** | **3,910** | **—** | **55,401** | **8,880** | **—** | **46,521** |
| Australia | 48,172 | 17,564 | 12,676 | 7,696 | 10,235 | — | 3,631 | — | 53,421 | 8,880 | — | 44,541 |
| **Puerto Rico and U.S. Possessions, total** | **156,415** | **6,189** | **1,540** | **2,398** | **146,289** | **—** | **204,854** | **—** | **2,707** | **51,141** | **4** | **-48,439** |
| **OPEC countries, total (included above)** | **2,955** | **240** | **100** | **10** | **2,605** | **—** | **765** | **—** | **5,753** | **3,563** | **—** | **2,190** |
| **Tax haven countries, total (included above)** | **204,196** | **126,380** | **22,438** | **23,970** | **31,408** | **—** | **42,443** | **—** | **158,873** | **-2,661** | **1** | **161,753** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Retail trade** | | | | | | | | |
| **All geographic areas, total** | **372,848** | **82,429** | **23,983** | **3,511** | **11,760** | **18,567** | **24,609** | **290,420** |
| **Canada** | **152,932** | **17,680** | **13,088** | **1,338** | **2,212** | **934** | **110** | **135,252** |
| **Latin America, total** | **7,431** | **6,137** | **4,656** | **196** | **620** | **336** | **329** | **1,293** |
| Mexico | 5,175 | 4,900 | 4,370 | 144 | 120 | 49 | 218 | 275 |
| Panama (including Canal Zone) | 799 | 243 | 54 | — | 190 | — | — | 556 |
| Venezuela | 214 | 113 | 48 | — | 65 | — | — | 100 |
| **Other Western Hemisphere, total** | **14,816** | **70** | **37** | **—** | **—** | **—** | **33** | **14,746** |
| The Bahamas | — | — | — | — | — | — | — | — |
| Bermuda | 1,805 | — | — | — | — | — | — | 1,805 |
| **Europe, total** | **45,469** | **13,012** | **3,965** | **213** | **400** | **3,748** | **4,687** | **32,457** |
| Austria | 1,514 | 74 | 74 | — | — | — | — | 1,440 |
| Belgium | 20,763 | 482 | 482 | — | — | — | — | 20,281 |
| France (including Andorra) | 3,124 | 798 | 366 | 211 | 219 | 2 | — | 2,326 |
| Italy (including San Marino) | 208 | 208 | 13 | 2 | 35 | 99 | 59 | — |
| Netherlands | 786 | 325 | 325 | — | — | — | — | 461 |
| Spain | 700 | 309 | 173 | — | 136 | — | — | 391 |
| Sweden | 30 | 30 | 30 | — | — | — | — | — |
| Switzerland | 1,205 | 209 | 209 | — | — | — | — | 996 |
| United Kingdom | 3,307 | 1,600 | 480 | — | — | 1,120 | — | 1,708 |
| West Germany | 14,008 | 9,207 | 1,806 | — | — | 2,773 | 4,626 | 4,801 |
| **Africa, total** | **2,406** | **2,290** | **73** | **1** | **794** | **1,423** | **—** | **116** |
| South Africa (including Namibia) | 10 | 10 | 8 | — | 1 | — | — | — |
| **Asia, total** | **100,518** | **8,750** | **354** | **159** | **6,117** | **1,393** | **727** | **91,768** |
| Hong Kong | 4,846 | 708 | (1) | 43 | 472 | 173 | 20 | 4,139 |
| Indonesia | 1,082 | 1,082 | — | 2 | 301 | 779 | — | — |
| Japan (including Okinawa and Ryukyus) | 91,038 | 3,653 | 236 | 110 | 3,101 | — | 206 | 87,385 |
| Philippines | 304 | 287 | — | — | 127 | 160 | — | 18 |
| **Oceania, total** | **15,989** | **3,313** | **1,096** | **928** | **945** | **344** | **—** | **12,676** |
| Australia | 15,767 | 3,090 | 1,096 | 770 | 879 | 344 | — | 12,676 |
| **Puerto Rico and U.S. Possessions, total** | **32,717** | **31,177** | **713** | **678** | **659** | **10,404** | **18,723** | **1,540** |
| **OPEC countries, total (included above)** | **1,540** | **1,440** | **48** | **2** | **446** | **779** | **165** | **100** |
| **Tax haven countries, total (included above)** | **24,682** | **2,244** | **728** | **95** | **1,099** | **173** | **150** | **22,438** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources: Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed: Before reduction for international boycott operations | Reduction for international boycott operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Finance, insurance and real estate, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 946 | 3,168,573,849 | 24,684,273 | 8,374,354 | 2,261,523 | 10,619,505 | 1,572,063 | 608,338 | 863 | 539,005 | 2,281,523 | — |
| **Canada** | 431 | 2,656,940,294 | 21,513,304 | 7,049,396 | 2,111,260 | 9,621,991 | 1,494,851 | 579,018 | 863 | 392,064 | 2,111,260 | — |
| **Latin America, total** | 195 | 2,506,212,763 | 15,402,750 | 5,081,194 | 2,093,880 | 9,842,447 | 1,477,392 | 569,757 | 863 | 457,896 | 2,093,880 | — |
| Brazil | 101 | 2,184,229,954 | 12,261,599 | 4,014,289 | 2,015,531 | 9,217,938 | 1,410,606 | 560,252 | — | 443,480 | 2,015,531 | — |
| Ecuador | 49 | 1,370,351,700 | 5,973,168 | 2,129,824 | 1,549,072 | 6,402,296 | 1,106,113 | 481,796 | 863 | 283,114 | 1,549,072 | — |
| Mexico | 163 | 2,344,686,948 | 14,372,395 | 4,710,645 | 2,023,130 | 9,414,715 | 1,439,167 | 555,129 | 863 | 380,754 | 2,023,130 | — |
| Panama (including Canal Zone) | 52 | 1,577,299,571 | 10,256,531 | 3,263,401 | 1,592,523 | 7,289,793 | 1,152,518 | 489,576 | — | 226,004 | 1,592,523 | — |
| Venezuela | 75 | 1,692,474,765 | 8,126,033 | 2,869,638 | 1,749,840 | 7,478,867 | 1,265,303 | 513,036 | — | 316,790 | 1,749,840 | — |
| **Other Western Hemisphere, total** | 96 | 2,218,603,549 | 13,581,719 | 4,378,542 | 1,951,462 | 9,036,885 | 1,366,661 | 559,585 | — | 370,992 | 1,951,462 | — |
| The Bahamas | 52 | 1,652,876,105 | 8,792,328 | 2,929,671 | 1,727,186 | 7,434,879 | 1,260,956 | 506,936 | — | 284,168 | 1,727,186 | — |
| Bermuda | 37 | 968,958,385 | 4,241,922 | 1,464,725 | 1,018,392 | 4,444,866 | 878,254 | 242,485 | — | 13,036 | 1,018,392 | — |
| Netherlands Antilles | 48 | 1,656,562,684 | 9,781,062 | 3,246,779 | 1,727,266 | 7,492,895 | 1,205,865 | 496,891 | — | 343,254 | 1,727,266 | — |
| **Europe, total** | 407 | 2,751,104,092 | 19,421,145 | 6,395,825 | 2,109,119 | 9,979,592 | 1,480,267 | 592,140 | 863 | 436,886 | 2,109,119 | — |
| Austria | 36 | 1,461,754,761 | 9,499,077 | 2,954,353 | 1,722,682 | 7,224,670 | 1,217,026 | 518,703 | — | 242,948 | 1,722,682 | — |
| Belgium | 56 | 1,716,561,180 | 11,019,420 | 3,403,419 | 1,789,927 | 7,992,374 | 1,307,705 | 510,220 | 863 | 254,363 | 1,789,927 | — |
| Denmark | 64 | 1,555,608,267 | 9,538,653 | 2,954,749 | 1,690,685 | 7,106,224 | 1,220,949 | 503,511 | — | 219,929 | 1,690,685 | — |
| France (including Andorra) | 83 | 1,998,468,842 | 12,304,187 | 3,939,723 | 1,901,119 | 8,494,742 | 1,360,623 | 569,745 | 863 | 263,449 | 1,901,119 | — |
| Italy (including San Marino) | 71 | 1,904,860,533 | 11,258,560 | 3,581,412 | 1,917,008 | 8,471,157 | 1,357,220 | 556,856 | 863 | 337,557 | 1,917,008 | — |
| Luxembourg | 28 | 1,329,360,210 | 8,507,127 | 2,712,629 | 1,504,416 | 5,516,139 | 1,064,152 | 461,600 | 863 | 271,191 | 1,504,416 | — |
| Netherlands | 202 | 2,144,191,886 | 14,885,213 | 4,696,547 | 1,828,412 | 8,196,111 | 1,309,208 | 548,156 | 863 | 263,788 | 1,828,412 | — |
| Norway | 76 | 1,265,726,001 | 8,021,158 | 2,409,459 | 1,086,611 | 5,253,328 | 928,441 | 270,024 | — | 27,293 | 1,086,611 | — |
| Spain | 69 | 1,869,915,807 | 11,047,793 | 3,526,935 | 1,868,467 | 8,479,123 | 1,352,386 | 523,842 | — | 311,804 | 1,868,467 | — |
| Sweden | 93 | 1,733,699,874 | 10,564,660 | 3,258,230 | 1,690,916 | 7,522,005 | 1,241,901 | 517,483 | 863 | 221,286 | 1,690,916 | — |
| Switzerland | 81 | 1,865,476,876 | 11,884,288 | 3,860,472 | 1,800,954 | 7,912,421 | 1,305,526 | 513,209 | — | 235,381 | 1,800,954 | — |
| United Kingdom | 209 | 2,333,388,912 | 15,271,879 | 4,973,116 | 2,029,047 | 9,422,413 | 1,427,505 | 574,282 | 863 | 373,030 | 2,029,047 | — |
| West Germany | 94 | 1,965,669,952 | 12,223,241 | 3,928,255 | 1,931,941 | 8,439,147 | 1,351,375 | 562,100 | — | 308,811 | 1,931,941 | — |
| **Africa, total** | 220 | 2,031,549,420 | 12,453,316 | 3,949,768 | 1,920,990 | 8,418,570 | 1,388,205 | 545,800 | 863 | 375,210 | 1,920,990 | — |
| Liberia | 20 | 956,808,636 | 4,582,927 | 1,582,165 | 1,368,714 | 5,554,433 | 995,453 | 422,083 | — | 194,814 | 1,368,714 | — |
| South Africa (including Namibia) | 194 | 1,580,494,831 | 10,023,893 | 3,080,422 | 1,424,417 | 6,183,730 | 1,137,830 | 347,650 | 863 | 151,662 | 1,424,417 | — |
| **Asia, total** | 174 | 2,582,197,700 | 17,265,933 | 5,591,013 | 2,100,101 | 9,791,880 | 1,464,845 | 573,432 | 863 | 468,067 | 2,100,101 | — |
| Hong Kong | 71 | 1,868,011,462 | 11,415,339 | 3,642,164 | 1,886,648 | 8,016,178 | 1,337,407 | 544,264 | — | 286,289 | 1,886,648 | — |
| Indonesia | 38 | 1,526,830,176 | 7,582,556 | 2,662,308 | 1,848,569 | 7,549,989 | 1,328,230 | 510,876 | 863 | 273,480 | 1,848,569 | — |
| Japan (including Okinawa and Ryukyus) | 134 | 2,309,055,844 | 15,169,862 | 4,847,309 | 2,000,682 | 9,018,475 | 1,432,389 | 548,248 | 863 | 372,376 | 2,000,682 | — |
| Philippines | 50 | 1,836,190,459 | 10,971,319 | 3,462,275 | 1,854,743 | 8,164,262 | 1,336,483 | 516,479 | — | 326,403 | 1,854,743 | — |
| **Oceania, total** | 136 | 2,211,113,969 | 15,147,416 | 4,812,383 | 1,976,760 | 9,141,268 | 1,407,076 | 564,278 | — | 346,469 | 1,976,760 | — |
| Australia | 130 | 2,184,044,800 | 14,946,566 | 4,737,291 | 1,971,819 | 9,095,150 | 1,401,586 | 564,226 | — | 345,561 | 1,971,819 | — |
| **Puerto Rico and U.S. Possessions, total** | 118 | 1,813,893,532 | 15,207,358 | 4,913,805 | 1,777,070 | 6,809,268 | 1,212,494 | 551,366 | 863 | 304,276 | 1,777,070 | — |
| **OPEC countries, total (included above)** | 85 | 1,995,985,086 | 9,872,873 | 3,509,794 | 1,956,548 | 8,601,879 | 1,406,406 | 542,397 | 863 | 356,329 | 1,956,548 | — |
| **Tax haven countries, total (included above)** | 279 | 2,598,239,054 | 17,705,849 | 5,788,847 | 2,045,815 | 9,698,249 | 1,438,344 | 583,850 | 863 | 373,689 | 2,045,815 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Finance, insurance and real estate, total** | | | | | | | | | | | | |
| **All geographic areas, total** | 21,559,140 | 1,572,343 | 608,343 | 15,921,481 | 3,456,993 | 6,110 | 15,241,411 | 6,252 | 10,619,505 | 4,291,240 | 10,536 | 6,317,729 |
| **Canada** | 1,970,158 | 164,229 | 81,817 | 1,340,024 | 384,087 | — | 1,071,282 | — | 1,066,907 | 165,717 | 2,294 | 898,896 |
| **Latin America, total** | 5,260,114 | 72,635 | 45,527 | 5,012,492 | 149,458 | — | 3,962,222 | — | 2,204,656 | 886,063 | 701 | 1,317,892 |
| Brazil | 1,670,085 | 27,738 | 35,014 | 1,566,334 | 40,999 | — | 1,248,768 | — | 778,144 | 356,824 | 3 | 421,317 |
| Ecuador | 39,587 | 103 | 25 | 38,040 | 1,418 | — | 28,581 | — | 17,000 | 5,994 | — | 11,006 |
| Mexico | 1,599,430 | 6,847 | 1,853 | 1,526,520 | 64,210 | — | 1,204,338 | — | 429,872 | 34,779 | 1 | 395,092 |
| Panama (including Canal Zone) | 92,159 | 12,858 | 551 | 73,737 | 5,013 | — | 77,333 | — | 26,379 | 11,507 | 46 | 14,826 |
| Venezuela | 290,489 | 39 | 1 | 279,314 | 11,136 | — | 223,780 | — | 64,304 | -2,412 | 7 | 66,709 |
| **Other Western Hemisphere, total** | 1,672,178 | 280,720 | 16,869 | 1,381,070 | -6,481 | — | 1,143,123 | — | 903,980 | 374,850 | 75 | 529,055 |
| The Bahamas | 795,306 | 22,485 | 76 | 769,307 | 3,438 | — | 521,094 | — | 625,286 | 351,074 | — | 274,212 |
| Bermuda | 118,398 | 30,535 | 47 | 101,968 | -14,151 | — | 87,098 | — | 31,356 | — | 56 | 31,300 |
| Netherlands Antilles | 369,432 | 223,353 | 16,600 | 131,244 | -1,766 | — | 185,024 | — | 214,960 | 30,551 | 1 | 184,408 |
| **Europe, total** | 8,011,888 | 825,287 | 414,559 | 3,205,215 | 1,566,847 | 16 | 4,014,212 | (1) | 3,912,424 | 1,913,177 | 1,571 | 1,997,676 |
| Austria | 35,282 | 4,337 | 2,827 | 24,438 | 3,680 | — | 15,987 | — | 32,288 | 12,993 | 1 | 19,295 |
| Belgium | 199,822 | 21,617 | 11,509 | 127,173 | 39,523 | — | 123,271 | — | 478,745 | 402,194 | — | 76,551 |
| Denmark | 47,638 | 1,561 | 883 | 36,243 | 8,951 | — | 30,324 | — | 30,378 | 13,064 | — | 17,314 |
| France (including Andorra) | 316,146 | 8,218 | 4,845 | 238,347 | 64,737 | — | 265,281 | — | 358,511 | 307,613 | 33 | 50,865 |
| Italy (including San Marino) | 1,016,663 | 380,795 | 205,122 | 175,535 | 255,211 | — | 237,173 | — | 920,346 | 140,628 | 29 | 779,489 |
| Luxembourg | 64,957 | 21,199 | 10,846 | 30,384 | 2,528 | — | 34,322 | — | 33,442 | 2,806 | — | 30,636 |
| Netherlands | 121,870 | 13,766 | 1,657 | 74,189 | 32,259 | 16 | 103,771 | (1) | 47,291 | 29,180 | 11 | 18,100 |
| Norway | 24,632 | 161 | 4 | 22,623 | 1,844 | — | 15,723 | — | 8,962 | — | 53 | 8,909 |
| Spain | 137,703 | 3,504 | 1,410 | 84,986 | 47,803 | — | 140,362 | — | 99,891 | 102,547 | 4 | -2,659 |
| Sweden | 68,783 | 1,950 | 1,135 | 51,624 | 14,074 | — | 39,921 | — | 29,252 | 390 | — | 28,862 |
| Switzerland | 427,502 | 22,688 | 7,051 | 351,680 | 46,082 | — | 301,898 | — | 3,595 | -122,009 | — | 125,604 |
| United Kingdom | 2,236,938 | 262,929 | 115,182 | 1,500,068 | 358,759 | — | 1,570,313 | — | 1,371,115 | 704,464 | 26 | 666,626 |
| West Germany | 421,182 | 78,430 | 50,793 | 211,546 | 80,413 | — | 257,611 | — | 280,236 | 116,548 | 118 | 163,571 |
| **Africa, total** | 246,092 | 49,388 | 32,903 | 154,642 | 9,160 | — | 165,795 | — | 92,236 | 12,634 | -696 | 80,298 |
| Liberia | 12,832 | 6,325 | — | 5,147 | 1,359 | — | 5,587 | — | 5,937 | -1,308 | — | 7,245 |
| South Africa (including Namibia) | 92,824 | 9,839 | 6,129 | 72,718 | 4,139 | — | 56,179 | — | 36,803 | 2 | 156 | 36,645 |
| **Asia, total** | 2,266,762 | 40,064 | 10,734 | 1,913,306 | 322,658 | 6,094 | 1,634,096 | 6,252 | 1,222,601 | 569,366 | 570 | 352,666 |
| Hong Kong | 189,356 | 11,171 | 1,860 | 166,024 | 10,302 | — | 145,779 | — | 106,697 | 63,116 | 3 | 43,577 |
| Indonesia | 35,451 | 687 | 199 | 23,793 | 10,772 | 6,094 | 30,277 | 6,252 | 35,656 | 30,434 | 48 | 5,174 |
| Japan (including Okinawa and Ryukyus) | 1,255,654 | 12,339 | 748 | 1,015,810 | 226,757 | — | 866,799 | — | 542,476 | 153,553 | 68 | 388,855 |
| Philippines | 151,112 | 2,232 | 229 | 139,417 | 9,235 | — | 109,828 | — | 69,338 | 27,884 | 170 | 41,284 |
| **Oceania, total** | 374,957 | 26,579 | 4,920 | 275,223 | 68,235 | — | 208,751 | — | 241,175 | 74,934 | 34 | 166,207 |
| Australia | 321,082 | 20,455 | 2,505 | 231,328 | 66,794 | — | 176,545 | — | 210,211 | 65,651 | 24 | 144,537 |
| **Puerto Rico and U.S. Possessions, total** | 311,081 | 66,849 | 376 | 127,657 | 116,199 | — | 246,635 | — | 54,459 | -12,269 | 2,282 | 64,446 |
| **OPEC countries, total (included above)** | 437,498 | 5,017 | 3,605 | 394,946 | 33,931 | 6,094 | 332,593 | 6,252 | 145,278 | 40,282 | 90 | 104,905 |
| **Tax haven countries, total (included above)** | 2,705,711 | 382,103 | 44,853 | 2,165,431 | 113,324 | 16 | 1,847,938 | (1) | 1,510,400 | 652,145 | 482 | 857,774 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Finance, insurance and real estate, total** | | | | | | | | |
| **All geographic areas, total** | **2,180,400** | **1,572,063** | **95,974** | **816,461** | **8,030** | **761,227** | **90,368** | **608,338** |
| **Canada** | **197,756** | **115,939** | **5,836** | **14,243** | **1,271** | **63,678** | **30,912** | **81,817** |
| **Latin America, total** | **695,546** | **650,019** | **45,643** | **505,794** | **2,802** | **93,322** | **2,454** | **45,527** |
| Brazil | 446,367 | 411,353 | 39,191 | 320,976 | 77 | 49,992 | 1,117 | 35,014 |
| Ecuador | 841 | 816 | 12 | 528 | 23 | 238 | 14 | 25 |
| Mexico | 132,473 | 130,620 | 3,701 | 114,321 | 568 | 11,328 | 698 | 1,853 |
| Panama (including Canal Zone) | 2,263 | 1,712 | — | 308 | 109 | 1,286 | 9 | 551 |
| Venezuela | 6,860 | 6,860 | 5 | 6,161 | 53 | 621 | 20 | 1 |
| **Other Western Hemisphere, total** | **26,971** | **10,101** | **2,657** | **4,424** | **1** | **319** | **2,701** | **16,669** |
| The Bahamas | 72 | -4 | -5 | — | — | — | (1) | 76 |
| Bermuda | 47 | — | — | — | — | — | — | 47 |
| Netherlands Antilles | 22,591 | 5,991 | 2,662 | 454 | — | 175 | 2,699 | 16,600 |
| **Europe, total** | **834,217** | **419,661** | **33,865** | **13,299** | **878** | **339,629** | **31,989** | **414,556** |
| Austria | 3,965 | 1,138 | 381 | — | — | 756 | — | 2,827 |
| Belgium | 92,641 | 81,131 | 3,254 | 1 | — | 77,578 | 299 | 11,509 |
| Denmark | 1,857 | 974 | 478 | — | 2 | 491 | 2 | 883 |
| France (including Andorra) | 36,362 | 31,517 | 360 | 13 | 253 | 30,438 | 453 | 4,845 |
| Italy (including San Marino) | 225,952 | 20,830 | 1,579 | 3,133 | 7 | 16,108 | 4 | 205,122 |
| Luxembourg | 12,998 | 2,152 | 1,008 | — | — | 1,061 | 83 | 10,846 |
| Netherlands | 5,716 | 4,060 | 1,255 | 655 | — | 1,999 | 150 | 1,657 |
| Norway | 20 | 17 | 17 | — | — | — | — | 4 |
| Spain | 42,652 | 41,242 | 635 | 2,712 | 74 | 26,619 | 11,202 | 1,410 |
| Sweden | 1,399 | 264 | 248 | 2 | — | 13 | (1) | 1,135 |
| Switzerland | 25,657 | 18,606 | 2,861 | 221 | — | 15,023 | 501 | 7,051 |
| United Kingdom | 260,245 | 145,065 | 10,981 | 5,806 | 464 | 109,420 | 18,394 | 115,180 |
| West Germany | 89,787 | 38,994 | 10,022 | 395 | 64 | 27,738 | 775 | 50,793 |
| **Africa, total** | **52,059** | **19,159** | **2,010** | **38** | **47** | **14,526** | **2,538** | **32,900** |
| Liberia | 978 | 978 | — | — | — | 978 | — | — |
| South Africa (including Namibia) | 7,084 | 958 | 814 | 20 | 42 | 70 | 12 | 6,126 |
| **Asia, total** | **284,442** | **273,708** | **4,211** | **38,011** | **1,816** | **222,774** | **6,895** | **10,734** |
| Hong Kong | 5,065 | 3,205 | 27 | 1,379 | 68 | 1,730 | 1 | 1,860 |
| Indonesia | 32,995 | 32,796 | 155 | 17,750 | 113 | 13,906 | 872 | 199 |
| Japan (including Okinawa and Ryukyus) | 119,584 | 118,836 | 599 | 9,063 | 228 | 104,300 | 4,648 | 748 |
| Philippines | 21,268 | 21,039 | 246 | 6,901 | 13 | 13,782 | 97 | 229 |
| **Oceania, total** | **40,204** | **35,284** | **1,875** | **14,238** | **166** | **17,745** | **1,260** | **4,920** |
| Australia | 34,987 | 32,483 | 1,818 | 13,594 | 127 | 15,688 | 1,256 | 2,505 |
| **Puerto Rico and U.S. Possessions, total** | **18,404** | **18,028** | **289** | **929** | — | **6,452** | **10,359** | **376** |
| **OPEC countries, total (included above)** | **50,064** | **46,459** | **2,767** | **24,457** | **217** | **17,403** | **1,614** | **3,805** |
| **Tax haven countries, total (included above)** | **95,716** | **50,863** | **8,238** | **3,881** | **1,135** | **34,068** | **3,542** | **44,853** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC–DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed | |
| | | | | | | | | | | | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Banking** | | | | | | | | | | | | |
| **All geographic areas, total** | **145** | **1,930,135,490** | **7,565,112** | **2,916,936** | **1,769,474** | **8,107,227** | **1,324,005** | **400,992** | — | **425,633** | **1,769,474** | — |
| **Canada** | **70** | **1,563,278,224** | **6,327,511** | **2,384,426** | **1,666,717** | **7,268,963** | **1,265,150** | **398,785** | — | **295,694** | **1,666,717** | — |
| **Latin America, total** | **107** | **1,799,651,275** | **6,995,799** | **2,672,309** | **1,706,124** | **7,886,267** | **1,293,407** | **400,795** | — | **361,870** | **1,706,124** | — |
| Brazil | 84 | 1,686,200,298 | 6,632,213 | 2,514,510 | 1,695,228 | 7,706,456 | 1,281,243 | 400,744 | — | 361,230 | 1,695,228 | — |
| Ecuador | 40 | 1,184,079,428 | 4,487,262 | 1,755,067 | 1,423,888 | 5,808,949 | 1,055,460 | 376,255 | — | 269,826 | 1,423,888 | — |
| Mexico | 89 | 1,724,404,205 | 6,703,138 | 2,557,216 | 1,677,874 | 7,666,278 | 1,278,744 | 398,785 | — | 303,358 | 1,677,874 | — |
| Panama (including Canal Zone) | 37 | 1,142,566,585 | 4,812,987 | 1,857,048 | 1,421,407 | 6,221,870 | 1,081,784 | 375,203 | — | 195,947 | 1,421,407 | — |
| Venezuela | 61 | 1,476,849,484 | 5,871,200 | 2,214,593 | 1,622,559 | 6,851,440 | 1,221,742 | 398,719 | — | 303,084 | 1,622,559 | — |
| **Other Western Hemisphere, total** | **54** | **1,481,928,294** | **5,728,947** | **2,180,756** | **1,614,698** | **7,256,879** | **1,224,694** | **398,765** | — | **289,584** | **1,614,698** | — |
| The Bahamas | 43 | 1,402,819,051 | 5,509,500 | 2,095,149 | 1,599,533 | 6,866,116 | 1,211,612 | 398,568 | — | 269,826 | 1,599,533 | — |
| Bermuda | 17 | 805,382,234 | 2,936,509 | 1,180,343 | 943,586 | 4,030,215 | 847,294 | 180,678 | — | 8,954 | 943,586 | — |
| Netherlands Antilles | 27 | 1,150,031,082 | 4,618,724 | 1,764,523 | 1,457,022 | 6,361,876 | 1,085,798 | 378,260 | — | 269,204 | 1,457,022 | — |
| **Europe, total** | **78** | **1,739,536,665** | **6,677,556** | **2,523,408** | **1,667,911** | **7,672,904** | **1,267,320** | **400,941** | — | **332,510** | **1,667,911** | — |
| Austria | 24 | 1,047,926,924 | 4,462,698 | 1,700,097 | 1,444,235 | 5,780,105 | 1,089,707 | 392,603 | — | 196,052 | 1,444,235 | — |
| Belgium | 37 | 1,187,013,430 | 5,067,743 | 1,903,741 | 1,520,235 | 6,502,945 | 1,162,805 | 396,366 | — | 196,824 | 1,520,235 | — |
| Denmark | 30 | 1,135,493,687 | 4,608,853 | 1,750,448 | 1,457,403 | 5,870,138 | 1,102,874 | 392,603 | — | 196,054 | 1,457,403 | — |
| France (including Andorra) | 45 | 1,371,525,470 | 5,531,997 | 2,082,720 | 1,560,133 | 6,694,187 | 1,202,830 | 397,405 | — | 196,824 | 1,560,133 | — |
| Italy (including San Marino) | 46 | 1,422,562,789 | 5,631,518 | 2,131,443 | 1,608,724 | 6,944,543 | 1,219,856 | 398,784 | — | 272,190 | 1,608,724 | — |
| Luxembourg | 17 | 883,041,474 | 3,977,449 | 1,521,674 | 1,265,647 | 4,500,759 | 931,398 | 372,743 | — | 231,651 | 1,265,647 | — |
| Netherlands | 40 | 1,262,036,434 | 5,196,457 | 1,938,397 | 1,494,471 | 6,273,956 | 1,138,415 | 394,993 | — | 196,824 | 1,494,471 | — |
| Norway | 24 | 852,788,516 | 2,909,484 | 1,166,799 | 944,471 | 4,164,332 | 856,059 | 179,198 | — | 25,912 | 944,471 | — |
| Spain | 51 | 1,421,755,633 | 5,811,719 | 2,208,257 | 1,618,484 | 7,145,784 | 1,233,252 | 398,567 | — | 277,720 | 1,618,484 | — |
| Sweden | 34 | 1,218,624,295 | 4,963,252 | 1,864,961 | 1,500,686 | 6,221,224 | 1,143,232 | 397,122 | — | 194,461 | 1,500,686 | — |
| Switzerland | 35 | 1,235,541,114 | 5,185,775 | 1,954,201 | 1,533,313 | 6,415,061 | 1,175,585 | 397,385 | — | 194,471 | 1,533,313 | — |
| United Kingdom | 54 | 1,510,666,347 | 5,840,376 | 2,204,872 | 1,620,089 | 7,328,582 | 1,229,983 | 398,785 | — | 271,890 | 1,620,089 | — |
| West Germany | 41 | 1,369,607,884 | 5,516,565 | 2,088,677 | 1,605,520 | 6,769,818 | 1,206,176 | 398,525 | — | 234,947 | 1,605,520 | — |
| **Africa, total** | **39** | **1,386,889,627** | **5,462,723** | **2,062,057** | **1,615,974** | **6,856,119** | **1,209,820** | **400,743** | — | **323,364** | **1,615,974** | — |
| Liberia | 16 | 870,970,473 | 3,809,482 | 1,477,441 | 1,305,869 | 5,187,173 | 963,489 | 371,183 | — | 193,584 | 1,305,869 | — |
| South Africa (including Namibia) | 19 | 958,787,250 | 3,428,127 | 1,333,534 | 1,119,882 | 4,624,686 | 981,925 | 202,592 | — | 99,815 | 1,119,882 | — |
| **Asia, total** | **67** | **1,641,822,790** | **6,513,662** | **2,450,584** | **1,695,292** | **7,620,756** | **1,263,377** | **400,795** | — | **372,441** | **1,695,292** | — |
| Hong Kong | 40 | 1,328,578,318 | 5,565,555 | 2,095,682 | 1,605,187 | 6,629,984 | 1,208,517 | 398,307 | — | 234,124 | 1,605,187 | — |
| Indonesia | 29 | 1,279,396,164 | 5,420,656 | 2,035,971 | 1,615,975 | 6,660,957 | 1,210,898 | 398,092 | — | 249,763 | 1,615,975 | — |
| Japan (including Okinawa and Ryukyus) | 55 | 1,474,036,163 | 6,176,991 | 2,329,831 | 1,664,457 | 7,138,320 | 1,246,595 | 398,837 | — | 319,725 | 1,664,457 | — |
| Philippines | 36 | 1,364,097,293 | 5,438,305 | 2,050,571 | 1,601,698 | 6,814,822 | 1,214,653 | 398,568 | — | 268,950 | 1,601,698 | — |
| **Oceania, total** | **53** | **1,491,601,883** | **6,064,226** | **2,280,348** | **1,628,069** | **7,240,331** | **1,239,809** | **398,637** | — | **271,419** | **1,628,069** | — |
| **Puerto Rico and U.S. Possessions, total** | **17** | **916,771,141** | **4,258,665** | **1,623,696** | **1,380,006** | **4,768,315** | **1,012,739** | **390,255** | — | **210,870** | **1,380,006** | — |
| **OPEC countries, total (included above)** | **66** | **1,576,691,436** | **6,269,368** | **2,366,063** | **1,668,117** | **7,450,672** | **1,268,648** | **398,785** | — | **303,084** | **1,668,117** | — |
| **Tax haven countries, total (included above)** | **70** | **1,614,232,453** | **6,374,257** | **2,401,725** | **1,643,453** | **7,510,066** | **1,256,942** | **398,982** | — | **275,905** | **1,643,453** | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country: Gross income (less loss) excluding branch operations and specially allocable income: Total | Dividends | Dividend gross-up | Interest | Other | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture: Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Banking** | | | | | | | | | | | | |
| **All geographic areas, total** | **15,895,500** | **935,731** | **400,992** | **13,398,257** | **1,160,519** | — | **11,691,953** | — | **8,107,227** | **3,903,680** | (1) | **4,203,547** |
| **Canada** | **614,244** | **810** | **907** | **529,438** | **83,089** | — | **517,312** | — | **100,742** | **3,809** | — | **96,932** |
| **Latin America, total** | **5,156,498** | **65,414** | **42,983** | **4,935,510** | **112,591** | — | **3,901,239** | — | **2,139,946** | **884,686** | — | **1,255,259** |
| Brazil | 1,663,472 | 26,245 | 34,612 | 1,564,445 | 38,169 | — | 1,246,882 | — | 773,397 | 356,807 | — | 416,590 |
| Ecuador | 39,390 | 103 | 25 | 38,029 | 1,232 | — | 28,459 | — | 17,262 | 6,332 | — | 10,931 |
| Mexico | 1,534,642 | 6,591 | 1,838 | 1,474,244 | 51,969 | — | 1,180,009 | — | 389,412 | 34,779 | — | 354,633 |
| Panama (including Canal Zone) | 81,408 | 12,148 | 541 | 65,403 | 3,316 | — | 68,679 | — | 25,058 | 12,329 | — | 12,730 |
| Venezuela | 280,859 | 23 | 1 | 279,297 | 1,539 | — | 217,662 | — | 61,131 | -2,067 | — | 63,197 |
| **Other Western Hemisphere, total** | **1,545,526** | **193,841** | **5,274** | **1,344,648** | **1,762** | — | **1,072,185** | — | **848,228** | **374,867** | — | **473,361** |
| The Bahamas | 783,966 | 22,157 | 18 | 759,408 | 2,382 | — | 513,580 | — | 621,459 | 351,074 | — | 270,386 |
| Bermuda | 99,944 | — | — | 99,698 | 247 | — | 67,218 | — | 32,726 | — | — | 32,726 |
| Netherlands Antilles | 278,313 | 171,684 | 5,256 | 108,474 | -7,101 | — | 141,928 | — | 166,953 | 30,568 | — | 136,385 |
| **Europe, total** | **3,574,352** | **574,823** | **312,138** | **2,211,896** | **475,495** | — | **2,255,279** | — | **3,127,320** | **1,808,246** | — | **1,319,074** |
| Austria | 27,541 | 2,213 | 1,071 | 22,031 | 2,227 | — | 14,022 | — | 23,448 | 9,929 | — | 13,519 |
| Belgium | 159,572 | 21,318 | 11,509 | 117,985 | 8,759 | — | 94,881 | — | 466,334 | 401,643 | — | 64,691 |
| Denmark | 27,831 | — | — | 25,610 | 2,221 | — | 19,425 | — | 21,470 | 13,064 | — | 8,406 |
| France (including Andorra) | 224,968 | 5,297 | 2,987 | 188,384 | 28,300 | — | 206,513 | — | 325,462 | 307,007 | — | 18,455 |
| Italy (including San Marino) | 979,587 | 374,092 | 199,410 | 167,969 | 238,116 | — | 223,810 | — | 894,507 | 138,729 | — | 755,777 |
| Luxembourg | 21,957 | 7,276 | 567 | 13,151 | 963 | — | 22,462 | — | 2,301 | 2,806 | — | -505 |
| Netherlands | 79,807 | 2,019 | 695 | 64,967 | 12,127 | — | 80,099 | — | 26,785 | 27,076 | — | -292 |
| Norway | 18,170 | 2 | — | 16,447 | 1,721 | — | 13,072 | — | 5,098 | — | — | 5,098 |
| Spain | 117,990 | 2,310 | 1,028 | 77,738 | 36,914 | — | 128,307 | — | 92,288 | 102,605 | — | -10,317 |
| Sweden | 41,778 | 10 | — | 31,491 | 10,277 | — | 27,499 | — | 14,653 | 373 | — | 14,280 |
| Switzerland | 73,879 | 10,948 | 4,425 | 47,435 | 11,072 | — | 44,866 | — | -106,099 | -135,112 | — | 29,013 |
| United Kingdom | 1,305,452 | 82,304 | 49,939 | 1,092,715 | 80,495 | — | 1,044,662 | — | 958,095 | 697,305 | — | 260,791 |
| West Germany | 264,386 | 64,420 | 40,266 | 125,858 | 33,842 | — | 145,553 | — | 235,907 | 117,074 | — | 118,833 |
| **Africa, total** | **221,166** | **43,956** | **31,263** | **144,266** | **1,681** | — | **151,499** | — | **79,142** | **9,475** | — | **69,667** |
| Liberia | 11,372 | 6,317 | — | 5,042 | 13 | — | 4,884 | — | 5,179 | -1,308 | — | 6,488 |
| South Africa (including Namibia) | 83,912 | 4,824 | 4,747 | 72,714 | 1,626 | — | 53,033 | — | 30,879 | — | — | 30,879 |
| **Asia, total** | **1,949,874** | **25,769** | **7,028** | **1,727,726** | **189,351** | — | **1,482,133** | — | **990,150** | **522,409** | — | **467,741** |
| Hong Kong | 151,054 | 6,146 | 1,251 | 136,592 | 7,065 | — | 120,048 | — | 96,066 | 65,060 | — | 31,007 |
| Indonesia | 28,693 | 585 | 164 | 23,793 | 4,150 | — | 23,898 | — | 30,114 | 25,319 | — | 4,795 |
| Japan (including Okinawa and Ryukyus) | 1,034,972 | 8,054 | 186 | 899,803 | 126,929 | — | 796,644 | — | 389,871 | 151,543 | — | 238,328 |
| Philippines | 148,688 | 2,217 | 229 | 137,995 | 8,247 | — | 108,892 | — | 64,993 | 25,197 | — | 39,796 |
| **Oceania, total** | **214,279** | **5,190** | **1,138** | **193,231** | **14,719** | — | **148,496** | — | **71,443** | **5,660** | — | **65,783** |
| **Puerto Rico and U.S. Possessions, total** | **57,355** | **275** | **261** | **51,757** | **6,061** | — | **54,351** | — | **-7,410** | **-10,414** | — | **3,004** |
| **OPEC countries, total (included above)** | **414,664** | **4,260** | **3,392** | **394,901** | **12,111** | — | **316,089** | — | **133,111** | **34,535** | — | **98,576** |
| **Tax haven countries, total (included above)** | **2,071,956** | **249,145** | **17,008** | **1,754,132** | **51,671** | — | **1,437,517** | — | **1,248,890** | **614,451** | — | **634,439** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Interest | Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Banking** | | | | | | | | |
| **All geographic areas, total** | **1,724,997** | **1,324,005** | **74,747** | **585,778** | **4,288** | **634,561** | **24,631** | **400,992** |
| **Canada** | **16,901** | **15,994** | **89** | **5,230** | **489** | **6,331** | **3,855** | **907** |
| **Latin America, total** | **679,423** | **636,440** | **44,857** | **495,341** | **1,838** | **92,455** | **1,949** | **42,983** |
| Brazil | 441,995 | 407,384 | 38,812 | 317,531 | 51 | 49,935 | 1,055 | 34,612 |
| Ecuador | 713 | 688 | 12 | 525 | 18 | 132 | — | 25 |
| Mexico | 126,712 | 124,874 | 3,614 | 109,127 | 279 | 11,328 | 525 | 1,838 |
| Panama (including Canal Zone) | 2,137 | 1,596 | — | 308 | 2 | 1,286 | — | 541 |
| Venezuela | 6,838 | 6,838 | 5 | 6,161 | 52 | 620 | — | 1 |
| **Other Western Hemisphere, total** | **15,215** | **9,940** | **2,662** | **4,275** | — | **305** | **2,699** | **5,274** |
| The Bahamas | 18 | — | — | — | — | — | — | 18 |
| Bermuda | — | — | — | — | — | — | — | — |
| Netherlands Antilles | 11,202 | 5,946 | 2,662 | 410 | — | 175 | 2,699 | 5,256 |
| **Europe, total** | **674,377** | **362,239** | **21,540** | **9,214** | **593** | **316,007** | **14,885** | **312,138** |
| Austria | 1,252 | 181 | 110 | — | — | 71 | — | 1,071 |
| Belgium | 91,831 | 80,322 | 3,210 | 1 | — | 77,109 | 3 | 11,509 |
| Denmark | 491 | 491 | — | — | — | 491 | — | — |
| France (including Andorra) | 34,202 | 31,215 | 343 | 12 | 18 | 30,392 | 450 | 2,987 |
| Italy (including San Marino) | 218,992 | 19,582 | 1,433 | 3,131 | 7 | 15,012 | — | 199,410 |
| Luxembourg | 1,652 | 1,085 | 23 | — | — | 1,061 | 1 | 567 |
| Netherlands | 1,069 | 374 | 108 | 266 | — | — | — | 695 |
| Norway | (1) | (1) | (1) | — | — | — | — | — |
| Spain | 41,065 | 40,037 | 417 | 2,269 | 40 | 26,391 | 10,919 | 1,028 |
| Sweden | 4 | 4 | 2 | 2 | — | — | — | — |
| Switzerland | 18,681 | 14,256 | 1,480 | 125 | — | 12,648 | 3 | 4,425 |
| United Kingdom | 166,519 | 116,581 | 5,830 | 3,236 | 464 | 104,312 | 2,738 | 49,939 |
| West Germany | 75,764 | 35,499 | 7,802 | — | 64 | 26,864 | 769 | 40,266 |
| **Africa, total** | **47,260** | **15,998** | **1,859** | **38** | **25** | **13,774** | **302** | **31,263** |
| Liberia | 978 | 978 | — | — | — | 978 | — | — |
| South Africa (including Namibia) | 5,513 | 766 | 724 | 19 | 22 | — | 1 | 4,747 |
| **Asia, total** | **245,171** | **238,144** | **3,025** | **34,798** | **440** | **199,724** | **157** | **7,028** |
| Hong Kong | 4,035 | 2,784 | 2 | 1,379 | — | 1,403 | — | 1,251 |
| Indonesia | 29,664 | 29,499 | 117 | 16,879 | 94 | 12,409 | — | 164 |
| Japan (including Okinawa and Ryukyus) | 105,968 | 105,782 | 27 | 7,064 | 100 | 98,587 | 4 | 186 |
| Philippines | 20,512 | 20,283 | 242 | 6,901 | 9 | 13,035 | 97 | 229 |
| **Oceania, total** | **15,855** | **14,717** | **216** | **13,213** | **63** | **1,224** | — | **1,138** |
| **Puerto Rico and U.S. Possessions, total** | **3,290** | **3,029** | **44** | **7** | — | **2,671** | **307** | **261** |
| **OPEC countries, total (included above)** | **45,943** | **42,551** | **2,704** | **23,583** | **165** | **15,799** | **300** | **3,392** |
| **Tax haven countries, total (included above)** | **51,081** | **34,073** | **4,386** | **3,161** | **79** | **23,744** | **2,703** | **17,008** |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| *Insurance* | | | | | | | | | | | | |
| All geographic areas, total | 146 | 814,032,716 | 12,319,955 | 3,579,635 | 235,791 | 1,611,338 | 145,250 | 91,787 | 863 | 49,426 | 235,791 | — |
| Canada | 125 | 804,274,739 | 12,051,448 | 3,477,231 | 235,150 | 1,608,688 | 144,581 | 91,782 | 863 | 49,132 | 235,150 | — |
| Latin America, total | 23 | 501,745,362 | 6,512,882 | 1,678,945 | 191,360 | 1,302,814 | 106,547 | 90,185 | 863 | 43,577 | 191,360 | — |
| Brazil | 8 | 344,930,630 | 4,296,054 | 950,738 | 141,229 | 991,044 | 59,328 | 90,185 | — | 34,202 | 141,229 | — |
| Ecuador | 6 | 181,965,801 | 1,097,292 | 198,087 | 91,784 | 501,284 | 47,402 | 74,996 | 863 | 12,412 | 91,784 | — |
| Mexico | 18 | 464,361,776 | 6,023,973 | 1,509,347 | 169,636 | 1,219,164 | 89,647 | 90,185 | 863 | 35,779 | 169,636 | — |
| Panama (including Canal Zone) | 10 | 363,309,288 | 4,441,254 | 996,875 | 110,999 | 884,872 | 59,686 | 81,237 | — | 12,562 | 110,999 | — |
| Venezuela | 8 | 162,490,913 | 1,604,707 | 385,761 | 84,010 | 430,661 | 34,880 | 79,054 | — | 12,562 | 84,010 | — |
| Other Western Hemisphere, total | 18 | 470,195,167 | 5,586,997 | 1,314,219 | 149,954 | 1,145,688 | 85,221 | 90,185 | — | 37,062 | 149,954 | — |
| The Bahamas | 5 | 247,462,866 | 2,886,021 | 654,257 | 90,642 | 465,955 | 45,023 | 76,867 | — | 10,915 | 90,642 | — |
| Bermuda | 10 | 128,084,478 | 1,155,184 | 230,344 | 66,873 | 388,097 | 28,542 | 54,994 | — | 2,702 | 66,873 | — |
| Netherlands Antilles | 8 | 279,989,027 | 3,442,797 | 832,622 | 128,008 | 625,241 | 49,655 | 86,329 | — | 34,510 | 128,008 | — |
| Europe, total | 53 | 668,839,313 | 9,159,706 | 2,483,996 | 209,795 | 1,488,854 | 123,276 | 90,190 | 863 | 45,561 | 209,795 | — |
| Austria | 9 | 332,512,768 | 4,341,680 | 948,913 | 134,858 | 1,035,700 | 65,747 | 66,125 | — | 24,558 | 134,858 | — |
| Belgium | 12 | 447,318,007 | 5,445,212 | 1,312,751 | 161,195 | 1,165,934 | 86,277 | 86,127 | 863 | 34,052 | 161,195 | — |
| Denmark | 9 | 338,606,174 | 4,233,190 | 898,903 | 91,676 | 829,092 | 56,301 | 53,119 | — | 1,271 | 91,676 | — |
| France (including Andorra) | 15 | 420,859,082 | 5,126,851 | 1,204,088 | 165,601 | 1,185,092 | 86,798 | 90,185 | 863 | 34,202 | 165,601 | — |
| Italy (including San Marino) | 10 | 396,276,668 | 4,586,863 | 1,028,809 | 154,452 | 1,078,005 | 73,414 | 90,185 | 863 | 34,202 | 154,452 | — |
| Luxembourg | 6 | 295,545,649 | 3,308,781 | 739,717 | 92,944 | 584,189 | 65,794 | 49,263 | 863 | — | 92,944 | — |
| Netherlands | 29 | 583,640,342 | 7,210,547 | 1,795,962 | 147,588 | 1,258,824 | 95,244 | 81,242 | 863 | 19,032 | 147,588 | — |
| Norway | 11 | 333,007,656 | 4,426,246 | 965,973 | 101,521 | 906,007 | 64,530 | 57,182 | — | 1,381 | 101,521 | — |
| Spain | 9 | 315,680,529 | 4,114,232 | 878,575 | 92,732 | 809,927 | 51,975 | 57,177 | — | 2,918 | 92,732 | — |
| Sweden | 16 | 434,719,158 | 4,885,158 | 1,103,862 | 138,959 | 1,090,959 | 90,282 | 77,179 | 863 | 18,713 | 138,959 | — |
| Switzerland | 9 | 341,137,182 | 4,107,216 | 868,951 | 88,255 | 836,514 | 52,879 | 53,119 | — | 1,271 | 88,255 | — |
| United Kingdom | 35 | 525,937,558 | 6,803,142 | 1,732,691 | 197,455 | 1,340,410 | 112,423 | 90,185 | 863 | 44,021 | 197,455 | — |
| West Germany | 17 | 396,235,193 | 5,068,224 | 1,191,208 | 163,588 | 1,089,227 | 76,880 | 90,185 | — | 42,041 | 163,588 | — |
| Africa, total | 17 | 460,215,936 | 5,514,878 | 1,293,214 | 132,481 | 1,050,645 | 85,690 | 81,237 | 863 | 11,196 | 132,481 | — |
| Liberia | 4 | 85,838,162 | 773,445 | 104,724 | 62,844 | 367,261 | 31,964 | 50,900 | — | 1,230 | 62,844 | — |
| Asia, total | 32 | 625,237,550 | 7,934,034 | 2,082,777 | 198,615 | 1,437,045 | 115,223 | 90,185 | 863 | 42,214 | 198,615 | — |
| Hong Kong | 10 | 347,377,897 | 4,224,656 | 907,025 | 108,575 | 864,591 | 58,800 | 81,237 | — | 11,024 | 108,575 | — |
| Indonesia | 6 | 166,068,224 | 1,472,046 | 323,057 | 91,038 | 484,392 | 55,884 | 54,994 | 863 | 1,381 | 91,038 | — |
| Japan (including Okinawa and Ryukyus) | 21 | 530,814,849 | 6,313,182 | 1,494,254 | 149,165 | 1,200,000 | 103,523 | 81,237 | 863 | 11,066 | 149,165 | — |
| Philippines | 10 | 390,244,203 | 5,198,111 | 1,273,949 | 144,689 | 1,032,214 | 63,141 | 90,185 | — | 34,241 | 144,689 | — |
| Oceania, total | 28 | 554,706,186 | 7,744,200 | 2,010,439 | 182,073 | 1,335,447 | 97,599 | 90,185 | — | 42,041 | 182,073 | — |
| Puerto Rico and U.S. Possessions, total | 35 | 670,199,927 | 9,209,076 | 2,598,857 | 206,145 | 1,418,265 | 118,144 | 90,185 | 863 | 45,058 | 206,145 | — |
| OPEC countries, total (included above) | 10 | 217,633,761 | 2,037,764 | 514,896 | 110,376 | 548,582 | 63,129 | 79,054 | 863 | 12,562 | 110,376 | — |
| Tax haven countries, total (included above) | 39 | 619,400,034 | 7,719,260 | 1,974,855 | 165,529 | 1,412,680 | 98,267 | 90,190 | 863 | 45,029 | 165,529 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| *Insurance* | | | | | | | | | | | | |
| All geographic areas, total | 2,979,360 | 307,621 | 91,787 | 1,364,449 | 1,215,503 | 6,110 | 1,588,466 | 6,252 | 1,611,338 | 209,907 | 10,536 | 1,390,894 |
| Canada | 1,100,014 | 59,647 | 31,172 | 801,313 | 207,882 | — | 415,402 | — | 839,737 | 152,831 | 2,294 | 684,612 |
| Latin America, total | 87,690 | 4,916 | 2,148 | 65,949 | 14,677 | — | 36,161 | — | 53,609 | 1,377 | 701 | 51,529 |
| Brazil | 3,397 | 178 | 36 | 963 | 2,220 | — | 445 | — | 2,973 | 17 | 3 | 2,952 |
| Ecuador | 185 | — | — | 11 | 174 | — | 114 | — | -267 | -338 | — | 71 |
| Mexico | 60,289 | 154 | 15 | 51,505 | 8,615 | — | 21,738 | — | 38,552 | — | 1 | 38,551 |
| Panama (including Canal Zone) | 1,740 | 452 | 10 | 746 | 531 | — | 1,066 | — | -102 | -822 | 46 | 674 |
| Venezuela | 1,018 | 16 | — | 17 | 985 | — | 853 | — | -173 | -345 | 7 | 166 |
| Other Western Hemisphere, total | 79,900 | 85,570 | 8,285 | 14,682 | -8,636 | — | 46,902 | — | 33,055 | -17 | 75 | 32,998 |
| The Bahamas | 9,526 | 70 | — | 8,507 | 949 | — | 5,860 | — | 3,666 | — | — | 3,666 |
| Bermuda | 15,214 | 27,794 | — | 2,270 | -14,850 | — | 19,663 | — | -4,393 | — | 56 | -4,450 |
| Netherlands Antilles | 49,424 | 33,359 | 8,139 | 2,621 | 5,305 | — | 20,912 | — | 28,496 | -17 | 1 | 28,512 |
| Europe, total | 811,841 | 130,939 | 45,875 | 221,736 | 413,291 | 16 | 454,570 | (¹) | 358,883 | 41 | 1,571 | 357,271 |
| Austria | 3,517 | 18 | — | 2,407 | 1,092 | — | 1,624 | — | 1,894 | — | 1 | 1,893 |
| Belgium | 28,766 | 299 | — | 9,188 | 19,279 | — | 19,520 | — | 9,797 | 551 | — | 9,246 |
| Denmark | 14,783 | 486 | — | 7,679 | 6,618 | — | 8,214 | — | 6,569 | — | — | 6,569 |
| France (including Andorra) | 47,416 | 760 | — | 17,650 | 29,007 | — | 30,834 | — | 16,504 | -111 | 33 | 16,582 |
| Italy (including San Marino) | 18,305 | 455 | (¹) | 7,563 | 10,287 | — | 8,026 | — | 10,323 | 14 | 29 | 10,279 |
| Luxembourg | 5,723 | — | — | 4,157 | 1,565 | — | 1,821 | — | 3,901 | — | — | 3,901 |
| Netherlands | 30,057 | 8,318 | 37 | 9,096 | 12,606 | 16 | 18,834 | (¹) | 11,338 | 104 | 11 | 11,223 |
| Norway | 5,743 | 141 | 4 | 5,475 | 123 | — | 2,621 | — | 3,174 | — | 53 | 3,122 |
| Spain | 8,222 | 482 | — | 4,021 | 3,718 | — | 3,662 | — | 4,506 | -58 | 4 | 4,561 |
| Sweden | 23,801 | 266 | — | 19,869 | 3,666 | — | 12,237 | — | 11,581 | 17 | — | 11,564 |
| Switzerland | 30,426 | 460 | — | 3,291 | 26,675 | — | 21,146 | — | 9,280 | — | — | 9,280 |
| United Kingdom | 487,995 | 117,422 | 44,798 | 89,952 | 235,822 | — | 259,774 | — | 228,298 | 51 | 26 | 228,221 |
| West Germany | 51,978 | 540 | — | 10,728 | 40,710 | — | 41,476 | — | 10,094 | -526 | 118 | 10,502 |
| Africa, total | 11,677 | 4,188 | 1,331 | 4,078 | 2,080 | — | 3,015 | — | 7,987 | 2 | -696 | 8,662 |
| Liberia | 1,460 | 9 | — | 105 | 1,347 | — | 703 | — | 757 | — | — | 757 |
| Asia, total | 194,048 | 4,407 | 40 | 85,658 | 103,942 | 6,094 | 68,855 | 6,252 | 124,535 | -1,228 | 570 | 125,193 |
| Hong Kong | 3,839 | 610 | 3 | 264 | 2,962 | — | 3,081 | — | -1,306 | -2,067 | 3 | 758 |
| Indonesia | 6,611 | 102 | 34 | — | 6,475 | 6,094 | 6,338 | 6,252 | 1,765 | 1,444 | 48 | 273 |
| Japan (including Okinawa and Ryukyus) | 168,928 | 3,469 | — | 82,439 | 83,021 | — | 49,923 | — | 117,027 | -2,047 | 68 | 119,005 |
| Philippines | 2,403 | 15 | — | 1,421 | 967 | — | 914 | — | 1,658 | — | 170 | 1,488 |
| Oceania, total | 94,952 | 20,283 | 2,935 | 39,220 | 32,514 | — | 32,525 | — | 130,209 | 67,748 | 34 | 62,427 |
| Puerto Rico and U.S. Possessions, total | 95,034 | 589 | — | 11,510 | 82,936 | — | 66,533 | — | 25,996 | -4,787 | 2,282 | 28,501 |
| OPEC countries, total (included above) | 10,357 | 118 | 34 | 28 | 10,177 | 6,094 | 8,989 | 6,252 | 2,219 | 761 | 90 | 1,368 |
| Tax haven countries, total (included above) | 165,251 | 75,636 | 8,335 | 38,197 | 43,083 | 16 | 103,994 | (¹) | 58,987 | -2,752 | 482 | 61,257 |

Footnotes at end of table.

**Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed**

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Insurance** | | | | | | | | |
| **All geographic areas, total** | 237,036 | 145,250 | 7,258 | 15,059 | 139 | 82,712 | 40,082 | 91,787 |
| **Canada** | 119,725 | 88,552 | 1,362 | 8,825 | 62 | 53,038 | 25,265 | 31,172 |
| **Latin America, total** | 4,012 | 1,864 | 385 | 727 | 26 | 552 | 174 | 2,148 |
| Brazil | 250 | 214 | 76 | — | 26 | 57 | 53 | 36 |
| Ecuador | 119 | 119 | — | 3 | — | 106 | 10 | — |
| Mexico | 666 | 651 | 56 | 586 | — | — | 9 | 15 |
| Panama (including Canal Zone) | 19 | 9 | — | — | — | — | 9 | 10 |
| Venezuela | 15 | 15 | — | — | — | 1 | 14 | — |
| **Other Western Hemisphere, total** | 8,409 | 124 | -5 | 113 | — | 14 | 1 | 8,285 |
| The Bahamas | -4 | -4 | -5 | — | — | — | (1) | — |
| Bermuda | — | — | — | — | — | — | — | — |
| Netherlands Antilles | 8,148 | 9 | — | 9 | — | (1) | — | 8,139 |
| **Europe, total** | 65,708 | 19,833 | 4,633 | 2,603 | 33 | 6,223 | 6,341 | 45,875 |
| Austria | — | — | — | — | — | — | — | — |
| Belgium | 617 | 617 | 45 | — | — | 469 | 104 | — |
| Denmark | 417 | 417 | 414 | — | — | — | 2 | — |
| France (including Andorra) | -52 | -52 | -55 | — | — | — | 3 | — |
| Italy (including San Marino) | 668 | 668 | 18 | 1 | — | 645 | 4 | — |
| Luxembourg | 82 | 82 | — | — | — | — | 82 | — |
| Netherlands | 2,905 | 2,868 | 756 | 387 | — | 1,575 | 150 | 37 |
| Norway | 19 | 15 | 15 | — | — | — | — | 4 |
| Spain | 405 | 405 | 90 | 54 | 33 | 228 | — | — |
| Sweden | 78 | 78 | 65 | (1) | — | 13 | (1) | — |
| Switzerland | 408 | 408 | 7 | — | — | 14 | 386 | — |
| United Kingdom | 57,722 | 12,925 | 2,883 | 2,160 | — | 2,395 | 5,486 | 44,798 |
| West Germany | 1,267 | 1,267 | 394 | — | — | 874 | — | — |
| **Africa, total** | 1,339 | 8 | 3 | 1 | — | (1) | 5 | 1,331 |
| Liberia | — | — | — | — | — | — | — | — |
| **Asia, total** | 8,439 | 8,399 | 561 | 22 | 17 | 4,309 | 3,489 | 40 |
| Hong Kong | 304 | 301 | (1) | — | — | 300 | 1 | 3 |
| Indonesia | 951 | 917 | 38 | — | 7 | — | 872 | 34 |
| Japan (including Okinawa and Ryukyus) | 5,876 | 5,876 | 473 | 15 | 11 | 3,080 | 2,297 | — |
| Philippines | 527 | 527 | 4 | — | — | 523 | — | — |
| **Oceania, total** | 22,531 | 19,596 | 1,569 | 983 | — | 15,794 | 1,249 | 2,935 |
| **Puerto Rico and U.S. Possessions, total** | 6,475 | 6,475 | 137 | 185 | — | 2,604 | 3,569 | — |
| **OPEC countries, total (included above)** | 1,300 | 1,266 | 38 | 3 | 7 | 107 | 1,111 | 34 |
| **Tax haven countries, total (included above)** | 12,373 | 4,038 | 804 | 396 | — | 2,110 | 728 | 8,335 |

Footnotes at end of table.

**Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed**

**Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Foreign tax credit computed | |
| | | | | | | | | | | | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Holding and other investment companies except bank holding companies** | | | | | | | | | | | | |
| **All geographic areas, total** | 343 | 19,505,771 | 864,552 | 292,399 | 46,916 | 134,421 | 9,029 | 38,947 | — | 14,598 | 46,916 | — |
| **Canada** | 137 | 2,944,939 | 515,075 | 165,925 | 22,107 | 66,353 | 4,266 | 19,539 | — | 6,008 | 22,107 | — |
| **Latin America, total** | 18 | 841,937 | 48,166 | 21,045 | 14,970 | 37,401 | 1,812 | 13,036 | — | 8,365 | 14,970 | — |
| Brazil | 5 | 410,642 | 30,493 | 13,229 | 11,111 | 23,446 | 1,039 | 9,519 | — | 7,632 | 11,111 | — |
| Mexico | 10 | 343,264 | 21,869 | 9,812 | 4,352 | 14,873 | 532 | 4,020 | — | 935 | 4,352 | — |
| **Other Western Hemisphere, total** | 3 | 293,821 | 11,930 | 3,420 | 843 | 3,413 | 903 | 58 | — | 25 | 843 | — |
| **Europe, total** | 183 | 3,197,413 | 472,764 | 151,367 | 33,592 | 88,765 | 5,734 | 27,776 | — | 9,784 | 33,592 | — |
| Belgium | 5 | 770,600 | 205,023 | 60,263 | 327 | 6,781 | 138 | — | — | 275 | 327 | — |
| Denmark | 22 | 149,547 | 7,046 | 2,272 | 204 | 502 | 222 | — | — | — | 204 | — |
| France (including Andorra) | 9 | 1,710,209 | 304,633 | 97,611 | 23,763 | 61,347 | 1,828 | 20,785 | — | 9,210 | 23,763 | — |
| Italy (including San Marino) | 7 | 1,074,537 | 219,778 | 66,443 | 9,195 | 26,092 | 1,281 | 7,603 | — | 7,685 | 9,195 | — |
| Netherlands | 83 | 1,737,219 | 325,425 | 96,700 | 10,357 | 28,948 | 1,175 | 8,696 | — | 7,408 | 10,357 | — |
| Norway | 37 | 28,493 | 4,204 | 1,119 | 2 | 17 | 2 | — | — | — | 2 | — |
| Spain | 4 | 958,977 | 217,603 | 65,834 | 9,191 | 25,981 | 1,276 | 7,603 | — | 7,685 | 9,191 | — |
| Sweden | 39 | 455,085 | 35,026 | 13,839 | 10,655 | 26,849 | 538 | 9,539 | — | 8,112 | 10,655 | — |
| Switzerland | 19 | 1,013,406 | 204,661 | 59,917 | 1,236 | 9,183 | 640 | 612 | — | 3 | 1,236 | — |
| United Kingdom | 72 | 1,725,905 | 278,420 | 85,636 | 14,682 | 42,981 | 2,280 | 12,224 | — | 8,367 | 14,682 | — |
| West Germany | 19 | 1,426,150 | 247,423 | 76,548 | 13,555 | 38,794 | 1,220 | 12,020 | — | 8,343 | 13,555 | — |
| **Africa, total** | 38 | 362,955 | 32,430 | 11,445 | 3,713 | 8,023 | 886 | 3,093 | — | 233 | 3,713 | — |
| South Africa (including Namibia) | 36 | 362,955 | 32,430 | 11,445 | 3,713 | 8,023 | 886 | 3,093 | — | 233 | 3,713 | — |
| **Asia, total** | 44 | 2,756,076 | 294,649 | 92,016 | 14,821 | 43,991 | 2,537 | 12,166 | — | 8,932 | 14,821 | — |
| Hong Kong | 8 | 1,143,605 | 211,443 | 62,967 | 3,254 | 17,758 | 214 | 3,251 | — | 726 | 3,254 | — |
| Japan (including Okinawa and Ryukyus) | 37 | 2,047,907 | 263,407 | 78,846 | 4,120 | 16,722 | 1,709 | 2,696 | — | 780 | 4,120 | — |
| **Oceania, total** | 45 | 2,076,498 | 260,869 | 82,632 | 14,581 | 49,548 | 2,062 | 11,633 | — | 9,528 | 14,581 | — |
| **Puerto Rico and U.S. Possessions, total** | 45 | 320,068 | 36,147 | 12,945 | 7,351 | 15,507 | 773 | 5,814 | — | 7,653 | 7,351 | — |
| **Tax haven countries, total (included above)** | 93 | 2,680,023 | 378,384 | 118,450 | 26,480 | 70,705 | 3,548 | 23,216 | — | 8,155 | 26,480 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Holding and other investment companies except bank holding companies** | | | | | | | | | | | | |
| **All geographic areas, total** | 190,664 | 59,669 | 38,949 | 13,259 | 78,786 | — | 61,014 | — | 134,421 | 4,771 | — | 129,650 |
| **Canada** | 50,598 | 22,648 | 15,880 | 166 | 11,904 | — | 7,468 | — | 43,130 | — | — | 43,130 |
| **Latin America, total** | 2,955 | 1,237 | 306 | 478 | 933 | — | 740 | — | 2,215 | — | — | 2,215 |
| Brazil | 1,728 | 1,118 | 300 | (1) | 310 | — | 155 | — | 1,574 | — | — | 1,574 |
| Mexico | 417 | 100 | — | -1 | 318 | — | 26 | — | 390 | — | — | 390 |
| **Other Western Hemisphere, total** | 2,062 | 258 | 58 | 1,187 | 559 | — | 1,715 | — | 347 | — | — | 347 |
| **Europe, total** | 69,415 | 29,202 | 21,295 | 2,321 | 16,597 | — | 10,957 | — | 61,703 | 3,244 | — | 58,459 |
| Belgium | 239 | — | — | — | 239 | — | 87 | — | 152 | — | — | 152 |
| Denmark | 53 | 29 | — | — | 23 | — | 16 | — | 37 | — | — | 37 |
| France (including Andorra) | 5,836 | 1,392 | 1,306 | 14 | 3,125 | — | 882 | — | 4,955 | — | — | 4,955 |
| Italy (including San Marino) | 15,022 | 5,107 | 4,830 | — | 5,086 | — | 3,090 | — | 11,931 | — | — | 11,931 |
| Netherlands | 1,863 | 1,008 | 78 | — | 777 | — | 1,274 | — | 589 | — | — | 589 |
| Norway | 6 | 5 | 1 | — | — | — | — | — | 6 | — | — | 6 |
| Spain | 797 | 495 | 266 | — | 36 | — | 75 | — | 721 | — | — | 721 |
| Sweden | 2,136 | 1,152 | 853 | — | 131 | — | 160 | — | 1,976 | — | — | 1,976 |
| Switzerland | 1,502 | 54 | 19 | 261 | 1,168 | — | 584 | — | 918 | — | — | 918 |
| United Kingdom | 6,558 | 2,448 | 652 | 2,038 | 3,419 | — | 3,267 | — | 6,906 | 1,615 | — | 5,290 |
| West Germany | 5,161 | 1,733 | 1,264 | (1) | 2,163 | — | 1,168 | — | 3,992 | — | — | 3,992 |
| **Africa, total** | 300 | 145 | 1 | — | 154 | — | 107 | — | 193 | — | — | 193 |
| South Africa (including Namibia) | 296 | 145 | 1 | — | 150 | — | 104 | — | 192 | — | — | 192 |
| **Asia, total** | 12,317 | 4,696 | 989 | 385 | 6,247 | — | 3,288 | — | 9,028 | — | — | 9,028 |
| Hong Kong | 4,802 | 3,986 | 605 | — | 211 | — | 108 | — | 4,694 | — | — | 4,694 |
| Japan (including Okinawa and Ryukyus) | 4,545 | 157 | 13 | 173 | 4,203 | — | 1,705 | — | 2,841 | — | — | 2,841 |
| **Oceania, total** | 28,617 | 503 | 421 | 8,721 | 18,972 | — | 19,537 | — | 10,607 | 1,527 | — | 9,080 |
| **Puerto Rico and U.S. Possessions, total** | 1,623 | 120 | — | — | 1,503 | — | 72 | — | 1,551 | — | — | 1,551 |
| **Tax haven countries, total (included above)** | 38,950 | 21,016 | 12,779 | 1,934 | 3,221 | — | 4,505 | — | 34,445 | — | — | 34,445 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign taxes paid or accrued and deemed paid before reduction | | | | | | | |
| | Total | Paid or accrued | | | | | | Deemed paid |
| | | Total | Tax withheld at source on | | | Other taxes paid or accrued on | | |
| | | | Dividends | Interest | Rents, royalties and license fees | Branch income | Other income | |
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Holding and other investment companies except bank holding companies** | | | | | | | | |
| **All geographic areas, total** | 47,976 | 9,029 | 3,943 | 154 | 764 | 2,186 | 1,982 | 38,947 |
| **Canada** | 18,611 | 2,731 | 1,404 | 21 | 16 | — | 1,290 | 15,880 |
| **Latin America, total** | 760 | 454 | 312 | — | 139 | — | 3 | 306 |
| Brazil | 580 | 279 | 279 | — | — | — | — | 300 |
| Mexico | 117 | 117 | 30 | — | 85 | — | 2 | — |
| **Other Western Hemisphere, total** | 59 | 1 | — | — | 1 | — | — | 58 |
| **Europe, total** | 24,333 | 3,040 | 1,914 | 78 | 12 | 924 | 113 | 21,292 |
| Belgium | — | — | — | — | — | — | — | — |
| Denmark | 11 | 11 | 9 | — | 2 | — | — | — |
| France (including Andorra) | 1,348 | 42 | 33 | — | 9 | — | — | 1,306 |
| Italy (including San Marino) | 4,877 | 47 | 47 | — | — | — | — | 4,830 |
| Netherlands | 213 | 135 | 135 | — | — | — | — | 78 |
| Norway | 1 | 1 | 1 | — | — | — | — | — |
| Spain | 355 | 89 | 89 | — | — | — | — | 266 |
| Sweden | 991 | 138 | 138 | — | — | — | — | 853 |
| Switzerland | 110 | 91 | 13 | 78 | — | — | — | 19 |
| United Kingdom | 1,600 | 950 | 143 | — | — | 694 | 113 | 650 |
| West Germany | 1,313 | 49 | 49 | — | — | — | — | 1,264 |
| **Africa, total** | 46 | 45 | 24 | — | 22 | — | — | 1 |
| South Africa (including Namibia) | 45 | 44 | 24 | — | 20 | — | — | 1 |
| **Asia, total** | 1,628 | 639 | 156 | 46 | 437 | — | — | 989 |
| Hong Kong | 605 | (1) | (1) | — | — | — | — | 605 |
| Japan (including Okinawa and Ryukyus) | 172 | 159 | 25 | 17 | 117 | — | — | 13 |
| **Oceania, total** | 1,202 | 780 | 6 | 9 | 28 | 727 | 10 | 421 |
| **Puerto Rico and U.S. Possessions, total** | 580 | 580 | 17 | — | — | — | 563 | — |
| **Tax haven countries, total (included above)** | 14,294 | 1,516 | 1,405 | 78 | 33 | — | — | 12,779 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Number of returns | Total assets | Income and taxes from all sources | | | | | | | | Foreign tax credit computed | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Income subject to U.S. tax | Regular and alternative tax | Foreign tax credit claimed | Taxable income (less loss) from foreign sources before loss recapture | Foreign taxes paid or accrued | Foreign taxes deemed paid | Reduction for certain foreign taxes | Carryover | Before reduction for international boycott operations | Reduction for international boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Services** | | | | | | | | | | | | |
| **All geographic areas, total** | 634 | 80,287,621 | 2,868,547 | 1,224,946 | 317,257 | 1,042,773 | 139,125 | 155,132 | — | 114,646 | 317,257 | — |
| **Canada** | 244 | 49,971,302 | 2,194,132 | 948,876 | 262,473 | 835,563 | 107,525 | 130,334 | — | 91,945 | 262,473 | — |
| **Latin America, total** | 138 | 52,227,381 | 1,700,344 | 729,443 | 231,943 | 769,184 | 107,092 | 97,251 | — | 83,875 | 231,943 | — |
| Brazil | 26 | 31,655,392 | 1,022,829 | 438,408 | 158,841 | 514,165 | 61,288 | 59,689 | — | 51,731 | 158,841 | — |
| Ecuador | 7 | 21,350,218 | 543,315 | 236,078 | 101,867 | 303,080 | 32,983 | 24,591 | — | 44,294 | 101,867 | — |
| Mexico | 95 | 32,072,360 | 1,077,885 | 459,217 | 171,293 | 583,874 | 86,268 | 57,303 | — | 51,388 | 171,293 | — |
| Panama (including Canal Zone) | 11 | 25,262,225 | 775,782 | 326,099 | 123,018 | 381,312 | 48,714 | 33,797 | — | 44,355 | 123,018 | — |
| Venezuela | 36 | 29,002,282 | 1,051,195 | 451,631 | 175,745 | 578,461 | 89,612 | 54,571 | — | 72,817 | 175,745 | — |
| **Other Western Hemisphere, total** | 19 | 34,812,529 | 1,056,688 | 443,873 | 157,876 | 457,237 | 53,121 | 64,930 | — | 54,469 | 157,876 | — |
| The Bahamas | 6 | 12,748,430 | 560,583 | 237,044 | 74,756 | 205,652 | 30,665 | 26,002 | — | 21,235 | 74,756 | — |
| Bermuda | 13 | 16,873,388 | 661,958 | 290,805 | 96,762 | 268,426 | 23,107 | 54,021 | — | 30,843 | 96,762 | — |
| Netherlands Antilles | 9 | 32,889,711 | 890,982 | 369,788 | 121,180 | 354,986 | 46,044 | 33,771 | — | 44,799 | 121,180 | — |
| **Europe, total** | 223 | 55,430,401 | 2,218,608 | 954,751 | 296,750 | 958,154 | 121,347 | 148,695 | — | 102,891 | 296,750 | — |
| Austria | 10 | 27,324,761 | 752,113 | 329,420 | 131,615 | 407,488 | 46,199 | 43,427 | — | 70,081 | 131,615 | — |
| Belgium | 43 | 29,780,595 | 1,111,075 | 477,934 | 220,319 | 675,520 | 92,368 | 101,362 | — | 63,108 | 220,319 | — |
| Denmark | 34 | 23,807,346 | 736,478 | 321,956 | 125,163 | 387,293 | 36,698 | 43,606 | — | 45,375 | 125,163 | — |
| France (including Andorra) | 71 | 33,607,198 | 1,303,227 | 561,603 | 219,995 | 694,913 | 96,119 | 94,072 | — | 58,792 | 219,995 | — |
| Italy (including San Marino) | 37 | 36,721,483 | 1,186,315 | 504,635 | 187,344 | 620,891 | 90,698 | 61,488 | — | 63,604 | 187,344 | — |
| Luxembourg | 4 | 17,282,114 | 255,819 | 104,639 | 54,485 | 175,188 | 22,170 | 9,225 | — | 23,090 | 54,485 | — |
| Netherlands | 33 | 36,730,348 | 1,186,386 | 507,832 | 173,663 | 589,652 | 87,711 | 57,163 | — | 47,698 | 173,663 | — |
| Norway | 8 | 22,099,279 | 629,866 | 275,321 | 114,111 | 331,605 | 35,309 | 33,885 | — | 45,049 | 114,111 | — |
| Spain | 31 | 29,005,740 | 982,240 | 419,576 | 158,630 | 528,673 | 79,811 | 47,935 | — | 48,734 | 158,630 | — |
| Sweden | 17 | 23,130,344 | 707,630 | 309,948 | 118,478 | 372,812 | 36,938 | 36,569 | — | 45,491 | 118,478 | — |
| Switzerland | 36 | 25,870,818 | 959,862 | 423,442 | 181,606 | 585,228 | 80,770 | 68,984 | — | 61,168 | 181,606 | — |
| United Kingdom | 114 | 45,785,940 | 1,650,179 | 705,856 | 246,609 | 777,092 | 107,041 | 109,323 | — | 87,411 | 246,609 | — |
| West Germany | 128 | 35,643,137 | 1,356,804 | 582,377 | 222,842 | 709,353 | 100,753 | 95,959 | — | 88,962 | 222,842 | — |
| **Africa, total** | 53 | 29,915,377 | 1,064,182 | 453,073 | 187,858 | 598,907 | 73,664 | 73,068 | — | 89,862 | 187,858 | — |
| South Africa (including Namibia) | 43 | 24,924,599 | 679,622 | 279,451 | 103,637 | 354,520 | 44,148 | 38,668 | — | 37,808 | 103,637 | — |
| **Asia, total** | 170 | 46,778,607 | 1,865,438 | 805,981 | 219,697 | 749,994 | 108,873 | 78,838 | — | 91,900 | 219,697 | — |
| Hong Kong | 21 | 27,465,003 | 955,412 | 408,861 | 175,781 | 560,081 | 87,306 | 57,281 | — | 72,106 | 175,781 | — |
| Indonesia | 8 | 21,045,260 | 550,090 | 239,056 | 113,501 | 334,974 | 42,264 | 30,505 | — | 68,764 | 113,501 | — |
| Japan (including Okinawa and Ryukyus) | 121 | 37,518,920 | 1,490,148 | 645,262 | 174,616 | 596,246 | 86,725 | 56,033 | — | 57,188 | 174,616 | — |
| Philippines | 10 | 26,569,377 | 823,991 | 348,427 | 134,699 | 405,306 | 55,835 | 39,239 | — | 44,326 | 134,699 | — |
| **Oceania, total** | 88 | 44,288,765 | 1,609,755 | 695,642 | 218,052 | 708,476 | 98,948 | 92,469 | — | 89,580 | 218,052 | — |
| Australia | 83 | 44,238,981 | 1,601,928 | 691,930 | 217,899 | 701,310 | 98,795 | 92,469 | — | 89,580 | 217,899 | — |
| **Puerto Rico and U.S. Possessions, total** | 45 | 29,512,691 | 1,081,735 | 448,819 | 159,797 | 467,248 | 68,815 | 56,068 | — | 75,843 | 159,797 | — |
| **OPEC countries, total (included above)** | 57 | 30,902,775 | 1,154,952 | 496,404 | 187,748 | 615,820 | 99,266 | 54,948 | — | 80,453 | 187,748 | — |
| **Tax haven countries, total (included above)** | 76 | 49,590,104 | 1,803,908 | 772,340 | 258,899 | 635,894 | 109,745 | 118,853 | — | 101,338 | 256,899 | — |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC-DISC and FSC dividends | Income and taxes from specific geographic area or country | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross income (less loss) excluding branch operations and specially allocable income | | | | | Oil and gas extraction gross income (less loss) | Deductions other than from branch operations and specially allocable income | Deductions from oil and gas extraction income | Taxable income (less loss) before loss recapture | | | |
| | Total | Dividends | Dividend gross-up | Interest | Other | | | | Total | Foreign branch income | Specially allocable income (Section 863(b)) | Other than from branch operations and specially allocable income |
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Services** | | | | | | | | | | | | |
| **All geographic areas, total** | 2,496,641 | 270,431 | 155,132 | 49,202 | 2,022,076 | — | 1,573,125 | — | 1,042,773 | 113,068 | 5,988 | 923,716 |
| **Canada** | 323,310 | 40,204 | 37,829 | 7,856 | 237,411 | — | 190,326 | — | 133,923 | 938 | — | 132,985 |
| **Latin America, total** | 128,005 | 20,262 | 6,302 | 924 | 100,517 | — | 64,892 | — | 64,280 | 1,167 | — | 63,113 |
| Brazil | 26,104 | 2,359 | 1,741 | 6 | 21,999 | — | 12,607 | — | 13,409 | -88 | — | 13,497 |
| Ecuador | 1,430 | 27 | 8 | — | 1,395 | — | 1,206 | — | 211 | -13 | — | 224 |
| Mexico | 29,345 | 1,058 | 321 | 283 | 27,682 | — | 16,408 | — | 13,261 | 324 | — | 12,937 |
| Panama (including Canal Zone) | 13,819 | 7,950 | 2,193 | 517 | 3,159 | — | 2,849 | — | 10,666 | -305 | — | 10,971 |
| Venezuela | 10,613 | 26 | 387 | 34 | 10,166 | — | 6,462 | — | 4,159 | 8 | — | 4,151 |
| **Other Western Hemisphere, total** | 53,051 | 44,900 | 6,385 | 176 | 1,589 | — | 4,250 | — | 52,457 | 3,656 | — | 48,800 |
| The Bahamas | 3,725 | 3,035 | — | — | 690 | — | 1,007 | — | 7,347 | 4,629 | — | 2,718 |
| Bermuda | 26,327 | 25,887 | — | 176 | 264 | — | 1,528 | — | 24,799 | — | — | 24,799 |
| Netherlands Antilles | 22,670 | 15,979 | 6,385 | — | 306 | — | 1,345 | — | 20,353 | -973 | — | 21,326 |
| **Europe, total** | 1,054,853 | 118,323 | 74,661 | 20,160 | 841,708 | — | 733,900 | — | 386,185 | 65,232 | — | 320,953 |
| Austria | 12,071 | 2,271 | 2,233 | — | 7,567 | — | 6,782 | — | 5,288 | — | — | 5,288 |
| Belgium | 32,343 | 6,819 | 4,556 | 119 | 20,849 | — | 21,356 | — | 16,694 | 5,707 | — | 10,987 |
| Denmark | 28,809 | 4,677 | 4,420 | — | 19,712 | — | 10,924 | — | 18,309 | 425 | — | 17,885 |
| France (including Andorra) | 124,720 | 2,367 | 2,541 | 494 | 119,319 | — | 75,610 | — | 52,224 | 3,114 | — | 49,110 |
| Italy (including San Marino) | 83,974 | 6,974 | 5,443 | 135 | 71,423 | — | 48,773 | — | 38,628 | 3,427 | — | 35,201 |
| Luxembourg | 1,833 | 399 | — | 49 | 1,386 | — | 985 | — | 848 | — | — | 848 |
| Netherlands | 40,549 | 10,582 | 7,088 | 1,084 | 21,796 | — | 17,704 | — | 30,016 | 7,171 | — | 22,845 |
| Norway | 19,825 | 40 | 31 | 114 | 19,640 | — | 10,303 | — | 9,522 | — | — | 9,522 |
| Spain | 70,109 | 4,131 | 2,170 | 190 | 63,619 | — | 176,552 | — | -102,150 | 4,293 | — | -106,443 |
| Sweden | 31,934 | 4,832 | 2,303 | 21 | 24,777 | — | 11,433 | — | 20,501 | — | — | 20,501 |
| Switzerland | 36,956 | 9,907 | 9,474 | 769 | 16,806 | — | 13,767 | — | 24,288 | 1,099 | — | 23,189 |
| United Kingdom | 333,078 | 36,065 | 12,196 | 13,833 | 270,985 | — | 220,864 | — | 113,445 | 1,231 | — | 112,214 |
| West Germany | 202,522 | 27,673 | 21,537 | 2,381 | 150,931 | — | 102,005 | — | 128,276 | 27,759 | — | 100,517 |
| **Africa, total** | 84,378 | 7,714 | 5,856 | 454 | 50,354 | — | 42,359 | — | 30,204 | 8,184 | — | 22,019 |
| South Africa (including Namibia) | 27,520 | 6,994 | 5,285 | 451 | 14,789 | — | 10,223 | — | 17,297 | — | — | 17,297 |
| **Asia, total** | 505,173 | 18,303 | 14,965 | 10,153 | 461,753 | — | 294,902 | — | 238,860 | 28,589 | — | 210,271 |
| Hong Kong | 18,459 | 7,871 | 1,674 | 11 | 8,904 | — | 9,640 | — | 11,474 | 2,655 | — | 8,819 |
| Indonesia | 6,624 | — | — | — | 6,624 | — | 4,677 | — | 4,941 | 2,994 | — | 1,947 |
| Japan (including Okinawa and Ryukyus) | 238,361 | 8,424 | 12,543 | 1,008 | 216,386 | — | 107,716 | — | 145,905 | 15,260 | — | 130,645 |
| Philippines | 4,822 | 510 | 270 | — | 4,042 | — | 3,348 | — | 2,129 | 655 | — | 1,474 |
| **Oceania, total** | 123,604 | 4,574 | 3,034 | 5,264 | 110,732 | — | 56,192 | — | 69,546 | 2,134 | — | 67,413 |
| Australia | 118,140 | 4,465 | 2,916 | 5,248 | 105,510 | — | 53,063 | — | 67,211 | 2,134 | — | 65,077 |
| **Puerto Rico and U.S. Possessions, total** | 41,832 | 7,438 | 2,208 | 22 | 32,164 | — | 24,912 | — | 20,502 | 3,582 | — | 16,920 |
| **OPEC countries, total (including above)** | 218,777 | 676 | 395 | 9,128 | 208,578 | — | 158,935 | — | 64,965 | 5,123 | — | 59,842 |
| **Tax haven countries, total (included above)** | 192,689 | 88,382 | 30,557 | 2,810 | 71,140 | — | 63,309 | — | 143,816 | 14,435 | — | 129,381 |

Footnotes at end of table.

## Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

### Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Selected industry and selected country and IC–DISC and FSC dividends | Income and taxes from specific geographic area or country—Continued: Foreign taxes paid or accrued and deemed paid before reduction: Total | Paid or accrued: Total | Tax withheld at source on: Dividends | Tax withheld at source on: Interest | Tax withheld at source on: Rents, royalties and license fees | Other taxes paid or accrued on: Branch income | Other taxes paid or accrued on: Other income | Deemed paid |
|---|---|---|---|---|---|---|---|---|
| | (25) | (26) | (27) | (28) | (29) | (30) | (31) | (32) |
| **Services** | | | | | | | | |
| **All geographic areas, total** | **294,258** | **139,125** | **13,056** | **2,463** | **48,142** | **49,908** | **25,556** | **155,132** |
| **Canada** | **46,721** | **8,893** | **1,086** | **963** | **4,694** | **21** | **2,129** | **37,829** |
| **Latin America, total** | **21,506** | **15,204** | **953** | **102** | **10,780** | **3,007** | **362** | **6,302** |
| Brazil | 6,885 | 5,145 | 634 | — | 2,973 | 1,538 | — | 1,741 |
| Ecuador | 69 | 60 | 10 | — | 50 | — | 1 | 8 |
| Mexico | 6,174 | 5,853 | 160 | 68 | 5,068 | 290 | 267 | 321 |
| Panama (including Canal Zone) | 2,308 | 116 | — | 3 | 68 | 45 | — | 2,193 |
| Venezuela | 1,048 | 661 | 5 | 25 | 547 | 46 | 37 | 387 |
| **Other Western Hemisphere, total** | **6,385** | — | — | — | — | — | — | **6,385** |
| The Bahamas | — | — | — | — | — | — | — | — |
| Bermuda | — | — | — | — | — | — | — | — |
| Netherlands Antilles | 6,385 | — | — | — | — | — | — | 6,385 |
| **Europe, total** | **130,628** | **55,966** | **8,104** | **716** | **6,110** | **33,603** | **7,433** | **74,661** |
| Austria | 2,470 | 237 | 103 | — | 19 | — | 116 | 2,233 |
| Belgium | 7,013 | 2,457 | 1,328 | 22 | 8 | 1,093 | 6 | 4,556 |
| Denmark | 4,642 | 222 | 23 | — | 28 | 171 | — | 4,420 |
| France (including Andorra) | 6,106 | 3,565 | 113 | 65 | 1,048 | 910 | 1,429 | 2,541 |
| Italy (including San Marino) | 10,007 | 4,564 | 504 | 51 | 2,125 | 1,832 | 52 | 5,443 |
| Luxembourg | — | — | — | — | — | — | — | — |
| Netherlands | 9,670 | 2,582 | 521 | — | 4 | 2,057 | — | 7,088 |
| Norway | 39 | 9 | 3 | — | 4 | — | 2 | 31 |
| Spain | 8,243 | 6,073 | 717 | 47 | 2,509 | 2,734 | 66 | 2,170 |
| Sweden | 2,305 | 2 | 1 | — | — | — | 1 | 2,303 |
| Switzerland | 9,859 | 385 | 263 | — | (1) | 121 | 2 | 9,474 |
| United Kingdom | 23,857 | 11,662 | 1,639 | 119 | 79 | 5,399 | 4,426 | 12,196 |
| West Germany | 42,324 | 20,787 | 2,833 | 216 | 23 | 16,385 | 1,329 | 21,537 |
| **Africa, total** | **9,640** | **3,784** | **498** | **1** | **1,123** | **1,985** | **177** | **5,856** |
| South Africa (including Namibia) | 5,791 | 505 | 350 | — | 149 | — | 6 | 5,285 |
| **Asia, total** | **51,844** | **36,879** | **997** | **84** | **16,782** | **8,339** | **10,676** | **14,965** |
| Hong Kong | 2,037 | 363 | — | — | 40 | 323 | — | 1,674 |
| Indonesia | 1,533 | 1,533 | — | — | 554 | 979 | — | — |
| Japan (including Okinawa and Ryukyus) | 31,685 | 19,142 | 795 | 83 | 12,843 | 4,773 | 648 | 12,543 |
| Philippines | 620 | 349 | 76 | — | 62 | 210 | — | 270 |
| **Oceania, total** | **9,494** | **6,459** | **674** | **510** | **4,939** | **320** | **16** | **3,034** |
| Australia | 9,175 | 6,259 | 659 | 508 | 4,756 | 320 | 16 | 2,916 |
| **Puerto Rico and U.S. Possessions, total** | **8,678** | **6,670** | **597** | **6** | **359** | **1,464** | **4,243** | **2,208** |
| **OPEC countries, total (included above)** | **13,262** | **12,857** | **15** | **25** | **1,798** | **2,208** | **8,821** | **395** |
| **Tax haven countries, total (included above)** | **35,301** | **4,744** | **908** | **3** | **677** | **2,806** | **349** | **30,557** |

[1] Less than $500

Note: Detail may not add to total because only selected industries and countries are included.



The Tax Reform Act of 1986 made a number of important changes to the foreign tax credit provisions of the Internal Revenue Code. Among these were changes to the required allocation of foreign income, deductions, and taxes to separate categories for purposes of calculating the foreign tax credit limitation. For tax years beginning after 1986, a corporation must compute its foreign tax credit for nine separate types of income (instead of the five types of income for pre-1987 calculations). These types of income include passive income, high withholding tax interest, financial services income, shipping income, dividends from each noncontrolled section 902 corporation, dividends from a Domestic International Sales Corporation (DISC) or former DISC, taxable income attributable to the foreign trade income of a Foreign Sales Corporation (FSC), certain distributions from a FSC or former FSC, and all other income [1]. Table 2 contains aggregate data for all corporate returns with a foreign tax credit for each income type. No data are available for taxable income attributable to the foreign trade income of a FSC because FSC returns were not included in the 1988 study. Also, note that taxpayers must compute a separate credit for dividends from each noncontrolled section 902 corporation. Therefore, a single taxpayer may have multiple credits for this income type. The data for each taxpayer were aggregated at the return level.

Given the substantial changes to the law relating to the foreign tax credit, the scope of the 1988 study was reduced from that for prior years. For 1988, only limited information related to the calculation of the foreign tax credit was processed. No country information was processed. However, limited data are available aggregated by the industry of the taxpayer. Table 1 contains these data.

One of the most interesting aspects of the 1988 data is the large increase in foreign source taxable income from prior years. Foreign source taxable income increased from $65.8 billion for 1986 to $98.4 billion for 1988. This increase of nearly fifty percent appears to have been fueled in part by the substantial increase in distributions from foreign corporations. Dividends from foreign corporations increased by seventy-eight percent between 1986 and 1988 (from $21.6 billion to $38.4 billion). In addition, includable income from Controlled Foreign Corporations increased by 228 percent from $3.9 billion for 1986 to $12.8 billion for 1988.

The type of income information in Table 2 shows foreign-source taxable income and foreign taxes by the type of income for which a separate foreign tax credit limitation was calculated. The four types of income with the largest amounts of income and taxes are all other income, financial services income, passive income and dividends from noncontrolled section 902 corporations. Congress created the separate categories for passive income and financial services income to prevent corporations from cross-crediting their foreign taxes. Cross-crediting occurs when the use of the overall limitation allows a corporation to credit relatively high foreign taxes on some foreign-source income against the U.S. tax that would otherwise be due on other foreign-source income that is subject to a relatively low foreign tax [2]. For 1988, the sum of taxes paid or accrued and taxes deemed paid was 35.5 percent of foreign-source taxable income for all other income, but only 10.7 percent for passive income and 14.8 percent for financial services income. In addition, dividends from noncontrolled section 902 corporations were also taxed at a relatively high effective rate of 35.1 percent.

The information provided in these two tables are preliminary. These data have not been fully tested and corrected. Therefore, some inconsistencies may exist. (Final 1988 data will be published in the Statistics of Income Bulletin.) The data in columns 1 through 8 of Tables 1 and 2 are reported on Form 1120, U.S. Corporation Income Tax Return. The data in columns 9 through 11 of Tables 1 and 2 are reported on Form 1118, Computation of Foreign Tax Credit - Corporations. A corporation must file a separate Form 1118 for each income type for which it must calculate a foreign tax credit limitation. However, a corporation files only one Form 1120. If a corporation files more than one Form 1118, its Form 1120 data will appear for each appropriate income type. Therefore, the Form 1120 data in columns 1 through 8 of Table 2 are not additive.

[1] See "Statistics of Income Studies of International Income and Taxes" in Section 2 of this compendium for additional information regarding the post-1986 income

types. A noncontrolled Section 902 corporation is a foreign corporation, with between ten and fifty percent of its stock owned by a U.S. corporation.

[2] Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986, May 4, 1987, p. 862.

## 1988 Corporate Foreign Tax Credit, Preliminary Data

Table 1 -- Total Assets, Dividends, Income and Taxes and Foreign Income, Taxes and Credit Claimed as Reported on Form 1120 and Form 1118, by Industry

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

| Industry | Number of returns | Total assets | Income and dividends received from foreign corporations: Dividends received | Income and dividends received from foreign corporations: Includable income | Income and dividends received from foreign corporations: Dividend gross-up | Income subject to U.S. tax |
|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] |
| All industries, total. | 4,166 | 6,278,590,988 | 38,390,891 | 12,778,326 | 19,905,256 | 222,753,459 |
| Agriculture, forestry and fishing...... | 32 | 1,535,153 | 33,005 | 1,654 | 18,057 | 204,460 |
| Mining............. | 120 | 36,225,990 | 485,889 | 82,350 | 366,823 | 2,541,249 |
| Construction....... | 216 | 10,045,312 | 249,180 | 37,419 | 35,654 | 592,914 |
| Manufacturing...... | 1,411 | 2,003,898,742 | 32,409,019 | 9,364,629 | 17,049,218 | 152,352,680 |
| Transportation and public utilities | 87 | 417,892,042 | 1,642,000 | 342,892 | 414,472 | 22,457,294 |
| Wholesale trade.... | 630 | 143,295,178 | 1,139,832 | 632,400 | 523,538 | 5,932,667 |
| Retail trade....... | 188 | 178,606,204 | 432,219 | 87,889 | 233,565 | 8,223,727 |
| Finance, insurance and real estate. | 893 | 3,373,790,006 | 1,311,483 | 2,086,890 | 904,453 | 25,002,770 |
| Services........... | 589 | 113,302,360 | 688,264 | 142,202 | 359,475 | 5,445,697 |

| Industry | U.S. income tax before credits | Foreign tax credit claimed | Foreign income and taxes available for credit as reported on Form 1118: Total taxable income (less loss) | Foreign income and taxes available for credit as reported on Form 1118: Total taxes paid or accrued | Foreign income and taxes available for credit as reported on Form 1118: Total taxes deemed paid |
|---|---|---|---|---|---|
| | [7] | [8] | [9] | [10] | [11] |
| All industries, total.......... | 75,779,029 | 26,661,972 | 98,384,086 | 9,372,541 | 20,869,329 |
| Agriculture, forestry and fishing.............. | 69,289 | 21,042 | 68,531 | 5,593 | 16,295 |
| Mining...................... | 863,341 | 644,453 | 1,944,830 | 618,565 | 181,524 |
| Construction................ | 200,989 | 89,009 | 324,414 | 10,984 | 35,616 |
| Manufacturing............... | 51,825,483 | 21,561,896 | 70,291,626 | 6,166,348 | 18,516,438 |
| Transportation and public utilities.......... | 7,635,779 | 417,977 | 2,848,309 | 113,495 | 399,368 |
| Wholesale trade............. | 2,015,639 | 715,993 | 2,455,794 | 491,075 | 257,325 |
| Retail trade................ | 2,797,751 | 318,576 | 1,081,271 | 102,589 | 234,201 |
| Finance, insurance and real estate.......... | 8,520,879 | 2,321,661 | 16,884,525 | 1,603,956 | 872,344 |
| Services.................... | 1,849,879 | 571,364 | 2,484,786 | 259,938 | 356,218 |

## 1988 Corporate Foreign Tax Credit, Preliminary Data

Table 2 -- Total Assets, Dividends, Income and Taxes and Foreign Income, Taxes and Credit Claimed as Reported on Form 1120 and Form 1118, by Income Type

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

| Income type | Number of returns | Total assets | Income and dividends received from foreign corporations: Dividends received | Income and dividends received from foreign corporations: Includable income | Income and dividends received from foreign corporations: Dividend gross-up | Income subject to U.S. tax |
|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] |
| All income types, total | 4,166 | 6,278,590,988 | 38,390,891 | 12,774,284 | 19,905,038 | 222,753,459 |
| Passive income | 633 | 2,452,996,503 | 31,360,664 | 9,002,162 | 15,575,937 | 143,908,294 |
| High withholding tax interest | 366 | 2,282,836,733 | 11,930,063 | 4,768,987 | 5,987,020 | 66,447,486 |
| Financial services income | 307 | 4,152,072,670 | 18,463,667 | 7,741,940 | 9,042,874 | 90,504,822 |
| Shipping income | 31 | 692,983,088 | 4,415,896 | 2,936,197 | 3,333,434 | 32,139,919 |
| Dividends from a non-controlled Section 902 corporation | 392 | 3,103,040,807 | 27,385,070 | 8,472,098 | 14,060,134 | 123,002,449 |
| Dividends from a DISC or former DISC | 47 | 358,656,741 | 3,278,716 | 1,503,324 | 1,184,520 | 18,705,794 |
| Certain distributions from a FSC or former FSC | 17 | 105,322,944 | 1,508,830 | 1,132,925 | 897,360 | 13,194,362 |
| All other foreign source income | 3,349 | 3,556,510,425 | 37,600,402 | 11,376,235 | 19,314,974 | 199,943,830 |

| Income type | U.S. income tax before credits | Foreign tax credit claimed | Foreign income and taxes available for credit as reported on Form 1118: Total taxable income (less loss) | Foreign income and taxes available for credit as reported on Form 1118: Total taxes paid or accrued | Foreign income and taxes available for credit as reported on Form 1118: Total taxes deemed paid |
|---|---|---|---|---|---|
| | [7] | [8] | [9] | [10] | [11] |
| All income types, total | 75,779,029 | 26,661,972 | 98,381,420 | 9,372,541 | 20,869,329 |
| Passive income | 48,948,795 | 19,979,155 | 3,745,400 | 135,311 | 266,108 |
| High withholding tax interest | 22,604,062 | 9,189,209 | 333,441 | 42,253 | 6,054 |
| Financial services income | 30,797,253 | 12,703,593 | 16,200,736 | 1,631,489 | 772,130 |
| Shipping income | 10,927,572 | 4,651,707 | 576,291 | 30,401 | 6,471 |
| Dividends from a non-controlled Section 902 corporation | 41,837,408 | 19,109,111 | 2,383,965 | 187,283 | 650,636 |
| Dividends from a DISC or former DISC | 6,366,501 | 2,066,023 | 87,690 | 3,480 | 2,189 |
| Certain distributions from a FSC or former FSC | 4,486,357 | 1,066,454 | 381,651 | -- | 153 |
| All other foreign source income | 67,998,626 | 24,895,437 | 74,672,246 | 7,342,324 | 19,165,588 |

# Section 3 Controlled Foreign Corporations

Contents

1986 Supplemental Table:

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation, p. 227.

"Controlled Foreign Corporations, Preliminary Data, 1988," p. 261.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation, p. 263.

Table 2.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation,p. 264.

A Controlled Foreign Corporation (CFC) is a foreign corporation at least 50% of whose stock is owned by U.S. shareholders. A U.S. shareholder includes any U.S. citizen or resident or U.S. corporation. Public Law 86-780 requires that information about a controlling interest in a foreign corporation be filed with the Internal Revenue Service. A U.S. person must file a Form 5471 for each foreign corporation, for which it owns, either directly or through a chain of ownership, more than 10 percent of the voting stock of the foreign corporation. On the Form 5471, the U.S. person must include detailed information about the CFC's income, deductions, assets, liabilities, includable income, and transactions with related parties.

This section provides a detailed discussion of information filed for these foreign corporations by reprinting two previously published Statistics of Income Bulletin articles. Each article is based on a study done in 1984. The first article analyzes the data from a geographic perspective. The second article analyzes the information by industry of the U.S. person and the CFC. Following the two articles is a table of information from the 1986 CFC study. This table shows selected information for the "Top 7500" Controlled Foreign Corporations. This distinction is explained further in the paper preceding the table. In addition, selected preliminary 1988 data are contained in the last two tables.

The reader is also referred to Section 15 of this compendium, which contains copies of selected tax forms and instructions. The information provided about Controlled Foreign Corporations in this compendium is based on the tax forms and instructions listed below:

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 5471, Information Return with Respect to a Foreign Corporation (p. 502)

* Schedule M (Form 5471), Foreign Corporation Controlled by a United States Person (p. 510)

* Schedule N (Form 5471), Foreign Personal Holding Company (p. 510)

* Schedule O (Form 5471), Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock (p. 511)

# Controlled Foreign Corporations, 1984: An Industry Focus

By Margaret P. Lewis*

The number of foreign subsidiaries of large U.S. multinational corporations increased modestly (6 percent) from 1982 to 1984. In 1984, more than 1,100 U.S. multinational corporations controlled over 28,500 foreign corporations, 27,000 of which reported financial information [1,2]. These 27,000 Controlled Foreign Corporations (CFC's) generated receipts of $625 billion on $595 billion of assets. Earnings and profits of these same CFC's were $49 billion, on which almost $20 billion in taxes were paid to foreign countries. The U.S. parent corporations received $12 billion in dividends from their CFC's, nearly 70 percent of all distributions made by the CFC's.

Total assets and receipts of CFC's changed only slightly from 1982 levels. Assets increased 7 percent while receipts decreased less than 4 percent. The most dramatic change from 1982 was in the profit level of these foreign corporations. Pre-tax earnings and profits of CFC's increased 32 percent from 1982 while taxes paid by these same companies rose almost 40 percent. These increases resulted in a 28 percent rise in after-tax earnings and profits from 1982 to 1984.

More than one-half of active CFC's were involved mainly in manufacturing or trade activities in 1984. Another 30 percent of CFC's reported their principal activity as either finance, insurance, real estate or services. These percentages remained virtually unchanged from 1982. Almost 6,300 CFC's, 23 percent of the 27,000 total companies, were inactive during 1984.

## BACKGROUND

Prior to World War II, relatively few U.S. corporations had operations outside of the United States [3]. Those corporations that did look to other countries for expansion turned mostly to Europe and Canada as stable areas in which to operate. After World War II, U.S. corporations were encouraged politically, through programs like the Marshall Plan, and economically, through various concessions by foreign countries, to expand their operations overseas. The Marshall Plan provided economic aid to countries recovering from the impact of World War II. The Plan also encouraged U.S. businesses to participate in the economic recovery of Europe. Many foreign countries, in an attempt to attract U.S. operations and dollars, offered very favorable investment climates including low taxes, ease of incorporation, and various other concessions [4].

U.S. corporations began their move overseas, usually by establishing a foreign market for exported goods and through foreign investment. Once these were established, the U.S. corporation might form a branch operation by establishing a place of business in the foreign country or by creating or purchasing a subsidiary, incorporated in the foreign country.

Public Law 86-780 was enacted in 1960 to obtain information on the foreign subsidiaries of U.S. corporations. This law required a U.S. corporation to furnish, as part of its income tax return, information on any foreign corporations it directly controlled (i.e.,"tier-one" subsidiaries) and on any foreign corporations controlled by these directly controlled foreign corporations (i.e., "tier-two" subsidiaries). Control was defined as direct or indirect ownership of more than 50 percent of the combined voting power of all classes of stock, or more than 50 percent of the total value of all shares of stock by a single shareholder during the foreign corporation's taxable year.

These foreign activities by U.S. corporations were precipitated by many factors. Some companies went overseas to move their operations closer to resources, others looked for cheaper labor and other costs, and many were attracted by favorable tax considerations and investment incentives. Still others moved to be closer to their market. U.S. tax laws made it economically beneficial for U.S. corporations to operate overseas by exempting from U.S. income tax the unrepatriated earnings and profits of a foreign subsidiary. To the extent the

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

foreign taxes were lower than U.S. taxes, this exemption was an impelling reason for U.S. corporations to form overseas subsidiaries. These subsidiaries enjoyed legal status as a resident corporation in the foreign country, with the benefits of its laws and regulations, which were often less stringent than the U.S. laws. The earnings and profits of the CFC were protected from U.S. taxation until they were repatriated in the form of dividends to the U.S. parent. U.S. taxes could be delayed by deferring a distribution until such a time as it could be offset by a parent corporation's losses or excess foreign tax credits. U.S. taxes could also be lowered on repatriated earnings, for example, through an ordinary taxable liquidation, sale, or exchange of assets of the CFC. In this case, the U.S. parent company would pay tax at the lower capital gains rate that was applicable before 1987.

The Revenue Act of 1962 reduced this tax deferral by requiring the taxation of certain unrepatriated profits of a foreign subsidiary through the addition of Subpart F to the Internal Revenue Code [5]. The types of income that were then taxable by the United States were referred to as "Subpart F income" and included income from the insurance of U.S. risks, "passive" types of income in general, and income derived from certain types of sales and services [6]. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

The 1962 Act also redefined the term Controlled Foreign Corporation. In general, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the foreign corporation was owned by U.S. shareholders for 30 days or more of the foreign corporation's taxable year, but only if they had at least a 10 percent interest. All such foreign corporations' undistributed earnings and profits, to the extent such earnings and profits represented Subpart F income (see the "Explanation of Selected Terms" section at the end of this article), were subject to taxation through their U.S. shareholders. The 1962 legislation also expanded the filing requirements for CFC's to include all lower-tier foreign corporations controlled, through other foreign subsidiaries, by a U.S. corporation [7].

The Tax Reduction Act of 1975 expanded the definition of Subpart F income. An exception permitting tax deferral of a portion of Subpart F income reinvested in tax-defined "less-developed countries" was repealed for CFC's with accounting periods beginning in 1976 and thereafter. Also, before the 1975 Act, income was not treated as Subpart F if it accounted for 30 percent or less of a CFC,s gross income. This percentage was reduced to 10 percent, limiting the amount of income that could avoid treatment under Subpart F. Finally, some types of shipping income received by foreign subsidiaries of U.S. corporations, which were previously excluded from Subpart F income, were now included. As a result of these and other actions, the tax deferral privileges of CFC's were reduced, but not entirely eliminated.

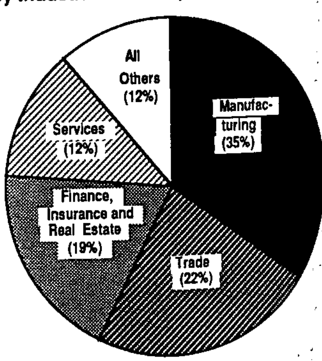
Several amendments, after 1975, to the Internal Revenue Code redefined Subpart F income [8]. For a full explanation of Subpart F, see "Explanation of Selected Terms."

## INDUSTRIAL ACTIVITY OF CONTROLLED FOREIGN CORPORATIONS

In 1984, there were 20,736 foreign corporations actively involved in business operations that were controlled either directly of indirectly by large U.S. multinational or U.S. "giant" corporations. As Figure A shows, 35 percent (or 7,259) of these CFC's were primarily engaged in manufacturing activities. These manufacturing CFC's generated more business receipts ($341 billion) and pre-tax earnings and profits ($23 billion) than any other industrial division, while finance, insurance, and real estate CFC's had the largest assets ($228 billion). Manufacturing; trade; finance, insurance and real estate; and service subsidiaries accounted for almost 90 percent of all active CFC's in 1984. CFC's in these four industrial divisions also held 92 percent of the assets, received 94 percent of the receipts, generated 84 percent of the pre-tax earnings and profits and reported 93 percent of the Subpart F income for all active CFC's.

Figure A

**Active Controlled Foreign Corporations, by Industrial Division, 1984[1]**




[1]Includes only those foreign corporations controlled by U. S. corporations with $250 million or more in totals assets.

As in 1982, manufacturing CFC's were primarily involved in producing chemicals, machinery, and electrical and electronic equipment, with these industries accounting for 47 percent of all manufacturing CFC's, 43 percent of manufacturing assets, and 53 percent of the pre-tax earnings and profits of manufacturing CFC's. Integrated petroleum companies and motor vehicle manufacturers, however, garnered over 40 percent of manufacturing CFC business receipts.

Wholesale trade CFC's outnumbered retail trade CFC's by more than four to one. Wholesale trade generated more receipts and earnings than retail trade and reported assets five times greater than retail trade CFC's. Of those in wholesaling, CFC's classified under integrated petroleum and petroleum products accounted for 50 percent of the assets, 64 percent of the receipts and 72 percent of the pre-tax earnings and profits.

No one specific industry dominated the finance, insurance and real estate, or service CFC's. However, CFC's in the finance, insurance and real estate industries held more assets ($228 billion) than any other industrial division. These same CFC's also accounted for 54 percent of the total reported Subpart F income.

## PROFITABILITY OF CFC'S AND THEIR U.S. PARENT CORPORATIONS

CFC profitability rose 1.6 percent from 1982 to 1984 while the profitability of their U.S. parent companies rose only 0.3 percent in this same time period. Profitability (as measured by the return on assets) was determined by the ratio of earnings and profits or net income (both before taxes) to total assets [9].

Figure B shows the relative return on assets for U.S. multinationals and their CFC's by selected industry. Based on this measure, the most profitable CFC's were in the mining industry which may, in part, be due to the expensing of many costs, thus biasing downward the asset measure for this industry. Oil and gas extraction companies in particular were very profitable with a margin of nearly 30 percent. This industry also was the leader in 1982 with a 22 percent return on assets. The least profitable group was the finance, insurance and real estate division with a 3.0 percent return on assets for the CFC's, but this measure is also somewhat misleading for this industry.

**Figure B.—Relative Return on Assets of Large U.S. Multinational Corporations and Their CFC's, by Selected Industry, 1984 [1]**

| Selected industry | Return on Assets [2] | |
|---|---|---|
| | U.S. corporations | CFC's |
| All industries [2] | 2.3% | 8.2% |
| Agriculture, forestry and fishing | 10.5 | 3.9 |
| Mining | 1.8 | 25.3 |
| Metal mining | 1.1 | 3.1 |
| Oil and gas extraction | 1.7 | 29.8 |
| Construction | 0.1 | 9.0 |
| Manufacturing | 4.9 | 10.5 |
| Food and kindred products | 4.6 | 12.8 |
| Apparel and other textile products | 7.5 | 8.7 |
| Paper and allied products | 6.2 | 9.9 |
| Printing and publishing | 11.7 | 10.6 |
| Chemicals and allied products | 6.0 | 11.1 |
| Petroleum (including integrated) and coal products | 5.1 | 7.7 |
| Rubber and miscellaneous plastic products | 6.2 | 10.7 |
| Stone, clay and glass products | 5.1 | 9.3 |
| Primary metal industries | -0.6 | 5.0 |
| Fabricated metal products | 4.4 | 10.1 |
| Machinery, except electrical | 5.8 | 18.8 |
| Electrical and electronic equipment | 4.0 | 9.5 |
| Motor vehicles and equipment | 5.7 | 5.8 |
| Instruments and related products | 7.7 | 10.7 |
| Transportation and public utilities | 2.3 | 4.0 |
| Water transportation | -0.4 | -0.9 |
| Wholesale and retail trade | 3.1 | 12.2 |
| Finance, insurance and real estate | 0.2 | 3.0 |
| Banking | 0.3 | 1.2 |
| Credit agencies other than banks | -0.3 | 2.9 |
| Insurance | 0.1 | 4.5 |
| Real estate | 1.2 | 3.3 |
| Holding and other investment companies, except bank holding companies | -0.2 | 4.6 |
| Services | 2.7 | 8.5 |

[1] U.S. parent corporations and CFC's were separately classified by the industry that generated the greatest portion of their total receipts.

[2] Includes CFC's the nature of whose business was not allocable by industry.

[3] The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income before tax to total assets. See also footnote 8 at the end of this article.

The only industry to post a negative CFC return was water transportation, although the transportation and public utility division as a whole had a positive return on assets of 4.0 percent. Water transportation also had a negative return on assets for 1982. The loss to asset ratio however shrank from -3.2 percent to -0.9 percent. The number of CFC's reporting their principal business activity as water transportation fell nearly 25 percent from 1982 to 1984. This was partly in response to the losses incurred in the early 1980's due to ship overbuilding during a period of world recession, and partly due to the reduction in shipping revenues due to discoveries of oil in the North Sea and Mexico which shortened the distance between source and destination [10].

The return on assets for U.S. corporations involved primarily in agriculture, forestry and fishing exceeded that for CFC's in the same industrial division. The returns were 10.5 percent and 3.9 percent, respectively. This movement continued from 1982 when large losses were incurred by Liberian CFC's operating rubber plantations to supply the motor vehicle industry. However, these Liberian subsidiaries reported modest profits for 1984, reflecting the beginnings of economic recovery from the recession of the early 1980's [11].

## TRANSACTIONS OF CONTROLLED FOREIGN CORPORATIONS

Transactions between the U.S. affiliated groups (that included the parent corporation and its U.S. subsidiaries) and their CFC's resulted in net payments to the U.S. affiliates of $27.8 billion in 1984 as shown in Figure C [12]. Therefore, these transactions (e.g., purchases or sales of stock in trade; and dividends, interest, and rents paid or received) did not contribute to the U.S. current account deficit of $106.5 billion in 1984 [13].

While the U.S. current account deficit grew over 1,100 percent from 1982 to 1984, the net payments surplus between the U.S. affiliated groups and their related CFC's fell by only 14 percent from 1982 to 1984 [14,15].

The greatest net payments surplus was realized by U.S. affiliated groups involved in the manufacturing of petroleum (including integrated) and coal products. This industry showed a surplus of $7.6 billion in 1984. Other large surpluses were realized by U.S. affiliated groups involved in manufacturing of non-electrical machinery and chemicals and allied products. Together, these top three industries accounted for 72 percent of the $27.8 billion surplus.

Net payments deficits showed up in the transportation and public utilities and finance, insurance and real estate industrial divisions. These deficits were $1.7 billion and $568 million, respectively. In 1982, the U.S. groups in the transportation and public utilities industries had a deficit of over $400 million while finance, insurance and real estate companies had a small surplus of $50 million.

Purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of trade or business) by CFC's from their U.S. affiliates and related foreign companies ($71.9 billion) was greater than all other CFC payments combined, as is shown in Figure D. Most purchases of stock in trade were made from the U.S. parent corporation and its domestic affiliates, $71.1 billion, rather than from related foreign corporations. Payments to related

**Figure C.—Receipts, Payments and Transaction Balance Surplus Between Controlled Foreign Corporations and Their U.S. Parent Affiliated Groups, by Selected Industry of U.S. Parent Corporation, 1984**

[Money amounts are in millions of dollars]

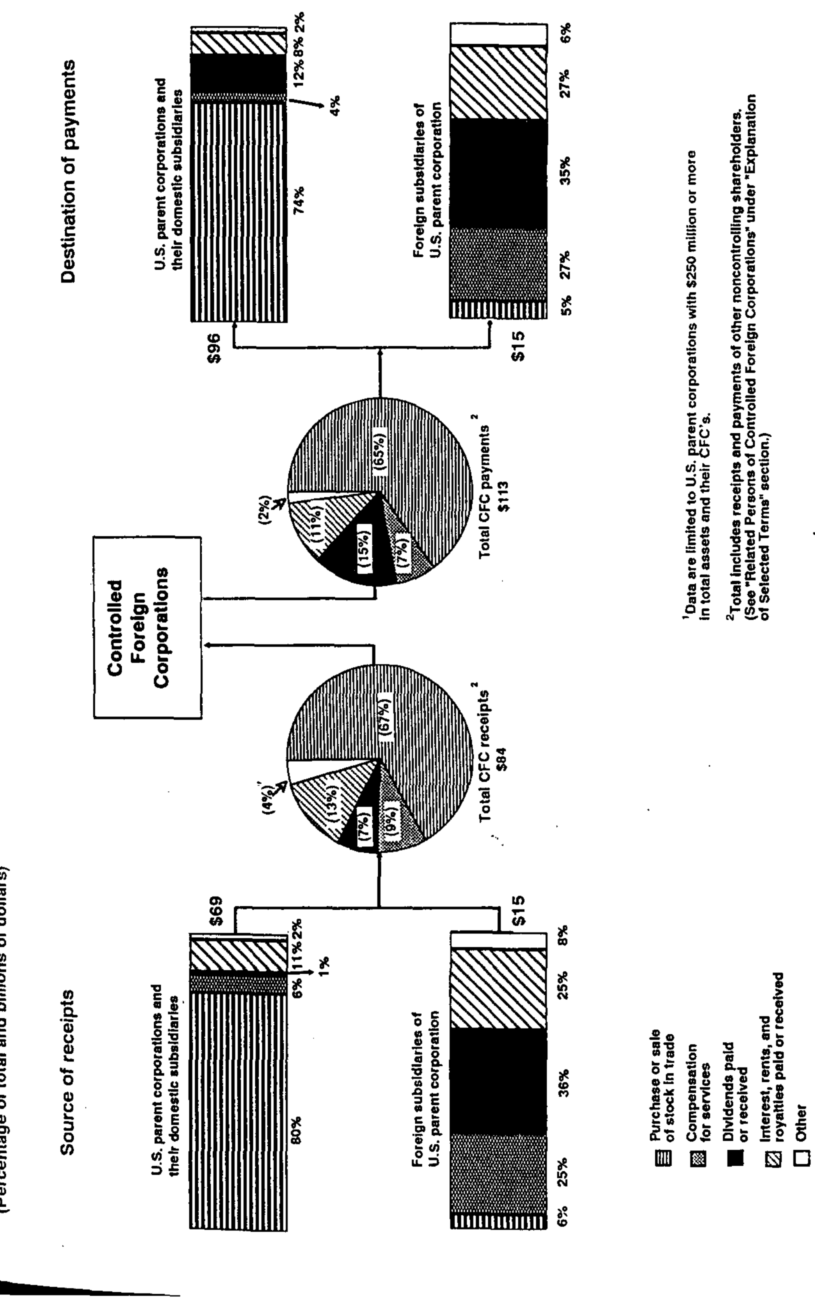
| Selected U.S. industry | CFC receipts | CFC payments | Surplus |
|---|---|---|---|
| | (1) | (2) | (3) |
| All industries [1] | $68,590 | $96,425 | $27,835 |
| Agriculture, forestry and fishing | 33 | 40 | 7 |
| Mining | 378 | 792 | 414 |
| Metal mining | 15 | 17 | 2 |
| Oil and gas extraction | 359 | 772 | 413 |
| Construction | 107 | 250 | 143 |
| Manufacturing | 58,361 | 86,309 | 27,948 |
| Food and kindred products | 952 | 1,842 | 890 |
| Apparel and other textile products | 22 | 57 | 35 |
| Paper and allied products | 552 | 1,069 | 517 |
| Printing and publishing | 234 | 172 | -62 |
| Chemicals and allied products | 3,150 | 9,245 | 6,095 |
| Petroleum (including integrated) and coal products | 18,874 | 26,509 | 7,635 |
| Rubber and miscellaneous plastic products | 808 | 891 | 83 |
| Stone, clay and glass products | 207 | 469 | 262 |
| Primary metal industries | 579 | 1,914 | 1,335 |
| Fabricated metal products | 130 | 1,245 | 1,115 |
| Machinery, except electrical | 5,555 | 11,973 | 6,418 |
| Electrical and electronic equipment | 5,714 | 7,205 | 1,491 |
| Motor vehicles and equipment | 18,907 | 17,750 | -1,157 |
| Instruments and related products | 911 | 4,317 | 3,406 |
| Transportation and public utilities | 2,369 | 636 | -1,733 |
| Water transportation | 144 | 20 | -124 |
| Wholesale and retail trade | 4,132 | 5,483 | 1,351 |
| Finance, insurance and real estate | 2,996 | 2,428 | -568 |
| Banking | 2,021 | 2,009 | -12 |
| Credit agencies other than banks | 247 | 169 | -78 |
| Insurance | 504 | 128 | -376 |
| Real estate | 1 | 6 | 5 |
| Holding and other investment companies, except bank holding companies | 73 | 62 | -11 |
| Services | 214 | 488 | 274 |

[1] Includes CFC's the nature of whose business was not allocable by industry.

Figure D.

**Flow of Receipts and Payments Between Controlled Foreign Corporations and Related Corporations, 1984[1]**

(Percentage of total and billions of dollars)




[1]Data are limited to U.S. parent corporations with $250 million or more in total assets and their CFC's.

[2]Total includes receipts and payments of other noncontrolling shareholders. (See "Related Persons of Controlled Foreign Corporations" under "Explanation of Selected Terms" section.)

CFC's were more likely to be in the form of compensation for services, dividends, or interest, rents and royalties.

More than 80 percent of CFC payments to related corporations were made to their U.S. parent corporations or their domestic subsidiaries. As Figure D shows, the U.S. affiliates received $96.4 billion from CFC's in 1984, while paying them $68.6 billion in return. CFC receipts from related foreign corporations were only $14.6 billion and payments to these foreign corporations were $15 billion.

Sales of stock in trade were the largest source of receipts for CFC's. Receipts from the sale of stock in trade to the U.S. parent corporation and its domestic subsidiaries totaled $54.9 billion in 1984. This was 66 percent of all CFC receipts from related persons. CFC receipts from related foreign corporations were more often dividends ($5.2 billion); interest, rents and royalties ($3.7 billion); and compensation for services ($3.7 billion), rather than sales of stock in trade ($0.9 billion).

CFC transactions with related persons are very significant when they are compared with U.S. exports and imports. U.S. exports in 1984 totaled $217.9 billion of which almost one-third ($71.1 billion) was due to CFC purchases of stock in trade from U.S. parent corporations and their domestic subsidiaries. Sales of stock in trade by CFC's to the U.S. affiliated group ($54.9 billion) accounted for almost 17 percent of U.S. imports for 1984 ($325.7 billion). These percentages decreased only slightly compared to 1982; therefore CFC transactions with U.S. parents and affiliates did not quite keep pace with the growth in both U.S. exports and imports [16].

## RECENT CFC INCORPORATIONS

Figure E shows the number of incorporations of CFC's for 1975 to 1984 and the total amount of 1984 CFC assets. New incorporations of CFC's appear to have peaked about 1980 and then began a gradual decline. There was, however, a slight rise from 1983 to 1984, possibly an effect of the recovery from the recession of the early 1980's and an eagerness for expansion by large U.S. multinationals. The number of incorporations for 1984 may actually have been larger than 1,086 since the data include only CFC's whose accounting periods ended within the parent corporation's accounting period. Those CFC's incorporated later in the year may have had accounting periods ending later than their parent's and, therefore, would not be included in the statistics.

In 1984, 1,086 CFC's were incorporated by large U.S. multinational corporations. These CFC's had just over $11 billion in assets and generated $32 million in earnings and profits before taxes as shown in Figure F. The new CFC's in mining, construction, and wholesale and retail trade generated large losses, possibly reflecting high start-up costs.

**Figure E.—Number and Total Assets of CFC's Incorporated After 1974, by Year of Incorporation**

[Money amounts are in millions of dollars]

| Year of incorporation | Number of CFC's | 1984 total assets |
|---|---|---|
| All years, total | 27,008 | $595,406 |
| 1984 | 1,086 | 11,098 |
| 1983 | 1,004 | 15,131 |
| 1982 | 1,129 | 22,844 |
| 1981 | 1,130 | 25,691 |
| 1980 | 1,179 | 19,688 |
| 1979 | 1,037 | 20,457 |
| 1978 | 973 | 18,974 |
| 1977 | 807 | 15,744 |
| 1976 | 755 | 8,893 |
| 1975 | 749 | 7,890 |
| Pre-1975 | 17,159 | 428,996 |

**Figure F.—Number, Total Assets and Earnings and Profits of CFC's Incorporated in 1984, by Selected Industry**

[Money amounts are in millions of dollars]

| Selected industrial divisions | Number of CFC incorporations | Total assets | Pre-tax earnings and profits |
|---|---|---|---|
| | (1) | (2) | (3) |
| All industries [1] | 1,086 | $11,098 | $32 |
| Mining | 45 | 981 | -46 |
| Construction | 11 | 37 | -2 |
| Manufacturing | 189 | 1,381 | 2 |
| Transportation and public utilities | 25 | 310 | 3 |
| Wholesale and retail trade | 132 | 1,261 | -6 |
| Finance, insurance and real estate | 149 | 6,308 | 78 |
| Services | 94 | 388 | 30 |
| Inactive | 421 | 211 | – |

[1] Includes CFC's the nature of whose business was not allocable by industry.

More than one-half of all assets held by newly incorporated CFC's were held by those in the finance, insurance and real estate division, with 25 percent of these assets held specifically by holding and other investment companies. These CFC's also generated the largest amount of pre-tax earnings and profits, $78 million. Greater than one-third of newly incorporated CFC's were inactive for 1984. This reflects the practice of incorporating to establish a presence abroad in anticipation of future operations. Many large U.S. corporations establish CFC's at the end of one tax year but do not begin operations until the next year.

Figure G shows all CFC's and their assets by selected industry compared to CFC's incorporated after 1974 and their assets. While 36 percent of all CFC's were incorporated after 1974, these CFC's held only 28 percent of all assets indicating that newer CFC's tend to be smaller. Many are nameholder corporations with few assets. More than one-half of all CFC's in the mining industry were incorporated in the 10-year period, 1975-1984, particularly oil and gas extracting corporations of which 60 percent were incorporated since 1974. Almost one-half of finance, insurance and real estate CFC's were incorporated in the same period. These industries are in sharp contrast to manufacturing companies, of which only 30 percent were incorporated since 1974.



**Figure G.—Total Controlled Foreign Corporations Compared to Controlled Foreign Corporations Incorporated After 1974, by Selected Industry [1]**

[Money amounts are in millions of dollars]

| Selected CFC industry | Total number of CFC's | Total CFC assets | CFC's incorporated after 1974: Number | CFC's incorporated after 1974: Total assets | Percentage of: Total number | Percentage of: Total assets |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All industries [2] | 27,008 | $595,406 | 9,849 | $166,410 | 36% | 28% |
| Agriculture, forestry and fishing | 161 | 979 | 50 | 190 | 31 | 19 |
| Mining | 821 | 25,901 | 455 | 9,845 | 55 | 38 |
| Metal mining | 172 | 3,643 | 76 | 811 | 44 | 22 |
| Oil and gas extraction | 602 | 21,604 | 359 | 8,611 | 60 | 40 |
| Construction | 396 | 4,779 | 171 | 965 | 43 | 20 |
| Manufacturing | 7,259 | 219,484 | 2,153 | 31,842 | 30 | 15 |
| Food and kindred products | 650 | 16,138 | 158 | 2,276 | 24 | 14 |
| Apparel and other textile products | 126 | 1,408 | 41 | 287 | 33 | 20 |
| Paper and allied products | 167 | 5,107 | 36 | 347 | 22 | 7 |
| Printing and publishing | 242 | 1,815 | 64 | 389 | 26 | 21 |
| Chemicals and allied products | 1,698 | 39,610 | 380 | 4,766 | 22 | 12 |
| Petroleum (including integrated) and coal products | 125 | 31,596 | 27 | 3,936 | 22 | 12 |
| Rubber and miscellaneous plastic products | 213 | 4,108 | 61 | 310 | 29 | 8 |
| Stone, clay and glass products | 133 | 2,765 | 39 | 990 | 29 | 36 |
| Primary metal industries | 149 | 4,265 | 40 | 309 | 27 | 7 |
| Fabricated metal products | 581 | 6,179 | 183 | 1,334 | 31 | 22 |
| Machinery, except electrical | 782 | 29,499 | 242 | 2,802 | 31 | 9 |
| Electrical and electronic equipment | 934 | 24,239 | 379 | 6,078 | 41 | 25 |
| Motor vehicles and equipment | 249 | 29,757 | 82 | 2,127 | 33 | 7 |
| Instruments and related products | 342 | 6,668 | 132 | 1,599 | 39 | 24 |
| Transportation and public utilities | 626 | 16,223 | 258 | 4,315 | 41 | 27 |
| Water transportation | 261 | 6,960 | 101 | 1,115 | 39 | 16 |
| Wholesale and retail trade | 4,646 | 74,983 | 1,879 | 13,493 | 40 | 18 |
| Finance, insurance and real estate | 3,915 | 228,186 | 1,912 | 96,601 | 49 | 42 |
| Banking | 322 | 66,304 | 150 | 16,345 | 47 | 25 |
| Credit agencies other than banks | 710 | 59,365 | 370 | 31,005 | 52 | 52 |
| Insurance | 531 | 23,623 | 308 | 5,677 | 58 | 24 |
| Real estate | 385 | 3,237 | 128 | 1,703 | 33 | 53 |
| Holding and other investment companies, except bank holding companies | 1,291 | 61,088 | 632 | 32,155 | 49 | 53 |
| Services | 2,571 | 19,437 | 1,159 | 8,939 | 45 | 46 |

[1] Includes only those foreign corporations controlled by U.S. corporations with $250 million or more in total assets.
[2] Includes CFC's the nature of whose business was not allocable by industry, and inactive CFC's which are not shown separately.

## SUMMARY

U.S. multinational corporations continued to have a strong presence abroad, controlling over 27,000 foreign corporations in 1984. These CFC's held $595 billion in assets and generated $625 billion of receipts. Pre-tax earnings and profits of all CFC's for 1984 rose 32 percent from 1982 while assets rose only seven percent. More than one-half of all active CFC's were involved in manufacturing or trade industries. Due to the much larger rise in pre-tax earnings and profits than in assets, profitability levels rose 1.6 percent from 1982, a 24 percent change. Mining (because of oil and gas extraction) was the most profitable industrial division in 1984 and finance, insurance and real estate the least profitable.

CFC payments to their U.S. parent corporations and affiliated groups exceeded receipts from these companies by $27.8 billion in 1984. In contrast, the U.S. current account deficit was $106.5 billion. CFC purchases of stock in trade from U.S. parent corporations and their domestic affiliates amounted to almost one-third of the total $218 billion of U.S. exports in 1984.

Almost 40 percent of all CFC's were incorporated in the 10-year period from 1975 through 1984. These CFC's were, however, smaller in asset size than the older CFC's. The number of new incorporations in 1984 rose slightly from 1983, possibly reversing the downward movement that took place after 1980.

## DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of $250 million or more and with accounting periods ended July 1984 through June 1985, and from attached Form(s) 5471 (Information Return with Respect to a Foreign Corporation). This form replaced Form 2952, (Information Return with Respect to Controlled Foreign Corporations), in

1983. Only a handful of Forms 2952 were filed for Income Year 1984 and are included in the data.

Sampling variability was not originally a factor in this study, since returns were selected at a rate of 100 percent and thus equaled the complete population. However, certain taxpayers did not provide the necessary information or provided only partial information for some CFC's. These CFC's (approximately 1,500 corporations) are not included in the data presented here and no attempt was made to weight the sample to adjust for them. For purposes of this article, the sample was considered to be the population (see footnote 1.)

Not all of the information regarding CFC transactions (e.g., transactions with unrelated parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and included in this article.

U.S. parent corporations were classified by the principal business activity reported on the corporation income tax return. Many returns were filed by diversified corporations, and therefore included significant receipts, profits, and other items related to activities other than the principal business activity.

Controlled Foreign Corporations were also classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the industry in which it was originally reported. Less than one percent of the CFC's included in the file contain financial information for a consolidated group of CFC's.

In some cases, sufficient detail was not provided to indicate by whom the CFC was directly controlled (i.e., by a domestic or a foreign parent). Data for these CFC's were corrected by using the transactions they reported with related corporations to determine the recipient of any dividends. If this information was not conclusive, a previous-year record of the CFC or other reference material was used to determine the ownership.

The 1984 data are based on returns filed by U.S. corporations with full-year accounting periods ending between July 1984 and June 1985. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1983 (and, thus, began in September 1982) or as late as June 1985. However, most CFC activity did occur in Calendar Year 1984.

## EXPLANATION OF SELECTED TERMS

*Business Receipts of Controlled Foreign Corporations.*--Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

*Current Earnings and Profits of Controlled Foreign Corporations.*--This item represents the difference between the accumulated beginning and ending year balances of earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

*Distributions of Controlled Foreign Corporations.*--The distributions of CFC's consisted mostly of dividends. Capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital surplus) were generally not included. Liquidating dividends may have also been included.

*Foreign Income Taxes Paid by Controlled Foreign Corporations.*--These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

*Inactive Controlled Foreign Corporations.*-- Inactive Controlled Foreign Corporations were those that reported no income, deductions, or foreign income taxes paid, but which may have reported dividends paid out of prior-year earnings and profits. These dividends, plus the total assets of these CFC's, are included in the statistics.

*Related Persons of Controlled Foreign Corporations.*--Five categories of related persons of CFC's were shown on Forms 5471 for the purpose of reporting transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

*Sales (and Purchases) of Stock in Trade.*--These were sales (and purchases) of merchandise in the ordinary course of trade or business.

*Subpart F Income.*--Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income that, although undistributed to them, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1984: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign personal holding company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includible as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria and increases in foreign corporations' earnings invested in U.S. property.

*Transactions of Controlled Foreign Corporations.*--Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's. The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.



*U.S. Affiliated Groups.*--The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return (Form 1120).

## NOTES AND REFERENCES

[1] Due to incomplete reporting of financial information on Forms 5471, approximately 1,500 Controlled Foreign Corporations (CFC's) are not included in the data. However, it is estimated that the 27,008 CFC's for which data are presented in this article represent 95 percent or more of all the financial data for the population and therefore, are comparable to 1982 data. Throughout the rest of this article, all references to the CFC population will include only the data for the 27,008 CFC's. (See also "Data Sources and Limitations" at the end of this article.)

[2] For purposes of this article, data are included only for foreign corporations controlled by U.S. corporations with $250 million or more in total assets. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.

[3] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.

[4] Heller, *Op. cit.*, pp. 3-4.

[5] Heller, *Op. cit.*, p. 87.

[6] Passive types of income include such receipts as interest, dividends and certain types of rents and royalties.

[7] Control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own

more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

[8] More recently, the Tax Reform Act of 1986 expanded further the definition of Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.

[9] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits before taxes to total assets. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is limited.

[10] Willoughby, Jack, "Shipwreck," *Forbes*, July 29, 1985, p. 116.

[11] Simenauer, Ronald, "Controlled Foreign Corporations, 1982: An Industry Focus," *Statistics of Income Bulletin*, Summer 1986, Volume 6, Number 1.

[12] The balance of payments surplus may be somewhat misleading due to the inclusion of dividends paid and received. If dividends received and paid are excluded from the totals the balance of payments surplus would fall from $27.8 billion to $16.4 billion.

[13] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1986. The current account is defined as the exports of goods and services (including receipt of income on U.S. assets abroad) minus both imports of goods and services (including payment of income on foreign assets in the U.S.) and net unrelated transfers (excluding military grants of goods and services).

[14] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1985.

[15] Amounts loaned to or borrowed from U.S. affiliated groups were subtracted from 1982 transaction amounts for comparability with 1984 data. These data were not tabulated for 1984 since they were no longer required to be reported as part of the foreign corporation transaction schedule for 1984.

[16] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly. Data from this source are based on the 1984 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1984 through June 1985 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.

**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing return and size of total assets of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All industries, total** | 1,103 | 27,008 | 595,406,489 | 624,529,988 | 48,591,785 | 57,489,606 | 19,888,594 | 19,663,431 | 17,429,494 | 4,420,024 |
| Assets zero or not reported | 564 | 3,924 | — | 2,784,107 | 71,277 | 295,574 | 63,452 | 66,868 | 83,405 | 42,401 |
| $1 under $1,000,000 | 871 | 9,028 | 2,238,541 | 4,091,467 | 157,472 | 587,854 | 90,796 | 98,987 | 128,832 | 27,277 |
| $1,000,000 under $10,000,000 | 617 | 8,129 | 31,613,767 | 44,893,839 | 2,636,065 | 4,133,612 | 1,252,865 | 1,273,754 | 1,139,365 | 247,645 |
| $10,000,000 under $100,000,000 | 723 | 4,834 | 151,354,099 | 169,786,907 | 12,278,867 | 15,129,589 | 4,520,648 | 4,506,718 | 4,634,444 | 1,386,889 |
| $100,000,000 or more | 295 | 1,093 | 410,200,083 | 402,973,669 | 33,448,105 | 37,322,978 | 13,960,832 | 13,717,103 | 11,443,448 | 2,715,812 |
| **Agriculture, forestry and fishing** | 4 | 116 | 936,515 | 1,102,708 | 39,232 | 59,882 | 20,042 | 21,768 | 17,851 | 1,173 |
| Assets zero or not reported | * | * | * | * | * | * | * | * | * | * |
| $1 under $1,000,000 | 4 | 36 | 9,432 | 20,689 | −354 | 157 | 26 | −55 | 32 | — |
| $1,000,000 under $10,000,000 | * | * | * | * | * | * | * | * | * | * |
| $10,000,000 under $100,000,000 | 4 | 24 | 591,670 | 536,075 | 23,591 | 35,093 | 12,284 | 14,079 | 17,403 | — |
| $100,000,000 or more | * | * | * | * | * | * | * | * | * | * |
| **Mining** | 46 | 602 | 9,885,843 | 5,930,863 | 1,494,624 | 1,697,589 | 956,810 | 953,598 | 630,151 | 135,543 |
| Assets zero or not reported | 25 | 100 | — | 29,077 | −13,918 | 5,285 | 1,319 | 1,374 | 277 | 2,305 |
| $1 under $1,000,000 | 35 | 225 | 43,121 | 26,655 | −11,098 | 10,380 | 988 | 1,017 | 1,927 | 602 |
| $1,000,000 under $10,000,000 | 31 | 137 | 606,375 | 394,591 | 38,336 | 75,873 | 15,129 | 14,962 | 41,074 | 19,223 |
| $10,000,000 under $100,000,000 | 29 | 120 | 3,807,044 | 1,648,561 | 267,012 | 387,301 | 122,382 | 119,253 | 156,242 | 47,974 |
| $100,000,000 or more | 9 | 20 | 5,429,302 | 3,831,980 | 1,214,292 | 1,218,750 | 816,992 | 816,992 | 430,630 | 65,438 |
| **Metal mining** | 6 | 54 | 1,100,961 | 121,500 | 39,570 | 43,168 | 19,542 | 18,245 | 20,325 | 1,078 |
| Assets zero or not reported | 5 | 7 | — | — | −1 | — | — | — | — | — |
| $1 under $1,000,000 | 5 | 25 | 3,561 | 4,089 | −45 | 95 | 1 | 1 | 32 | 16 |
| $1,000,000 under $10,000,000 | 5 | 11 | 50,457 | 6,018 | 3,202 | 3,672 | 923 | 923 | 965 | 1,062 |
| $10,000,000 under $100,000,000 | * | * | * | * | * | * | * | * | * | * |
| $100,000,000 or more | * | * | * | * | * | * | * | * | * | * |
| **Oil and gas extraction** | 33 | 512 | 8,517,348 | 5,686,333 | 1,423,295 | 1,619,670 | 935,442 | 933,527 | 609,711 | 130,750 |
| Assets zero or not reported | 15 | 83 | — | 6,222 | −16,423 | 2,779 | 477 | 532 | 277 | 2,305 |
| $1 under $1,000,000 | 27 | 185 | 35,614 | 19,317 | −12,558 | 8,418 | 987 | 1,016 | 1,849 | 525 |
| $1,000,000 under $10,000,000 | 21 | 119 | 512,608 | 350,475 | 30,091 | 66,986 | 13,222 | 13,054 | 40,040 | 17,773 |
| $10,000,000 under $100,000,000 | 22 | 107 | 3,311,377 | 1,478,340 | 205,436 | 322,738 | 103,763 | 101,932 | 136,914 | 44,709 |
| $100,000,000 or more | 7 | 18 | 4,657,748 | 3,831,980 | 1,216,749 | 1,218,750 | 816,992 | 816,992 | 430,630 | 65,438 |
| **Construction** | 19 | 384 | 3,826,697 | 2,917,905 | 416,794 | 461,479 | 122,388 | 121,488 | 194,572 | 44,664 |
| Assets zero or not reported | 11 | 62 | — | 34 | −50 | — | — | — | — | — |
| $1 under $1,000,000 | 13 | 159 | 28,682 | 42,368 | −3,544 | 8,203 | 536 | 555 | 1,586 | 47 |
| $1,000,000 under $10,000,000 | 16 | 101 | 373,070 | 400,769 | 13,043 | 36,917 | 10,000 | 9,328 | 6,662 | 337 |
| $10,000,000 under $100,000,000 | 14 | 54 | 1,760,669 | 1,432,796 | 196,449 | 205,463 | 62,551 | 62,303 | 115,156 | 20,876 |
| $100,000,000 or more | 4 | 8 | 1,664,277 | 1,041,938 | 210,896 | 210,896 | 49,301 | 49,301 | 71,167 | 23,404 |
| **Manufacturing** | 581 | 18,805 | 390,581,396 | 500,334,516 | 40,379,971 | 47,989,980 | 17,109,507 | 16,839,916 | 14,904,646 | 3,374,696 |
| Assets zero or not reported | 331 | 2,621 | — | 2,306,163 | 36,189 | 214,111 | 49,252 | 52,612 | 77,314 | 4,880 |
| $1 under $1,000,000 | 503 | 5,753 | 1,525,040 | 3,050,847 | 173,614 | 455,601 | 62,383 | 60,909 | 95,646 | 18,285 |
| $1,000,000 under $10,000,000 | 497 | 6,100 | 23,984,990 | 37,527,926 | 2,065,487 | 3,265,639 | 1,033,060 | 1,051,195 | 921,673 | 183,235 |
| $10,000,000 under $100,000,000 | 438 | 3,617 | 112,023,550 | 138,172,141 | 10,262,581 | 12,472,787 | 3,796,071 | 3,760,837 | 3,866,654 | 1,082,154 |
| $100,000,000 or more | 175 | 714 | 253,047,816 | 319,277,438 | 27,842,100 | 31,561,842 | 12,168,739 | 11,914,364 | 9,943,360 | 2,086,141 |
| **Food and kindred products** | 43 | 1,831 | 22,565,728 | 31,414,654 | 2,714,695 | 3,050,716 | 791,131 | 776,935 | 960,637 | 270,378 |
| Assets zero or not reported | 26 | 285 | — | 113,691 | 14,409 | 16,308 | 1,111 | 1,160 | 7,604 | 4 |
| $1 under $1,000,000 | 39 | 651 | 146,535 | 585,478 | 199,297 | 212,694 | 8,901 | 9,060 | 27,043 | 1,852 |
| $1,000,000 under $10,000,000 | 34 | 502 | 1,974,696 | 3,148,578 | 210,353 | 302,510 | 71,148 | 70,992 | 96,839 | 26,842 |
| $10,000,000 under $100,000,000 | 29 | 344 | 11,010,960 | 15,548,690 | 1,290,749 | 1,466,166 | 419,755 | 405,191 | 530,862 | 107,312 |
| $100,000,000 or more | 20 | 49 | 9,433,536 | 12,018,016 | 1,000,086 | 1,053,038 | 290,216 | 290,532 | 298,290 | 134,368 |
| **Chemicals and allied products** | 72 | 3,940 | 58,528,756 | 60,877,842 | 6,539,859 | 7,382,393 | 2,473,937 | 2,453,161 | 2,100,613 | 813,540 |
| Assets zero or not reported | 55 | 617 | — | 218,943 | 13,861 | 23,885 | 4,503 | 5,295 | 12,608 | 1,732 |
| $1 under $1,000,000 | 65 | 1,182 | 302,072 | 506,548 | 22,874 | 68,769 | 15,231 | 14,374 | 24,868 | 7,920 |
| $1,000,000 under $10,000,000 | 69 | 1,300 | 5,117,631 | 7,705,200 | 484,711 | 740,675 | 237,275 | 243,582 | 258,236 | 45,631 |
| $10,000,000 under $100,000,000 | 61 | 730 | 21,995,940 | 24,752,002 | 2,252,740 | 2,689,183 | 895,578 | 878,910 | 862,636 | 259,243 |
| $100,000,000 or more | 36 | 111 | 31,113,113 | 27,695,150 | 3,765,674 | 3,859,880 | 1,321,350 | 1,310,999 | 942,264 | 499,015 |
| **Petroleum (including integrated) and coal products** | 35 | 1,932 | 99,994,391 | 173,001,490 | 12,612,098 | 15,588,956 | 6,708,937 | 6,507,866 | 6,134,363 | 707,290 |
| Assets zero or not reported | 27 | 299 | — | 365,140 | −10,655 | 84,160 | 37,137 | 36,840 | 7,507 | 13 |
| $1 under $1,000,000 | 33 | 654 | 129,726 | 340,701 | −57,236 | 21,790 | 2,866 | 2,548 | 12,372 | 5,288 |
| $1,000,000 under $10,000,000 | 26 | 472 | 1,907,876 | 4,631,655 | 150,542 | 362,922 | 153,596 | 157,601 | 88,949 | 4,580 |
| $10,000,000 under $100,000,000 | 28 | 333 | 10,729,362 | 19,822,944 | 793,845 | 1,129,150 | 313,252 | 310,249 | 397,629 | 101,092 |
| $100,000,000 or more | 20 | 174 | 87,227,428 | 147,841,049 | 11,735,602 | 13,990,935 | 6,202,086 | 6,000,627 | 5,627,906 | 596,318 |
| **Primary metal industries** | 40 | 1,033 | 14,034,236 | 10,486,406 | 332,153 | 771,022 | 168,394 | 134,945 | 193,123 | 126,111 |
| Assets zero or not reported | 20 | 152 | — | 1,553 | 706 | 1,373 | 10 | 10 | — | 100 |
| $1 under $1,000,000 | 31 | 352 | 77,154 | 89,038 | −3,605 | 10,439 | 2,612 | 2,420 | 2,313 | 133 |
| $1,000,000 under $10,000,000 | 36 | 310 | 1,246,683 | 1,339,859 | 63,589 | 121,638 | 27,027 | 29,173 | 30,780 | 8,763 |
| $10,000,000 under $100,000,000 | 27 | 189 | 5,974,371 | 5,763,013 | 145,597 | 360,611 | 74,983 | 69,248 | 120,423 | 81,374 |
| $100,000,000 or more | 10 | 30 | 6,736,029 | 3,292,942 | 125,865 | 276,961 | 63,762 | 34,093 | 39,607 | 35,742 |
| **Machinery, except electrical** | 88 | 1,950 | 51,882,026 | 50,103,336 | 7,430,539 | 7,989,513 | 3,045,754 | 3,020,864 | 1,883,219 | 481,385 |
| Assets zero or not reported | 36 | 244 | — | 91,482 | 14,096 | 15,756 | 945 | 615 | 21 | 74 |
| $1 under $1,000,000 | 62 | 497 | 152,225 | 227,601 | −6,316 | 21,202 | 4,860 | 2,626 | 3,947 | 599 |
| $1,000,000 under $10,000,000 | 62 | 633 | 2,556,437 | 3,030,453 | 194,827 | 314,724 | 96,140 | 97,333 | 57,392 | 21,708 |
| $10,000,000 under $100,000,000 | 60 | 474 | 15,080,755 | 15,001,742 | 1,116,877 | 1,395,288 | 532,085 | 518,446 | 281,150 | 150,748 |
| $100,000,000 or more | 22 | 102 | 34,092,609 | 31,752,058 | 6,111,056 | 6,242,543 | 2,411,724 | 2,401,642 | 1,540,710 | 308,256 |

[illegible] at end of table.

**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing return and size of total assets of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing—Continued** | | | | | | | | | | |
| **Electrical and electronic equipment** | **70** | **2,270** | **37,641,993** | **39,205,015** | **2,701,272** | **3,255,924** | **733,755** | **721,578** | **838,293** | **223,498** |
| Assets zero or not reported | 31 | 229 | — | 72,207 | -17,411 | 2,496 | 211 | 3,391 | 8,937 | 194 |
| $1 under $1,000,000 | 59 | 685 | 196,988 | 291,645 | -11,872 | 26,985 | 7,327 | 9,237 | 6,966 | 153 |
| $1,000,000 under $10,000,000 | 63 | 813 | 3,259,962 | 4,969,089 | 246,535 | 394,985 | 130,598 | 132,575 | 104,107 | 19,797 |
| $10,000,000 under $100,000,000 | 52 | 479 | 14,709,565 | 18,211,915 | 1,359,948 | 1,635,950 | 347,413 | 352,285 | 539,167 | 94,061 |
| $100,000,000 or more | 13 | 64 | 19,475,477 | 15,660,159 | 1,124,073 | 1,195,509 | 248,206 | 224,090 | 179,115 | 109,292 |
| **Motor vehicles and equipment** | **20** | **925** | **47,132,506** | **70,477,798** | **2,430,468** | **3,550,208** | **1,223,562** | **1,252,124** | **993,079** | **269,493** |
| Assets zero or not reported | 15 | 118 | — | 1,178,127 | -30,452 | 13,649 | 1,476 | 1,970 | 19,356 | — |
| $1 under $1,000,000 | 18 | 235 | 83,825 | 180,533 | 4,971 | 13,585 | 1,336 | 1,325 | 2,370 | 18 |
| $1,000,000 under $10,000,000 | 18 | 359 | 1,227,809 | 2,626,281 | 20,662 | 98,238 | 29,010 | 28,962 | 23,401 | 3,299 |
| $10,000,000 under $100,000,000 | 17 | 137 | 4,690,006 | 7,203,992 | 286,911 | 392,849 | 140,435 | 143,287 | 101,549 | 56,050 |
| $100,000,000 or more | 10 | 76 | 41,130,866 | 59,288,865 | 2,148,376 | 3,031,886 | 1,051,305 | 1,076,579 | 846,404 | 210,127 |
| **Transportation equipment, except motor vehicles** | **20** | **580** | **5,907,382** | **6,873,398** | **578,972** | **696,550** | **231,942** | **233,006** | **218,134** | **53,226** |
| Assets zero or not reported | 10 | 61 | — | 13,289 | 26,507 | 26,507 | -145 | -145 | 2,453 | 4 |
| $1 under $1,000,000 | 17 | 203 | 56,467 | 83,081 | -441 | 10,325 | 1,733 | 1,724 | 513 | 572 |
| $1,000,000 under $10,000,000 | 14 | 194 | 797,750 | 1,255,238 | 53,787 | 86,661 | 31,830 | 33,572 | 26,014 | 3,546 |
| $10,000,000 under $100,000,000 | 13 | 115 | 3,630,012 | 4,166,019 | 319,817 | 391,681 | 132,742 | 132,073 | 118,008 | 24,332 |
| $100,000,000 or more | 5 | 7 | 1,423,152 | 1,355,771 | 179,302 | 181,375 | 65,782 | 65,782 | 69,147 | 24,771 |
| **Instruments and related products** | **23** | **807** | **11,513,591** | **15,490,503** | **1,270,096** | **1,437,020** | **466,927** | **476,545** | **344,585** | **155,856** |
| Assets zero or not reported | 18 | 77 | — | 643 | 2,920 | 3,236 | -1 | -1 | 2,259 | — |
| $1 under $1,000,000 | 22 | 232 | 80,383 | 160,138 | -1,031 | 12,554 | 4,418 | 4,297 | 1,262 | 145 |
| $1,000,000 under $10,000,000 | 22 | 311 | 1,227,569 | 1,998,735 | 143,586 | 192,640 | 53,233 | 53,660 | 49,500 | 6,711 |
| $10,000,000 under $100,000,000 | 21 | 167 | 4,619,363 | 6,380,418 | 597,038 | 684,240 | 212,671 | 221,983 | 207,502 | 73,557 |
| $100,000,000 or more | 5 | 20 | 5,586,276 | 6,950,569 | 527,583 | 544,350 | 196,606 | 196,606 | 84,061 | 75,443 |
| **Transportation and public utilities** | **106** | **1,508** | **25,021,612** | **14,153,603** | **1,299,298** | **1,572,265** | **357,612** | **360,756** | **297,736** | **334,528** |
| Assets zero or not reported | 47 | 218 | — | 45,887 | -1,952 | 7,265 | 1,665 | 1,666 | 2,937 | 302 |
| $1 under $1,000,000 | 69 | 577 | 131,211 | 184,577 | -915 | 24,307 | 4,541 | 5,120 | 10,282 | 1,737 |
| $1,000,000 under $10,000,000 | 56 | 423 | 1,645,036 | 1,625,251 | 121,640 | 180,892 | 39,425 | 41,115 | 54,824 | 16,309 |
| $10,000,000 under $100,000,000 | 54 | 242 | 7,603,191 | 4,427,694 | 418,414 | 568,007 | 142,791 | 142,686 | 114,857 | 88,971 |
| $100,000,000 or more | 27 | 48 | 15,642,174 | 7,870,194 | 762,111 | 791,794 | 169,190 | 170,168 | 114,836 | 227,209 |
| **Water transportation** | **10** | **142** | **760,470** | **112,346** | **18,811** | **39,466** | **1,290** | **3,534** | **13,405** | **6,368** |
| Assets zero or not reported | 7 | 24 | — | 6,901 | -351 | 1 | — | — | — | 1 |
| $1 under $1,000,000 | 8 | 63 | 12,385 | 10,689 | -251 | 1,206 | 63 | 77 | — | 622 |
| $1,000,000 under $10,000,000 | 9 | 34 | 168,985 | 41,923 | 1,398 | 9,952 | 986 | 1,894 | — | 1,430 |
| $10,000,000 under $100,000,000 | * | * | * | * | * | * | * | * | * | * |
| $100,000,000 or more | * | * | * | * | * | * | * | * | * | * |
| **Wholesale and retail trade** | **116** | **1,404** | **32,358,191** | **72,992,450** | **1,831,937** | **2,120,430** | **487,710** | **518,299** | **559,330** | **215,031** |
| Assets zero or not reported | 50 | 233 | — | 67,870 | 15,813 | 16,972 | 2,335 | 2,335 | 982 | 12,433 |
| $1 under $1,000,000 | 81 | 536 | 112,341 | 244,826 | -9,840 | 14,867 | 4,516 | 12,779 | 6,575 | 2,666 |
| $1,000,000 under $10,000,000 | 76 | 360 | 1,370,838 | 2,232,022 | 106,374 | 178,162 | 47,219 | 45,748 | 33,369 | 13,957 |
| $10,000,000 under $100,000,000 | 63 | 214 | 6,882,664 | 16,519,399 | 398,746 | 524,998 | 118,409 | 142,184 | 150,469 | 70,530 |
| $100,000,000 or more | 15 | 61 | 23,992,348 | 53,928,333 | 1,320,844 | 1,385,431 | 315,232 | 315,253 | 367,935 | 115,444 |
| **Wholesale trade** | **63** | **821** | **18,094,843** | **56,901,635** | **1,016,206** | **1,217,718** | **255,192** | **287,324** | **345,663** | **72,583** |
| Assets zero or not reported | 23 | 92 | — | 33,114 | 802 | 1,932 | 957 | 957 | 982 | — |
| $1 under $1,000,000 | 41 | 334 | 72,179 | 171,974 | -14,382 | 7,703 | 2,483 | 10,643 | 5,394 | 2,144 |
| $1,000,000 under $10,000,000 | 43 | 227 | 878,805 | 1,516,124 | 80,427 | 119,905 | 28,766 | 28,132 | 27,842 | 8,200 |
| $10,000,000 under $100,000,000 | 38 | 136 | 4,212,707 | 14,400,686 | 235,048 | 324,780 | 84,504 | 109,089 | 58,511 | 28,988 |
| $100,000,000 or more | 6 | 32 | 12,931,152 | 40,779,737 | 714,312 | 763,398 | 138,463 | 138,504 | 252,933 | 33,251 |
| **Petroleum and petroleum products** | **8** | **107** | **4,297,072** | **14,932,001** | **292,660** | **319,103** | **110,508** | **112,028** | **203,395** | **33,937** |
| Assets zero or not reported | * | * | * | * | * | * | * | * | * | * |
| $1 under $1,000,000 | 7 | 34 | 6,848 | 2,288 | -1,279 | 876 | 7 | 8 | 100 | 793 |
| $1,000,000 under $10,000,000 | 7 | 34 | 150,136 | 134,607 | 8,124 | 13,531 | 4,300 | 4,300 | 2,282 | 1,792 |
| $10,000,000 under $100,000,000 | 5 | 22 | 803,507 | 5,514,897 | 53,203 | 63,320 | 27,937 | 29,435 | 11,368 | 3,746 |
| $100,000,000 or more | * | * | * | * | * | * | * | * | * | * |
| **Retail trade** | **53** | **583** | **14,263,348** | **16,090,815** | **815,731** | **902,712** | **232,518** | **230,975** | **213,667** | **142,448** |
| Assets zero or not reported | 27 | 141 | — | 34,756 | 15,011 | 15,039 | 1,378 | 1,378 | — | 12,433 |
| $1 under $1,000,000 | 40 | 202 | 40,162 | 72,852 | 4,542 | 7,164 | 2,033 | 2,137 | 1,181 | 522 |
| $1,000,000 under $10,000,000 | 33 | 133 | 492,033 | 715,898 | 25,947 | 58,257 | 18,452 | 17,616 | 5,527 | 5,757 |
| $10,000,000 under $100,000,000 | 25 | 78 | 2,669,957 | 2,118,713 | 163,698 | 200,218 | 33,906 | 33,095 | 91,958 | 41,542 |
| $100,000,000 or more | 9 | 29 | 11,061,197 | 13,148,596 | 606,532 | 622,034 | 176,749 | 176,749 | 115,001 | 82,193 |
| **Finance, insurance and real estate** | **169** | **2,934** | **126,591,844** | **23,001,761** | **2,730,451** | **3,030,724** | **675,064** | **682,550** | **660,896** | **242,087** |
| Assets zero or not reported | 68 | 422 | — | 248,703 | 14,571 | 26,477 | 6,577 | 6,582 | 1,549 | 7,482 |
| $1 under $1,000,000 | 117 | 1,234 | 244,620 | 289,050 | 10,724 | 45,248 | 9,903 | 10,568 | 4,865 | 2,384 |
| $1,000,000 under $10,000,000 | 93 | 615 | 2,223,239 | 1,386,476 | 174,789 | 242,050 | 59,964 | 63,561 | 41,538 | 7,445 |
| $10,000,000 under $100,000,000 | 83 | 427 | 15,092,855 | 4,546,032 | 499,692 | 631,585 | 169,317 | 162,888 | 167,424 | 43,146 |
| $100,000,000 or more | 59 | 236 | 109,031,129 | 16,531,501 | 2,030,674 | 2,085,363 | 429,303 | 438,951 | 445,520 | 181,631 |
| **Banking** | **59** | **1,066** | **86,236,101** | **10,870,837** | **1,510,715** | **1,605,013** | **395,072** | **396,038** | **335,258** | **122,483** |
| Assets zero or not reported | 24 | 133 | — | 51,628 | 6,401 | 10,832 | 1,114 | 1,120 | 4 | 7,232 |
| $1 under $1,000,000 | 39 | 369 | 72,086 | 83,412 | -200 | 15,741 | 3,954 | 4,110 | 1,071 | 67 |
| $1,000,000 under $10,000,000 | 30 | 211 | 768,996 | 197,966 | 57,672 | 72,712 | 23,221 | 25,211 | 18,635 | 986 |
| $10,000,000 under $100,000,000 | 34 | 198 | 7,470,368 | 1,224,873 | 251,180 | 275,052 | 69,201 | 68,659 | 60,761 | 11,707 |
| $100,000,000 or more | 25 | 155 | 77,924,650 | 9,312,958 | 1,195,662 | 1,230,676 | 297,582 | 296,938 | 254,787 | 102,491 |
| **Finance, insurance and real estate—Continued** | | | | | | | | | | |
| **Insurance** | **43** | **508** | **12,794,273** | **4,220,417** | **389,670** | **446,435** | **65,898** | **66,692** | **78,604** | **52,359** |
| Assets zero or not reported | 17 | 70 | — | 187,998 | 7,971 | 11,925 | 4,494 | 4,494 | 1,300 | — |
| $1 under $1,000,000 | 30 | 210 | 46,275 | 54,792 | 2,861 | 6,795 | 1,743 | 1,771 | 1,270 | 1,827 |
| $1,000,000 under $10,000,000 | 25 | 110 | 448,217 | 315,176 | 27,745 | 35,937 | 10,164 | 9,800 | 2,211 | 3,199 |
| $10,000,000 under $100,000,000 | 25 | 93 | 2,983,523 | 1,201,339 | 79,152 | 118,063 | 27,362 | 25,227 | 50,821 | 7,523 |
| $100,000,000 or more | 12 | 25 | 9,316,257 | 2,461,113 | 271,940 | 273,715 | 22,136 | 25,400 | 23,002 | 39,810 |
| **Holding and other investment companies, except bank holding companies** | **13** | **382** | **4,356,132** | **4,263,824** | **209,824** | **241,206** | **55,487** | **52,913** | **87,498** | **21,625** |
| Assets zero or not reported | 6 | 37 | — | 793 | -308 | — | — | — | — | — |
| $1 under $1,000,000 | 11 | 213 | 34,902 | 38,527 | -2,215 | 2,267 | 520 | 1,066 | 651 | 79 |
| $1,000,000 under $10,000,000 | 9 | 84 | 261,290 | 464,038 | 9,946 | 22,517 | 7,682 | 6,421 | 4,558 | 325 |
| $10,000,000 under $100,000,000 | 7 | 42 | 1,392,470 | 1,403,300 | 101,736 | 113,366 | 24,340 | 20,309 | 32,351 | 20,806 |
| $100,000,000 or more | 5 | 6 | 2,677,470 | 2,357,167 | 100,664 | 103,056 | 22,945 | 25,116 | 49,938 | 416 |
| **Services** | **62** | **1,255** | **6,204,392** | **4,096,183** | **399,478** | **557,259** | **159,460** | **165,056** | **164,313** | **72,302** |
| Assets zero or not reported | 30 | 256 | — | 86,374 | 20,541 | 25,381 | 2,304 | 2,299 | 346 | 14,997 |
| $1 under $1,000,000 | 49 | 508 | 144,093 | 232,455 | -1,115 | 29,091 | 7,903 | 8,094 | 7,919 | 1,556 |
| $1,000,000 under $10,000,000 | 45 | 350 | 1,246,974 | 1,024,315 | 98,769 | 129,528 | 40,335 | 40,100 | 39,809 | 5,966 |
| $10,000,000 under $100,000,000 | 38 | 136 | 3,592,456 | 2,504,208 | 212,381 | 304,356 | 96,843 | 102,489 | 46,239 | 33,238 |
| $100,000,000 or more | 5 | 5 | 1,220,870 | 248,830 | 68,902 | 68,902 | 12,075 | 12,075 | 70,000 | 16,544 |
| **Business services** | **22** | **625** | **1,882,986** | **1,431,781** | **152,352** | **173,483** | **64,646** | **63,057** | **33,553** | **10,307** |
| Assets zero or not reported | 13 | 119 | — | 5,947 | 572 | 716 | 270 | 267 | 346 | [illegible] |
| $1 under $1,000,000 | 18 | 255 | 82,579 | 103,102 | 4,535 | 11,201 | 2,583 | 2,516 | 1,605 | 1,261 |
| $1,000,000 under $10,000,000 | 15 | 205 | 713,185 | 564,442 | 51,617 | 61,490 | 22,564 | 21,225 | 20,290 | 2,439 |
| $10,000,000 under $100,000,000 | 16 | 46 | 1,087,223 | 758,290 | 95,628 | 100,056 | 39,229 | 39,048 | 11,313 | 6,607 |
| $100,000,000 or more | — | — | — | — | — | — | — | — | — | — |

Footnote at end of table

* Data deleted to avoid disclosure of information for specific corporations.
Note: Detail may not add to total because of rounding.

**Table 2.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All industries (U.S. parent)** | **1,103** | **27,008** | **595,406,489** | **824,529,988** | **48,591,785** | **57,469,606** | **19,888,594** | **19,663,431** | **17,429,494** | **4,420,024** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 46 | 161 | 978,638 | 1,006,480 | 38,633 | 88,809 | 31,682 | 33,787 | 19,072 | — |
| Mining | 123 | 821 | 25,901,284 | 19,534,830 | 6,564,057 | 7,263,299 | 4,016,773 | 4,021,775 | 2,088,531 | 151,361 |
| Construction | 51 | 396 | 4,778,866 | 5,840,113 | 431,745 | 561,290 | 164,504 | 165,775 | 171,063 | 14,108 |
| Manufacturing | 571 | 7,259 | 219,484,327 | 341,427,774 | 23,123,025 | 27,510,932 | 9,923,041 | 9,686,985 | 7,396,511 | 845,682 |
| Transportation and public utilities | 156 | 626 | 16,223,121 | 10,011,858 | 641,795 | 1,330,717 | 232,909 | 226,388 | 537,151 | 158,425 |
| Wholesale and retail trade | 467 | 4,646 | 74,983,155 | 199,002,412 | 9,143,205 | 10,579,211 | 3,971,057 | 3,977,831 | 4,430,170 | 682,542 |
| Finance, insurance and real estate | 671 | 3,915 | 228,186,477 | 34,113,467 | 6,917,561 | 8,143,221 | 1,116,328 | 1,100,551 | 2,379,836 | 2,391,587 |
| Services | 399 | 2,571 | 19,436,781 | 12,937,029 | 1,658,857 | 1,900,428 | 414,495 | 432,473 | 395,550 | 175,611 |
| Nature of business not allocable | 133 | 341 | 758,852 | 656,025 | 72,907 | 91,700 | 17,805 | 17,866 | 11,610 | 709 |
| Inactive | 671 | 6,272 | 4,674,988 | — | — | — | — | — | — | — |
| **Mining (U.S. parent)** | **46** | **602** | **9,885,843** | **5,930,863** | **1,494,624** | **1,697,589** | **956,810** | **953,598** | **630,151** | **135,543** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 32 | 213 | 5,019,834 | 4,741,426 | 1,312,456 | 1,427,143 | 905,800 | 902,551 | 514,474 | 65,840 |
| Construction | 3 | 41 | 726,467 | 142,477 | 43,704 | 80,326 | 30,369 | 31,563 | 7,584 | — |
| Manufacturing | 13 | 33 | 290,937 | 306,793 | 11,761 | 32,934 | 8,934 | 8,526 | 19,041 | 729 |
| Transportation and public utilities | 10 | 22 | 201,502 | 121,237 | 20,974 | 26,203 | 303 | -994 | 45 | 1,048 |
| Wholesale and retail trade | 6 | 16 | 141,179 | 218,327 | 6,962 | 7,654 | 1,106 | 1,106 | 11,152 | 2,637 |
| Finance, insurance and real estate | 25 | 58 | 2,152,116 | 204,659 | 73,416 | 78,552 | 5,421 | 5,561 | 76,456 | 43,846 |
| Services | 9 | 55 | 588,416 | 187,215 | 25,140 | 43,836 | 4,877 | 5,285 | 1,399 | 21,442 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 32 | 159 | 750,809 | — | — | — | — | — | — | — |
| Oil and gas extraction (U.S. parent) | 33 | 512 | 8,517,348 | 5,686,333 | 1,423,295 | 1,619,670 | 935,442 | 933,527 | 609,711 | 130,750 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 24 | 190 | 4,654,419 | 4,613,684 | 1,279,699 | 1,391,379 | 886,673 | 883,424 | 496,804 | 65,668 |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 10 | 30 | 280,808 | 289,196 | 9,901 | 31,066 | 8,152 | 7,744 | 18,971 | 729 |
| Transportation and public utilities | 5 | 8 | 111,935 | 46,988 | -311 | 1,847 | 303 | 303 | — | 964 |
| Wholesale and retail trade | 5 | 15 | 133,964 | 217,668 | 6,290 | 6,981 | 1,106 | 1,106 | 11,152 | 2,068 |
| Finance, insurance and real estate | 17 | 44 | 1,972,296 | 181,352 | 58,596 | 63,304 | 3,962 | 4,103 | 73,801 | 39,878 |
| Services | 8 | 54 | 587,614 | 186,240 | 25,130 | 43,826 | 4,877 | 5,285 | 1,399 | 21,442 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 21 | 126 | 35,381 | — | — | — | — | — | — | — |
| **Construction (U.S. parent)** | **19** | **384** | **3,826,697** | **2,917,905** | **416,794** | **461,479** | **122,388** | **121,488** | **194,572** | **44,664** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 5 | 54 | 784,681 | 259,945 | 109,694 | 128,317 | 24,346 | 23,214 | 46,608 | 11,959 |
| Construction | 14 | 95 | 919,228 | 1,311,029 | 113,364 | 128,958 | 25,073 | 25,104 | 49,439 | 770 |
| Manufacturing | 4 | 26 | 363,845 | 553,183 | 29,527 | 31,579 | 11,535 | 11,579 | 19,219 | — |
| Transportation and public utilities | * | * | * | * | * | * | * | * | * | * |
| Wholesale and retail trade | * | * | * | * | * | * | * | * | * | * |
| Finance, insurance and real estate | 8 | 27 | 958,824 | 115,307 | 37,750 | 44,036 | 5,320 | 5,387 | 20,350 | 21,970 |
| Services | 8 | 49 | 439,054 | 230,400 | 100,873 | 101,693 | 40,481 | 40,582 | 50,091 | 9,965 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 12 | 110 | 36,915 | — | — | — | — | — | — | — |
| **Manufacturing (U.S. parent)** | **581** | **18,805** | **390,581,396** | **500,334,516** | **40,379,971** | **47,969,980** | **17,109,507** | **16,839,916** | **14,904,646** | **3,374,696** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 32 | 111 | 635,223 | 616,541 | 32,594 | 62,070 | 22,428 | 23,036 | 14,002 | — |
| Mining | 64 | 448 | 17,279,446 | 12,222,001 | 4,937,904 | 5,456,110 | 3,027,421 | 3,034,513 | 1,478,575 | 33,418 |
| Construction | 28 | 198 | 2,795,010 | 4,040,002 | 279,970 | 340,439 | 106,438 | 106,361 | 113,987 | 13,338 |
| Manufacturing | 496 | 6,686 | 210,635,491 | 327,901,939 | 22,592,038 | 26,749,926 | 9,691,368 | 9,453,536 | 7,169,747 | 838,372 |
| Transportation and public utilities | 72 | 260 | 9,347,807 | 4,962,562 | 164,113 | 779,909 | 80,797 | 72,545 | 485,642 | 125,081 |
| Wholesale and retail trade | 344 | 3,767 | 56,265,475 | 129,396,250 | 7,684,709 | 8,931,367 | 3,604,990 | 3,593,148 | 3,932,747 | 612,042 |
| Finance, insurance and real estate | 339 | 1,826 | 81,658,613 | 13,202,523 | 3,656,892 | 4,468,976 | 394,693 | 368,552 | 1,470,747 | 1,664,213 |
| Services | 230 | 1,223 | 9,827,041 | 7,803,206 | 982,706 | 1,116,275 | 178,070 | 184,862 | 236,810 | 87,522 |
| Nature of business not allocable | 91 | 255 | 408,844 | 189,493 | 49,044 | 64,908 | 3,300 | 3,363 | 2,389 | 709 |
| Inactive | 388 | 4,031 | 1,728,447 | — | — | — | — | — | — | [illegible] |

Footnotes at end of table.



**Table 2.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing—Continued** | | | | | | | | | | |
| Food and kindred products (U.S. parent) | 43 | 1,831 | 22,565,728 | 31,414,654 | 2,714,895 | 3,050,716 | 791,131 | 776,935 | 960,637 | 270,378 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 9 | 54 | 298,194 | 289,924 | -8,293 | 15,462 | 5,147 | 5,195 | 1,967 | — |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 38 | 673 | 14,607,295 | 25,572,986 | 1,918,394 | 2,129,938 | 688,523 | 685,487 | 600,486 | 76,653 |
| Transportation and public utilities | 10 | 23 | 171,440 | 165,689 | 15,490 | 17,743 | 1,995 | 1,990 | 7,532 | 3,781 |
| Wholesale and retail trade | 28 | 288 | 1,871,291 | 4,248,725 | 188,932 | 223,263 | 70,252 | 68,212 | 47,049 | 29,206 |
| Finance, insurance and real estate | 33 | 175 | 4,811,333 | 757,287 | 366,278 | 426,341 | 21,150 | 11,054 | 257,043 | 145,720 |
| Services | 20 | 103 | 392,905 | 364,688 | 205,032 | 207,821 | 3,680 | 4,593 | 46,501 | 15,019 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 31 | 465 | 340,738 | — | — | — | — | — | — | — |
| Chemicals and allied products (U.S. parent) | 72 | 3,940 | 58,528,756 | 60,877,842 | 6,539,859 | 7,382,393 | 2,473,937 | 2,453,161 | 2,100,613 | 813,540 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 6 | 27 | 100,488 | 76,367 | 15,949 | 18,477 | 9,209 | 9,752 | 4,014 | — |
| Mining | 8 | 53 | 2,559,384 | 1,777,493 | 1,170,623 | 1,202,367 | 737,557 | 737,731 | 509,229 | 3,748 |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 68 | 1,632 | 37,611,807 | 45,133,605 | 4,211,951 | 4,733,368 | 1,449,549 | 1,442,198 | 1,254,218 | 276,979 |
| Transportation and public utilities | 8 | 27 | 975,860 | 629,112 | -99,953 | 9,358 | -2,951 | -13,638 | 8,031 | 550 |
| Wholesale and retail trade | 56 | 770 | 5,464,570 | 11,301,447 | 523,864 | 628,783 | 206,822 | 203,322 | 119,558 | 130,406 |
| Finance, insurance and real estate | 53 | 353 | 10,815,699 | 1,495,504 | 678,039 | 734,691 | 59,262 | 60,777 | 191,633 | 394,348 |
| Services | 36 | 161 | 594,210 | 153,519 | 30,429 | 44,633 | 10,598 | 9,712 | 13,928 | 7,510 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 60 | 863 | 249,888 | — | — | — | — | — | — | — |
| Petroleum (including integrated) and coal products (U.S. parent) | 35 | 1,932 | 99,994,391 | 173,001,490 | 12,612,098 | 15,588,956 | 6,708,937 | 6,507,866 | 6,134,363 | 707,290 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 3 | 4 | 17,717 | 3,281 | -581 | 939 | 145 | 163 | 30 | — |
| Mining | 22 | 271 | 12,578,869 | 9,697,332 | 3,784,806 | 4,201,311 | 2,272,745 | 2,276,963 | 956,948 | 25,851 |
| Construction | 4 | 13 | 435,657 | 1,083,196 | 26,913 | 27,142 | 9,012 | 9,012 | 22,134 | 7,763 |
| Manufacturing | 20 | 326 | 32,613,502 | 76,818,658 | 2,634,506 | 3,708,924 | 1,569,086 | 1,363,453 | 1,026,901 | 93,578 |
| Transportation and public utilities | 17 | 112 | 6,723,851 | 2,927,767 | 130,029 | 603,786 | 58,697 | 60,229 | 442,906 | 60,168 |
| Wholesale and retail trade | 29 | 475 | 26,465,364 | 79,961,314 | 5,439,453 | 6,051,965 | 2,742,609 | 2,740,439 | 3,370,711 | 217,341 |
| Finance, insurance and real estate | 27 | 204 | 19,875,856 | 2,271,174 | 586,917 | 981,180 | 54,598 | 55,083 | 313,659 | 301,720 |
| Services | 17 | 72 | 866,403 | 227,087 | 10,648 | 13,589 | 2,031 | 2,512 | 1,074 | 861 |
| Nature of business not allocable | 12 | 24 | 24,716 | 11,679 | -592 | 119 | 14 | 12 | — | 10 |
| Inactive | 27 | 431 | 392,457 | — | — | — | — | — | — | — |
| Primary metal industries (U.S. parent) | 40 | 1,033 | 14,034,236 | 10,486,406 | 332,153 | 771,022 | 168,394 | 134,945 | 193,123 | 126,111 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 12 | 48 | 1,100,155 | 332,467 | -9,149 | 13,133 | 2,717 | 1,777 | 7,300 | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 34 | 330 | 6,609,777 | 7,454,065 | 193,252 | 466,904 | 137,711 | 106,306 | 115,621 | 500 |
| Transportation and public utilities | 10 | 20 | 316,365 | 218,534 | 9,080 | 26,149 | 2,207 | 2,316 | 2,191 | 39,440 |
| Wholesale and retail trade | 18 | 114 | 725,969 | 1,199,414 | 29,663 | 47,303 | 12,004 | 13,766 | 40,590 | 10,398 |
| Finance, insurance and real estate | 29 | 164 | 4,597,138 | 934,333 | 103,061 | 196,750 | 11,853 | 8,562 | 26,730 | 75,554 |
| Services | 11 | 55 | 520,519 | 315,050 | 6,691 | 18,502 | 1,190 | 1,506 | 691 | 211 |
| Nature of business not allocable | 6 | 22 | 63,286 | 30,459 | 1,350 | 2,256 | 712 | 712 | — | 8 |
| Inactive | 23 | 274 | 93,477 | — | — | — | — | — | — | — |
| Machinery, except electrical (U.S. parent) | 68 | 1,950 | 51,882,026 | 50,103,336 | 7,430,539 | 7,989,513 | 3,045,754 | 3,020,664 | 1,883,219 | 481,385 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 5 | 42 | 333,092 | 313,087 | 748 | 19,665 | 8,325 | 8,260 | 4,509 | 50 |
| Construction | 4 | 8 | 82,492 | 64,204 | 23,039 | 23,059 | 1,995 | 1,995 | 1,451 | 3,272 |
| Manufacturing | 61 | 702 | 33,636,239 | 36,833,682 | 6,165,443 | 6,445,916 | 2,773,899 | 2,764,014 | 1,559,862 | 172,912 |
| Transportation and public utilities | * | * | * | * | * | * | * | * | * | * |
| Wholesale and retail trade | 43 | 469 | 8,250,227 | 9,845,001 | 490,672 | 683,638 | 160,496 | 150,929 | 66,328 | 100,568 |
| Finance, insurance and real estate | 43 | 168 | 7,143,442 | 1,207,273 | 500,854 | 519,993 | 76,074 | 72,784 | 227,389 | 183,852 |
| Services | 32 | 156 | 2,288,405 | 1,795,401 | 250,437 | 296,950 | 24,915 | 22,628 | 23,679 | 20,709 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 45 | 390 | 107,628 | — | — | — | — | — | — | — |

Footnotes at end of table.

**Table 2.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing—Continued** | | | | | | | | | | |
| Electrical and electronic equipment (U.S. parent) | 70 | 2,270 | 37,641,993 | 39,205,015 | 2,701,272 | 3,255,924 | 733,755 | 721,578 | 838,293 | 223,498 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 4 | 17 | 303,224 | 30,498 | -5,363 | 11,160 | 3,323 | 6,503 | 205 | 3,007 |
| Construction | 4 | 22 | 1,024,842 | 636,785 | 10,435 | 38,165 | 7,273 | 7,418 | 15,145 | 231 |
| Manufacturing | 55 | 786 | 18,896,896 | 28,301,544 | 1,658,208 | 2,021,208 | 514,847 | 503,048 | 540,274 | 51,867 |
| Transportation and public utilities | 4 | 27 | 747,080 | 740,031 | 78,907 | 80,275 | 17,655 | 17,655 | 22,245 | 5,904 |
| Wholesale and retail trade | 45 | 459 | 3,065,908 | 5,188,376 | 301,292 | 361,192 | 111,577 | 111,256 | 53,634 | 13,988 |
| Finance, insurance and real estate | 29 | 270 | 11,565,042 | 2,088,276 | 502,378 | 565,542 | 35,924 | 33,151 | 178,948 | 137,405 |
| Services | 22 | 222 | 1,585,688 | 2,117,793 | 165,952 | 177,011 | 42,945 | 42,330 | 26,129 | 10,537 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 44 | 428 | 325,924 | — | — | — | — | — | — | — |
| Motor vehicles and equipment (U.S. parent) | 20 | 925 | 47,132,506 | 70,477,798 | 2,430,468 | 3,550,208 | 1,223,562 | 1,252,124 | 993,079 | 269,493 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | — | — | — | — | — | — | — | — | — | — |
| Manufacturing | 19 | 247 | 29,606,718 | 61,223,157 | 1,868,236 | 2,847,322 | 1,100,282 | 1,134,063 | 882,288 | 20,883 |
| Transportation and public utilities | 3 | 14 | 72,640 | 25,757 | -540 | 1,105 | 273 | 1,101 | — | — |
| Wholesale and retail trade | 10 | 313 | 2,437,901 | 6,066,726 | 118,139 | 173,080 | 44,298 | 45,852 | 35,304 | 27,415 |
| Finance, insurance and real estate | 13 | 137 | 14,511,017 | 3,007,099 | 406,362 | 488,108 | 74,103 | 68,219 | 71,538 | 216,891 |
| Services | 10 | 38 | 424,247 | 148,287 | 35,859 | 38,181 | 3,818 | 4,101 | 3,949 | 3,656 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 15 | 170 | 45,419 | — | — | — | — | — | — | — |
| Instruments and related products (U.S. parent) | 23 | 807 | 11,513,591 | 15,490,503 | 1,270,096 | 1,437,020 | 466,927 | 476,545 | 344,585 | 155,856 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | — | — | — | — | — | — | — | — | — | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 21 | 321 | 6,803,466 | 9,254,057 | 977,049 | 1,056,061 | 343,651 | 342,134 | 263,613 | 81,443 |
| Transportation and public utilities | * | * | * | * | * | * | * | * | * | * |
| Wholesale and retail trade | 15 | 253 | 3,831,795 | 5,728,459 | 240,216 | 314,392 | 110,999 | 113,063 | 66,564 | 54,931 |
| Finance, insurance and real estate | 15 | 33 | 550,832 | 69,912 | 42,435 | 44,474 | 1,401 | 1,201 | 12,350 | 19,471 |
| Services | 7 | 38 | 170,094 | 298,073 | 1,278 | 10,731 | 5,127 | 14,376 | 1,048 | 10 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 19 | 127 | 24,185 | — | — | — | — | — | — | — |
| **Transportation and public utilities (U.S. parent)** | **106** | **1,508** | **25,021,612** | **14,153,603** | **1,299,298** | **1,572,265** | **357,612** | **360,756** | **297,736** | [illegible] |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 15 | 63 | 2,337,056 | 2,199,681 | 219,499 | 245,508 | 53,450 | 55,995 | 48,875 | 39,797 |
| Construction | 3 | 52 | 309,069 | 331,942 | 1,422 | 8,254 | 2,617 | 2,709 | 53 | — |
| Manufacturing | 19 | 249 | 3,417,558 | 4,123,061 | 220,193 | 293,695 | 86,964 | 85,996 | 66,037 | 5,112 |
| Transportation and public utilities | 46 | 230 | 5,605,599 | 4,495,787 | 396,215 | 435,948 | 130,387 | 133,217 | 50,843 | 9,421 |
| Wholesale and retail trade | 13 | 146 | 792,255 | 994,733 | 12,308 | 61,618 | 13,638 | 12,326 | 22,718 | 2,853 |
| Finance, insurance and real estate | 67 | 199 | 10,835,990 | 1,278,569 | 376,172 | 429,626 | 46,296 | 46,496 | 92,180 | 276,303 |
| Services | 35 | 162 | 1,398,574 | 728,479 | 79,576 | 97,440 | 24,216 | 23,968 | 16,337 | 1,041 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 54 | 379 | 278,115 | — | — | — | — | — | — | — |
| **Wholesale and retail trade (U.S. parent)** | **116** | **1,404** | **32,358,191** | **72,992,450** | **1,831,937** | **2,120,430** | **487,710** | **518,299** | **559,330** | [illegible] |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | 4 | 11 | 55,647 | 249,110 | -4,837 | 233 | — | 1,474 | 108 | 347 |
| Mining | 4 | 16 | 210,977 | 90,395 | -5,660 | 3,313 | 4,571 | 4,091 | — | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 20 | 76 | 2,117,538 | 4,244,541 | 141,488 | 167,938 | 61,356 | 63,050 | 24,231 | [illegible] |
| Transportation and public utilities | 13 | 34 | 165,832 | 13,616 | -7,810 | 12,676 | 654 | 616 | 161 | 1,354 |
| Wholesale and retail trade | 76 | 585 | 17,104,187 | 66,413,414 | 1,362,059 | 1,482,147 | 324,146 | 346,212 | 376,123 | [illegible] |
| Finance, insurance and real estate | 53 | 186 | 12,033,030 | 1,583,399 | 313,850 | 411,036 | 87,133 | 87,883 | 154,155 | [illegible] |
| Services | 26 | 124 | 507,065 | 393,145 | 32,768 | 42,905 | 9,887 | 15,011 | 4,554 | [illegible] |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 65 | 358 | 150,649 | — | — | — | — | — | — | — |

Footnotes at end of table.



**Table 2.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Finance, insurance and real estate (U.S. parent)** | **169** | **2,934** | **126,591,844** | **23,001,761** | **2,730,451** | **3,030,724** | **675,064** | **682,550** | **660,896** | **242,087** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | — | — | — | — | — | — | — | — | — | — |
| Manufacturing | 13 | 104 | 1,940,558 | 3,301,29 | 189,477 | 204,484 | 52,381 | 50,738 | 86,353 | (1) |
| Transportation and public utilities | 7 | 18 | 280,382 | 93,133 | 23,183 | 23,832 | 1,020 | 932 | — | 20,820 |
| Wholesale and retail trade | 17 | 86 | 396,148 | 1,278,719 | 29,803 | 39,370 | 11,578 | 8,250 | 14,096 | — |
| Finance, insurance and real estate | 143 | 1,553 | 118,814,266 | 17,513,831 | 2,385,410 | 2,630,649 | 571,102 | 581,428 | 540,812 | 206,688 |
| Services | 44 | 254 | 3,297,343 | 764,696 | 113,158 | 128,553 | 38,239 | 40,233 | 19,613 | 14,579 |
| Nature of business not allocable | 10 | 18 | 25,821 | 25,462 | -523 | 597 | 269 | 268 | 21 | — |
| Inactive | 77 | 872 | 1,581,626 | — | — | — | — | — | — | — |
| Banking (U.S. parent) | 59 | 1,066 | 86,236,101 | 10,870,837 | 1,510,715 | 1,605,013 | 395,072 | 396,038 | 335,258 | 122,483 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | — | — | — | — | — | — | — | — | — | — |
| Construction | — | — | — | — | — | — | — | — | — | — |
| Manufacturing | * | * | * | * | * | * | * | * | * | * |
| Transportation and public utilities | 3 | 8 | 10,803 | 15 | -169 | 403 | 185 | 98 | — | — |
| Wholesale and retail trade | * | * | * | * | * | * | * | * | * | * |
| Finance, insurance and real estate | 54 | 632 | 83,490,053 | 10,795,206 | 1,480,689 | 1,570,536 | 385,338 | 385,365 | 334,633 | 116,614 |
| Services | 23 | 107 | 1,436,249 | 61,996 | 28,642 | 31,277 | 8,997 | 10,043 | 625 | 5,869 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| Inactive | 28 | 298 | 1,214,232 | — | — | — | — | — | — | — |
| Insurance (U.S. parent) | 43 | 508 | 12,794,273 | 4,220,417 | 389,670 | 446,435 | 65,898 | 66,692 | 78,604 | 52,359 |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | — | — | — | — | — | — | — | — | — | — |
| Construction | — | — | — | — | — | — | — | — | — | — |
| Manufacturing | 3 | 37 | 467,618 | 567,886 | 45,841 | 53,070 | 19,002 | 18,851 | 29,552 | — |
| Transportation and public utilities | * | * | * | * | * | * | * | * | * | * |
| Wholesale and retail trade | 4 | 16 | 36,627 | 67,668 | 3,254 | 3,997 | 1,701 | 1,701 | 1,047 | — |
| Finance, insurance and real estate | 36 | 293 | 12,181,432 | 3,456,765 | 337,611 | 377,619 | 42,799 | 43,750 | 41,604 | 52,359 |
| Services | 9 | 44 | 67,312 | 102,348 | 3,519 | 11,149 | 2,123 | 2,123 | 6,401 | — |
| Nature of business not allocable | 3 | 8 | 15,817 | 25,401 | -496 | 582 | 266 | 260 | — | — |
| Inactive | 18 | 106 | 24,763 | — | — | — | — | — | — | — |
| **Services (U.S. parent)** | **62** | **1,255** | **6,204,392** | **4,096,183** | **399,478** | **557,259** | **159,460** | **165,056** | **164,313** | **72,302** |
| **Industry of Controlled Foreign Corporation** | | | | | | | | | | |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 5 | 49 | 316,232 | 451,253 | -71,926 | 15,638 | 4,518 | 7,652 | 3,696 | — |
| Transportation and public utilities | 6 | 51 | 488,333 | 306,119 | 44,924 | 46,958 | 18,187 | 18,025 | 460 | 700 |
| Wholesale and retail trade | 8 | 30 | 195,020 | 284,902 | 38,053 | 45,010 | 11,276 | 11,180 | 72,975 | — |
| Finance, insurance and real estate | 34 | 61 | 1,708,273 | 210,716 | 70,087 | 76,116 | 6,329 | 5,210 | 20,435 | 31,733 |
| Services | 46 | 702 | 3,307,075 | 2,829,539 | 323,648 | 368,738 | 118,441 | 122,248 | 66,746 | 39,869 |
| Nature of business not allocable | 7 | 13 | 399 | — | 325 | 404 | — | — | — | — |
| Inactive | 39 | 339 | 144,893 | — | — | — | — | — | — | — |

[1] Less than $500

* Data deleted to avoid disclosure of information for specific corporations.

Note: Detail may not add to total because of rounding and because agriculture, forestry and fishing is not shown for U.S. parent corporations.

## Table 3.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income and Selected Transactions, by Selected Industry of Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

| Selected industry of Controlled Foreign Corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign income taxes (net) | Actual distributions in current year | Subpart F income | Selected receipts by foreign corporations from: All related persons |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All industries, total** | **1,103** | **27,008** | **595,406,489** | **624,529,988** | **48,591,785** | **19,663,431** | **17,429,494** | **4,420,024** | **83,528,175** |
| **Agriculture, forestry and fishing** | **46** | **161** | **978,636** | **1,006,480** | **38,633** | **33,787** | **19,072** | — | **67,846** |
| **Mining** | **123** | **821** | **25,901,264** | **19,534,830** | **6,564,057** | **4,021,775** | **2,088,531** | **151,361** | **2,407,935** |
| Oil and gas extraction | 90 | 602 | 21,603,663 | 17,782,883 | 6,438,111 | 3,928,638 | 1,902,075 | 150,624 | 2,210,309 |
| **Construction** | **51** | **396** | **4,778,866** | **5,840,113** | **431,745** | **165,775** | **171,063** | **14,108** | **499,875** |
| **Manufacturing** | **571** | **7,259** | **219,484,327** | **341,427,774** | **23,123,025** | **9,686,985** | **7,396,511** | **845,682** | **46,928,489** |
| Food and kindred products | 68 | 650 | 16,138,241 | 29,134,928 | 2,063,139 | 738,296 | 653,107 | 72,399 | 732,391 |
| Chemicals and allied products | 128 | 1,698 | 39,610,381 | 47,627,012 | 4,385,608 | 1,546,204 | 1,276,286 | 335,335 | 2,927,515 |
| Petroleum (including integrated) and coal products | 24 | 125 | 31,595,723 | 76,285,946 | 2,440,693 | 1,274,757 | 962,208 | 60,719 | 8,976,008 |
| Fabricated metal products | 122 | 581 | 6,178,961 | 8,082,133 | 625,777 | 270,682 | 338,710 | 25,534 | 308,853 |
| Machinery, except electrical | 131 | 782 | 29,499,003 | 32,196,493 | 5,546,221 | 2,575,740 | 1,504,647 | 106,379 | 4,366,548 |
| Electrical and electronic equipment | 127 | 934 | 24,238,530 | 34,057,306 | 2,291,562 | 686,518 | 555,832 | 69,518 | 6,516,443 |
| Motor vehicles and equipment | 39 | 249 | 29,756,928 | 61,429,201 | 1,737,388 | 1,059,071 | 878,329 | 20,489 | 16,954,001 |
| **Transportation and public utilities** | **156** | **626** | **16,223,121** | **10,011,856** | **641,795** | **226,388** | **537,151** | **158,425** | **1,880,031** |
| Water transportation | 75 | 261 | 6,959,562 | 3,021,868 | -65,842 | 17,905 | 334,716 | 147,880 | 1,493,333 |
| **Wholesale and retail trade** | **467** | **4,646** | **74,983,155** | **199,002,412** | **9,143,205** | **3,977,831** | **4,430,170** | **682,542** | **18,383,814** |
| Wholesale trade | 410 | 3,750 | 62,607,143 | 176,186,770 | 8,320,183 | 3,715,665 | 4,247,344 | 636,362 | 17,942,644 |
| **Finance, insurance and real estate** | **671** | **3,915** | **228,186,477** | **34,113,467** | **6,917,561** | **1,100,551** | **2,379,836** | **2,391,587** | **10,931,829** |
| Banking | 68 | 322 | 66,304,143 | 8,068,427 | 807,198 | 203,329 | 224,415 | 59,202 | 1,181,654 |
| Credit agencies other than banks | 185 | 710 | 59,364,705 | 8,907,948 | 1,720,824 | 360,358 | 371,598 | 860,046 | 2,874,767 |
| Insurance | 277 | 531 | 23,623,480 | 6,049,618 | 1,059,011 | 65,850 | 304,532 | 329,057 | 1,364,624 |
| Holding and other investment companies, except bank holding companies | 402 | 1,291 | 61,087,974 | 8,204,989 | 2,787,916 | 309,936 | 1,370,437 | 1,072,009 | 4,845,629 |
| **Services** | **399** | **2,571** | **19,436,781** | **12,937,029** | **1,658,857** | **432,473** | **395,550** | **175,611** | **2,389,132** |
| Business services | 270 | 1,374 | 6,944,018 | 5,196,663 | 743,787 | 204,742 | 161,286 | 61,584 | 1,498,767 |
| **Nature of business not allocable** | **133** | **341** | **758,852** | **656,025** | **72,907** | **17,868** | **11,610** | **709** | **79,628** |
| **Inactive** | **671** | **6,272** | **4,674,988** | — | — | — | — | — | — |

| Selected industry of Controlled Foreign Corporation | Controlled Foreign Corporations—Continued: Selected receipts by foreign corporations from—Continued: U.S. corporation filing return and its domestic subsidiaries: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received | Any foreign corporation controlled by U.S. corporation filing return: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received | Selected payments by foreign corporations to: All related persons |
|---|---|---|---|---|---|---|---|---|---|
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) |
| **All industries, total** | **68,589,582** | **54,859,629** | **4,208,307** | **7,207,392** | **14,648,044** | **873,549** | **3,718,226** | **3,734,962** | **112,600,818** |
| **Agriculture, forestry and fishing** | **62,050** | **57,319** | **4,531** | — | **5,796** | — | **963** | **3,796** | **74,784** |
| **Mining** | **1,807,587** | **1,699,925** | **38,696** | **50,585** | **599,010** | — | **42,287** | **249,179** | **3,387,836** |
| Oil and gas extraction | 1,643,619 | 1,538,824 | 38,637 | 48,172 | 565,544 | — | 41,643 | 240,863 | 3,075,328 |
| **Construction** | **270,356** | **106,679** | **143,459** | **14,907** | **228,250** | — | **159,412** | **16,691** | **727,807** |
| **Manufacturing** | **41,792,135** | **38,408,864** | **2,312,009** | **593,054** | **5,018,859** | **591,252** | **1,641,738** | **1,070,006** | **68,199,030** |
| Food and kindred products | 502,265 | 447,446 | 14,630 | 8,236 | 230,126 | 21,479 | 27,637 | 83,217 | 1,742,708 |
| Chemicals and allied products | 1,955,638 | 1,569,053 | 113,574 | 202,580 | 967,478 | 281,503 | 225,337 | 218,868 | 7,427,508 |
| Petroleum (including integrated) and coal products | 7,605,285 | 7,459,569 | 77,339 | 66,381 | 1,347,249 | 6,741 | 187,818 | 233,747 | 14,016,936 |
| Fabricated metal products | 160,261 | 136,185 | 4,443 | 9,137 | 146,742 | 12,446 | 33,141 | 70,746 | 982,914 |
| Machinery, except electrical | 3,842,365 | 2,786,077 | 909,681 | 41,614 | 520,125 | 5,513 | 408,093 | 46,523 | 9,039,184 |
| Electrical and electronic equipment | 5,880,047 | 5,222,107 | 572,113 | 48,684 | 596,374 | 163,395 | 136,050 | 183,113 | 7,057,579 |
| Motor vehicles and equipment | 18,144,222 | 17,570,658 | 292,440 | 128,822 | 809,436 | 96,137 | 515,131 | 135,535 | 18,760,225 |
| **Transportation and public utilities** | **1,292,696** | **393,718** | **411,812** | **425,900** | **587,304** | **20,830** | **121,444** | **153,944** | **1,587,884** |
| Water transportation | 988,210 | 328,369 | 326,552 | 330,352 | 505,092 | 19,533 | 68,159 | 139,593 | 1,192,498 |
| **Wholesale and retail trade** | **14,680,981** | **13,934,289** | **334,975** | **140,832** | **3,665,761** | **252,074** | **960,403** | **514,970** | **29,854,182** |
| Wholesale trade | 14,400,876 | 13,708,695 | 324,649 | 134,317 | 3,526,722 | 251,979 | 948,493 | 425,289 | 28,424,087 |
| **Finance, insurance and real estate** | **7,256,595** | **53,258** | **153,119** | **5,756,321** | **3,525,626** | **9,392** | **234,002** | **1,535,029** | **8,279,817** |
| Banking | 847,444 | 11,503 | 23,527 | 754,081 | 327,193 | 100 | 8,515 | 264,369 | 1,879,587 |
| Credit agencies other than banks | 2,125,639 | 910 | 8,316 | 2,074,841 | 711,142 | — | 95,429 | 476,156 | 2,377,859 |
| Insurance | 886,977 | 118 | 5,528 | 10,318 | 473,821 | — | 19,416 | 63,111 | 586,445 |
| Holding and other investment companies, except bank holding companies | 2,977,006 | 35,501 | 43,053 | 2,641,751 | 1,769,166 | 9,292 | 54,583 | 615,153 | 3,003,280 |
| **Services** | **1,415,479** | **195,507** | **808,706** | **225,215** | **949,515** | **1** | **530,923** | **181,319** | **2,471,087** |
| Business services | 921,156 | 160,293 | 590,200 | 53,670 | 573,703 | 1 | 386,836 | 61,134 | 916,528 |
| **Nature of business not allocable** | **11,703** | **10,069** | **1,000** | **578** | **67,923** | — | **27,054** | **10,028** | **98,348** |
| **Inactive** | — | — | — | — | — | — | — | — | |

Footnote at end of table.



## Table 3.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income and Selected Transactions, by Selected Industry of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected industry of Controlled Foreign Corporation | Controlled Foreign Corporations—Continued: Selected payments by foreign corporations to—Continued: U.S. corporation filing return and its domestic subsidiaries: Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid: First 60 days of accounting period | Dividends paid: Remainder of accounting period | Any foreign corporation controlled by U.S. corporation filing return: Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid: First 60 days of accounting period | Dividends paid: remainder of accounting period |
|---|---|---|---|---|---|---|---|---|---|---|
| | (19) | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| **All industries, total** | **98,424,708** | **71,095,609** | **4,137,396** | **1,512,881** | **10,270,943** | **14,966,599** | **757,373** | **4,013,396** | **275,864** | **4,927,884** |
| **Agriculture, forestry and fishing** | **61,388** | **41,493** | **1,149** | **659** | **8,854** | **13,376** | — | **556** | **185** | **6,947** |
| **Mining** | **2,041,998** | **566,837** | **150,860** | **59,496** | **1,005,969** | **1,320,354** | — | **58,407** | **1,130** | **985,459** |
| Oil and gas extraction | 1,609,758 | 514,292 | 145,350 | 50,046 | 860,349 | 1,262,552 | — | 55,941 | 1,130 | 974,271 |
| **Construction** | **520,703** | **312,704** | **92,013** | **8,752** | **87,308** | **190,865** | — | **96,409** | **6,912** | **60,396** |
| **Manufacturing** | **58,814,552** | **45,934,962** | **2,496,662** | **1,039,757** | **4,404,269** | **6,341,687** | **483,543** | **2,413,631** | **165,344** | **1,534,043** |
| Food and kindred products | 1,256,221 | 557,385 | 75,664 | 48,235 | 393,598 | 483,163 | 53,444 | 66,389 | 45,983 | 146,964 |
| Chemicals and allied products | 6,085,268 | 4,007,850 | 307,361 | 222,442 | 679,450 | 1,338,071 | 195,737 | 371,413 | 29,491 | 305,891 |
| Petroleum (including integrated) and coal products | 12,058,965 | 11,499,677 | 106,071 | 95,069 | 286,835 | 1,006,499 | 50,508 | 259,681 | 3,784 | 457,986 |
| Fabricated metal products | 839,809 | 444,928 | 30,671 | 127,676 | 147,306 | 123,429 | 8,248 | 11,617 | 11,794 | 48,186 |
| Machinery, except electrical | 8,179,417 | 4,462,781 | 380,950 | 294,372 | 985,577 | 847,472 | 4,821 | 501,040 | 7,777 | 208,235 |
| Electrical and electronic equipment | 6,634,434 | 5,217,806 | 576,122 | 37,617 | 377,161 | 420,238 | 17,079 | 146,868 | 35,562 | 97,669 |
| Motor vehicles and equipment | 17,247,385 | 15,426,963 | 775,876 | 43,506 | 756,066 | 1,512,841 | 131,956 | 926,825 | 1,874 | 69,281 |
| **Transportation and public utilities** | **929,211** | **68,465** | **377,074** | **8,420** | **363,168** | **645,297** | **7,313** | **123,831** | **286** | **109,148** |
| Water transportation | 765,875 | 1,015 | 339,988 | 5,396 | 326,361 | 417,393 | — | 58,626 | 133 | 2,674 |
| **Wholesale and retail trade** | **27,001,490** | **23,213,838** | **304,317** | **178,724** | **2,738,661** | **2,757,920** | **264,529** | **408,488** | **30,854** | **1,446,131** |
| Wholesale trade | 25,724,360 | 22,255,197 | 281,100 | 174,910 | 2,596,048 | 2,605,870 | 263,060 | 394,483 | 28,091 | 1,419,239 |
| **Finance, insurance and real estate** | **5,189,417** | **387,609** | **252,384** | **175,049** | **1,397,756** | **3,054,488** | **1,411** | **576,299** | **60,200** | **720,285** |
| Banking | 1,553,610 | 15,790 | 28,258 | 23,115 | 167,425 | 291,818 | — | 5,647 | 2,115 | 29,717 |
| Credit agencies other than banks | 1,025,149 | 667 | 168,969 | 18,656 | 96,220 | 1,352,511 | — | 470,059 | 24,105 | 229,373 |
| Insurance | 308,830 | 7,042 | 16,171 | 38,307 | 193,960 | 277,004 | — | 28,438 | 10,654 | 54,754 |
| Holding and other investment companies, except bank holding companies | 2,064,520 | 345,010 | 11,223 | 93,007 | 902,459 | 937,506 | 1,411 | 29,327 | 14,479 | 350,757 |
| **Services** | **1,843,926** | **553,273** | **481,437** | **42,017** | **264,341** | **625,397** | **577** | **333,427** | **10,954** | **62,492** |
| Business services | 606,552 | 369,489 | 67,768 | 13,080 | 96,838 | 308,959 | (1) | 207,347 | 10,326 | 38,836 |
| **Nature of business not allocable** | **22,024** | **16,629** | **1,501** | **6** | **617** | **17,216** | — | **2,347** | — | **10,984** |
| **Inactive** | — | — | — | — | — | — | — | — | — | — |

(1) Less than $500.

Note: Detail may not add to total because of rounding.

Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of $250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and percent of Controlled Foreign Corporation owned directly or indirectly by U.S. corporation filing the return | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All industries, total** | **27,006** | **595,406,489** | **624,529,988** | **48,591,785** | **57,469,606** | **19,888,594** | **19,663,431** | **17,429,494** | **4,420,024** |
| 100 percent | 21,971 | 468,103,734 | 481,906,031 | 39,357,917 | 45,887,016 | 15,770,195 | 15,621,911 | 13,701,465 | 4,258,906 |
| 95 under 100 percent | 1,121 | 31,750,910 | 31,350,054 | 2,007,159 | 2,370,801 | 971,546 | 952,203 | 465,259 | 99,759 |
| 90 under 95 percent | 399 | 11,617,003 | 19,505,611 | 773,077 | 846,108 | 224,042 | 206,600 | 236,651 | 2,120 |
| 80 under 90 percent | 514 | 13,890,656 | 20,826,698 | 2,284,739 | 2,449,973 | 687,167 | 686,612 | 1,184,472 | 23,947 |
| 70 under 80 percent | 748 | 15,370,338 | 24,146,271 | 959,537 | 1,240,765 | 489,353 | 470,025 | 312,724 | 14,314 |
| 60 under 70 percent | 602 | 25,007,013 | 24,770,627 | 2,255,429 | 2,385,122 | 934,255 | 936,086 | 927,318 | 8,021 |
| More than 50 under 60 percent | 652 | 13,240,506 | 11,824,361 | 655,137 | 834,654 | 224,318 | 200,884 | 240,886 | 2,480 |
| 50 percent | 472 | 9,148,135 | 4,857,401 | 575,948 | 640,293 | 258,024 | 258,935 | 79,865 | 5,576 |
| Less than 50 percent | 116 | 1,707,153 | 1,587,202 | 41,144 | 75,389 | 16,290 | 16,613 | 5,626 | 126 |
| Percentage not determinable | 413 | 5,771,041 | 3,755,733 | 681,698 | 739,488 | 313,404 | 313,561 | 275,229 | 4,774 |
| **Agriculture, forestry and fishing** | **116** | **936,515** | **1,102,708** | **39,232** | **59,882** | **20,042** | **21,768** | **17,851** | **1,173** |
| 100 percent | 98 | 791,099 | 857,024 | 30,389 | 46,360 | 13,681 | 15,407 | 17,049 | 1,173 |
| 95 under 100 percent | * | * | * | * | * | * | * | * | * |
| 90 under 95 percent | * | * | * | * | * | * | * | * | * |
| 80 under 90 percent | * | * | * | * | * | * | * | * | * |
| 70 under 80 percent | * | * | * | * | * | * | * | * | * |
| 60 under 70 percent | * | * | * | * | * | * | * | * | * |
| More than 50 under 60 percent | * | * | * | * | * | * | * | * | * |
| 50 percent | 4 | 17,030 | 2,745 | -3,948 | 501 | — | — | — | — |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Mining** | **602** | **9,885,843** | **5,930,863** | **1,494,624** | **1,697,589** | **956,810** | **953,598** | **630,151** | **135,543** |
| 100 percent | 511 | 9,011,878 | 5,617,389 | 1,450,873 | 1,618,688 | 936,027 | 934,144 | 610,452 | 133,450 |
| 95 under 100 percent | 20 | 88,494 | 25,633 | -2,302 | 4,932 | 1,207 | 1,207 | 35 | — |
| 90 under 95 percent | 11 | 54,469 | 3,179 | 1,001 | 1,728 | — | — | — | 1,477 |
| 80 under 90 percent | 4 | 26,932 | 284 | -75 | 7 | 7 | 7 | — | — |
| 70 under 80 percent | 16 | 122,758 | 39,859 | 1,062 | 12,279 | 2,444 | 2,444 | 6,694 | — |
| 60 under 70 percent | 17 | 147,361 | 55,736 | 12,484 | 17,458 | 1,584 | 1,682 | 1,475 | 279 |
| More than 50 under 60 percent | 8 | 381,598 | 170,565 | 40,775 | 40,793 | 15,541 | 15,541 | 11,462 | — |
| 50 percent | 8 | 45,299 | 9,127 | -1,937 | 1,023 | — | -1,297 | 32 | 16 |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Oil and gas extraction** | **512** | **8,517,346** | **5,686,333** | **1,423,295** | **1,619,670** | **935,442** | **933,527** | **609,711** | **130,750** |
| 100 percent | 438 | 7,819,852 | 5,452,299 | 1,398,319 | 1,562,777 | 923,620 | 921,738 | 601,552 | 129,129 |
| 95 under 100 percent | 19 | 72,940 | 20,727 | -6,967 | 268 | — | — | 35 | — |
| 90 under 95 percent | 6 | 32,051 | 3,179 | 1,153 | 1,517 | — | — | — | 1,342 |
| 80 under 90 percent | 4 | 26,932 | 284 | -75 | 7 | 7 | 7 | — | — |
| 70 under 80 percent | 12 | 119,226 | 29,745 | -652 | 10,558 | 2,444 | 2,444 | 6,849 | — |
| 60 under 70 percent | 17 | 147,361 | 55,736 | 12,484 | 17,458 | 1,584 | 1,682 | 1,475 | 279 |
| More than 50 under 60 percent | 7 | 284,127 | 113,970 | 26,075 | 26,094 | 7,786 | 7,786 | — | — |
| 50 percent | 4 | 10,514 | 2,029 | 892 | 991 | — | — | — | — |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Construction** | **384** | **3,825,697** | **2,917,905** | **416,794** | **461,479** | **122,388** | **121,488** | **194,572** | **44,684** |
| 100 percent | 307 | 2,737,410 | 1,414,316 | 279,241 | 317,033 | 88,195 | 88,404 | 133,692 | 42,250 |
| 95 under 100 percent | 18 | 85,313 | 42,029 | 5,800 | 6,468 | -106 | -135 | 7,421 | 2,046 |
| 90 under 95 percent | * | * | * | * | * | * | * | * | * |
| 80 under 90 percent | 4 | 280,739 | 158,596 | 71,012 | 75,337 | 10,826 | 9,854 | 29,635 | — |
| 70 under 80 percent | 11 | 83,565 | 201,763 | 2,170 | 3,015 | 1,112 | 956 | 5,031 | 6 |
| 60 under 70 percent | 15 | 68,183 | 122,107 | 8,146 | 8,759 | 1,951 | 1,992 | 3,097 | — |
| More than 50 under 60 percent | 14 | 333,448 | 552,926 | 33,530 | 33,846 | 15,692 | 15,696 | 8,677 | 362 |
| 50 percent | 7 | 58,343 | 78,969 | 2,344 | 2,344 | 297 | 297 | — | — |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | 4 | 35,536 | 90,359 | 4,651 | 4,651 | -31 | -31 | — | — |
| **Manufacturing** | **18,805** | **390,581,396** | **500,334,516** | **40,379,971** | **47,969,960** | **17,109,507** | **16,839,916** | **14,904,646** | **3,374,696** |
| 100 percent | 15,319 | 308,371,769 | 387,370,043 | 31,501,370 | 37,991,299 | 13,414,224 | 13,220,824 | 11,499,549 | 3,248,950 |
| 95 under 100 percent | 775 | 15,555,741 | 27,296,524 | 1,840,711 | 2,150,773 | 908,710 | 886,562 | 431,425 | 89,830 |
| 90 under 95 percent | 267 | 5,685,708 | 14,167,780 | 475,219 | 536,952 | 136,230 | 118,771 | 182,659 | 91 |
| 80 under 90 percent | 399 | 11,619,328 | 18,791,926 | 2,045,178 | 2,199,697 | 650,281 | 648,417 | 1,139,259 | 12,000 |
| 70 under 80 percent | 460 | 8,596,925 | 11,062,394 | 766,667 | 1,001,453 | 437,351 | 418,763 | 249,457 | 8,808 |
| 60 under 70 percent | 427 | 20,448,806 | 22,863,088 | 2,117,545 | 2,220,615 | 892,821 | 894,852 | 863,922 | 7,568 |
| More than 50 under 60 percent | 515 | 10,023,361 | 10,199,329 | 542,123 | 683,748 | 170,927 | 149,101 | 211,786 | 1,929 |
| 50 percent | 299 | 4,175,986 | 3,632,875 | 388,711 | 415,975 | 178,298 | 181,405 | 47,100 | 1,189 |
| Less than 50 percent | 78 | 1,610,901 | 1,526,486 | 41,721 | 66,801 | 15,530 | 15,857 | 4,298 | 126 |
| Percentage not determinable | 266 | 4,492,872 | 3,424,071 | 660,527 | 702,664 | 305,136 | 305,366 | 275,192 | 4,203 |
| **Food and kindred products** | **1,831** | **22,565,728** | **31,414,664** | **2,714,895** | **3,050,716** | **791,131** | **776,935** | **960,637** | **270,378** |
| 100 percent | 1,441 | 18,415,976 | 25,204,141 | 2,400,455 | 2,661,163 | 663,856 | 652,796 | 805,158 | 266,258 |
| 95 under 100 percent | 88 | 1,138,923 | 1,434,693 | 56,004 | 70,174 | 20,355 | 19,877 | 8,438 | 576 |
| 90 under 95 percent | 8 | 101,184 | 218,106 | 9,460 | 11,030 | 3,716 | 3,717 | 1,419 | — |
| 80 under 90 percent | 64 | 785,818 | 1,399,762 | 71,616 | 98,025 | 33,140 | 29,802 | 14,878 | 655 |
| 70 under 80 percent | 73 | 429,395 | 904,728 | 47,191 | 48,362 | 22,513 | 22,430 | 18,670 | — |
| 60 under 70 percent | 60 | 860,748 | 1,822,859 | 93,993 | 103,096 | 35,552 | 35,381 | 60,278 | 890 |
| More than 50 under 60 percent | 28 | 268,412 | 165,507 | 1,840 | 22,621 | 8,986 | 8,986 | 24,188 | — |
| 50 percent | 22 | 144,708 | 93,449 | 9,801 | 10,545 | 3,331 | 3,338 | 3,124 | 335 |
| Less than 50 percent | 10 | 19,242 | 19,546 | 2,702 | 2,947 | 468 | 468 | 30 | — |
| Percentage not determinable | 37 | 401,321 | 151,863 | 21,832 | 22,752 | -785 | 140 | 24,455 | 1,564 |
| **Chemicals and allied products** | **3,940** | **58,528,756** | **60,877,842** | **6,539,859** | **7,382,393** | **2,473,937** | **2,453,161** | **2,100,613** | **813,540** |
| 100 percent | 3,330 | 49,559,998 | 53,668,886 | 5,960,826 | 6,663,667 | 2,206,954 | 2,198,993 | 1,878,337 | 802,799 |
| 95 under 100 percent | 95 | 1,052,296 | 1,112,413 | 119,778 | 146,144 | 65,236 | 64,957 | 48,533 | 7,461 |
| 90 under 95 percent | 29 | 382,836 | 491,528 | 59,631 | 64,102 | 20,448 | 21,304 | 10,088 | — |
| 80 under 90 percent | 47 | 1,509,782 | 500,113 | 22,207 | 41,007 | 5,322 | 6,380 | 9,377 | — |
| 70 under 80 percent | 70 | 1,586,186 | 1,919,987 | 39,870 | 83,931 | 40,660 | 29,196 | 22,382 | 60 |
| 60 under 70 percent | 71 | 760,625 | 959,937 | 138,657 | 143,803 | 53,303 | 54,237 | 62,640 | 3,162 |
| More than 50 under 60 percent | 207 | 2,033,298 | 1,126,220 | 88,852 | 110,367 | 17,342 | 16,401 | 56,186 | 58 |
| 50 percent | 47 | 1,523,842 | 990,106 | 105,216 | 116,244 | 58,978 | 58,984 | 8,438 | — |
| Less than 50 percent | 7 | 16,192 | 19,645 | 6,383 | 6,387 | 2,373 | 2,384 | 246 | — |
| Percentage not determinable | 37 | 103,701 | 89,005 | -1,561 | 6,741 | 3,322 | 325 | 4,386 | — |

Footnotes at end of table.



Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of $250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and percent of Controlled Foreign Corporation owned directly or indirectly by U.S. corporation filing the return | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Petroleum (including integrated) and coal products** | **1,932** | **99,994,391** | **173,001,490** | **12,612,098** | **15,588,958** | **6,706,937** | **6,507,866** | **6,134,363** | **707,290** |
| 100 percent | 1,497 | 71,141,988 | 121,156,048 | 8,400,725 | 11,170,670 | 4,960,771 | 4,783,323 | 4,271,200 | 636,306 |
| 95 under 100 percent | 129 | 4,634,901 | 16,000,224 | 234,690 | 374,050 | 287,413 | 268,217 | 38,139 | 63,483 |
| 90 under 95 percent | 19 | 479,393 | 2,534,292 | 64,597 | 66,985 | 26,736 | 27,058 | 31,610 | — |
| 80 under 90 percent | 31 | 4,685,003 | 12,094,467 | 1,641,916 | 1,655,281 | 469,053 | 467,138 | 1,003,623 | 4,509 |
| 70 under 80 percent | 52 | 1,525,943 | 2,467,163 | 367,298 | 373,884 | 162,427 | 159,221 | 82,314 | — |
| 60 under 70 percent | 92 | 16,569,631 | 17,764,858 | 1,764,825 | 1,784,561 | 738,495 | 738,220 | 697,899 | 2,949 |
| More than 50 under 60 percent | 44 | 667,808 | 517,052 | 52,887 | 55,958 | 15,669 | 16,316 | 8,711 | 31 |
| 50 percent | 49 | 251,648 | 438,955 | 95,103 | 98,629 | 46,572 | 46,572 | 127 | 13 |
| Less than 50 percent | 5 | 23,551 | 6,515 | 416 | 1,259 | 505 | 505 | — | — |
| Percentage not determinable | 14 | 14,524 | 21,917 | -359 | 7,680 | 1,296 | 1,296 | 741 | — |
| **Primary metal industries** | **1,033** | **14,034,236** | **10,486,406** | **332,153** | **771,022** | **168,394** | **134,945** | **183,123** | **126,111** |
| 100 percent | 830 | 9,877,768 | 7,697,335 | 203,720 | 498,337 | 79,259 | 64,523 | 123,788 | 124,928 |
| 95 under 100 percent | 20 | 291,145 | 116,247 | 48,891 | 53,676 | 15,034 | 15,034 | 10,586 | — |
| 90 under 95 percent | * | * | * | * | * | * | * | * | * |
| 80 under 90 percent | 24 | 448,653 | 275,735 | -26,588 | 9,239 | 651 | 1,350 | 710 | — |
| 70 under 80 percent | 31 | 549,419 | 492,823 | -28,682 | 16,115 | 2,730 | 2,389 | 1,405 | — |
| 60 under 70 percent | 24 | 531,981 | 452,620 | 35,490 | 43,184 | 15,186 | 13,716 | 9,175 | — |
| More than 50 under 60 percent | 33 | 1,685,452 | 1,110,131 | 115,336 | 127,546 | 49,922 | 48,399 | 30,857 | 1,075 |
| 50 percent | 18 | 319,726 | 116,528 | 7,112 | 9,752 | 2,742 | 2,853 | 8,564 | — |
| Less than 50 percent | 23 | 115,434 | 163,595 | 1,338 | 12,452 | 2,870 | 2,870 | 2,538 | 100 |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Machinery, except electrical** | **1,950** | **51,882,026** | **50,103,336** | **7,430,539** | **7,889,513** | **3,045,754** | **3,020,664** | **1,683,219** | **481,385** |
| 100 percent | 1,614 | 40,398,614 | 37,786,085 | 5,572,093 | 5,998,287 | 2,222,245 | 2,215,072 | 1,454,783 | 470,679 |
| 95 under 100 percent | 100 | 3,997,481 | 3,952,763 | 1,032,751 | 1,054,558 | 398,644 | 398,674 | 207,185 | 696 |
| 90 under 95 percent | 14 | 453,600 | 395,590 | 48,281 | 49,363 | 30,160 | 30,170 | 33,910 | 14 |
| 80 under 90 percent | 27 | 616,846 | 661,300 | 83,071 | 92,481 | 44,148 | 44,192 | 30,040 | 200 |
| 70 under 80 percent | 38 | 669,842 | 560,691 | 66,393 | 83,511 | 49,407 | 49,801 | 11,989 | 8,665 |
| 60 under 70 percent | 27 | 231,593 | 234,407 | 10,632 | 17,206 | 8,009 | 7,924 | 181 | — |
| More than 50 under 60 percent | 79 | 2,685,051 | 4,213,527 | 32,873 | 98,696 | -3,647 | -24,145 | 1,998 | 761 |
| 50 percent | 25 | 100,315 | 59,568 | 5,912 | 6,029 | 880 | 949 | 565 | 370 |
| Less than 50 percent | 11 | 216,019 | 94,994 | 3,423 | 13,137 | 3,964 | 4,134 | — | — |
| Percentage not determinable | 15 | 2,512,684 | 2,144,391 | 575,113 | 576,247 | 291,945 | 293,893 | 142,567 | — |
| **Electrical and electronic equipment** | **2,270** | **37,641,993** | **39,205,015** | **2,701,272** | **3,255,924** | **733,755** | **721,578** | **838,293** | **223,498** |
| 100 percent | 1,920 | 31,709,330 | 33,262,920 | 2,436,161 | 2,862,992 | 627,132 | 611,198 | 742,071 | 222,755 |
| 95 under 100 percent | 91 | 1,271,643 | 1,662,088 | 94,438 | 125,355 | 28,153 | 28,473 | 38,454 | 192 |
| 90 under 95 percent | 38 | 1,119,752 | 1,222,360 | 35,980 | 41,070 | 9,626 | 9,807 | 24,168 | — |
| 80 under 90 percent | 32 | 403,772 | 538,439 | 39,350 | 49,258 | 18,971 | 18,080 | 7,727 | — |
| 70 under 80 percent | 33 | 935,158 | 477,814 | -21,422 | 36,683 | 10,612 | 10,647 | 4,100 | 80 |
| 60 under 70 percent | 58 | 420,015 | 279,420 | 32,822 | 35,996 | 9,050 | 9,575 | 11,604 | — |
| More than 50 under 60 percent | 14 | 472,770 | 651,089 | 40,319 | 46,250 | 19,434 | 19,434 | 3,328 | — |
| 50 percent | 37 | 320,808 | 509,368 | 14,032 | 15,565 | 4,298 | 7,412 | 2,646 | 471 |
| Less than 50 percent | 7 | 180,334 | 173,300 | 3,203 | 5,484 | 3,231 | 3,377 | 1,427 | — |
| Percentage not determinable | 40 | 808,411 | 426,043 | 26,387 | 37,291 | 3,248 | 3,577 | 2,566 | — |
| **Motor vehicles and equipment** | **925** | **47,132,506** | **70,477,798** | **2,430,468** | **3,550,208** | **1,223,662** | **1,252,124** | **993,079** | **269,493** |
| 100 percent | 594 | 40,551,644 | 57,487,857 | 1,956,632 | 3,001,301 | 1,097,406 | 1,127,605 | 880,829 | 269,493 |
| 95 under 100 percent | 106 | 1,261,012 | 1,020,469 | 33,091 | 65,602 | 19,846 | 19,842 | 15,270 | — |
| 90 under 95 percent | 91 | 2,511,456 | 8,748,742 | 250,986 | 260,155 | 29,504 | 27,435 | 60,307 | — |
| 80 under 90 percent | 47 | 1,204,012 | 1,067,596 | 66,279 | 67,316 | 16,489 | 16,605 | 12,245 | — |
| 70 under 80 percent | 34 | 693,624 | 1,234,692 | 46,309 | 78,065 | 29,873 | 29,976 | 12,078 | — |
| 60 under 70 percent | 13 | 97,033 | 185,359 | 14,813 | 14,813 | 6,261 | 6,261 | 2,407 | — |
| More than 50 under 60 percent | 20 | 773,855 | 609,770 | 49,591 | 50,085 | 22,173 | 22,266 | 9,328 | — |
| 50 percent | 9 | 11,105 | 26,736 | 38 | 135 | 3 | -74 | 45 | — |
| Less than 50 percent | 3 | 12,704 | 27,157 | 4,160 | 4,160 | 2,119 | 2,119 | 58 | — |
| Percentage not determinable | 8 | 16,060 | 70,590 | 8,569 | 8,577 | 88 | 88 | 511 | — |
| **Transportation equipment, except motor vehicles** | **580** | **5,907,382** | **6,873,398** | **578,872** | **696,550** | **231,942** | **233,006** | **218,134** | **53,226** |
| 100 percent | 451 | 4,156,428 | 4,797,299 | 347,258 | 438,152 | 149,273 | 150,784 | 139,113 | 52,686 |
| 95 under 100 percent | 28 | 603,932 | 633,703 | 99,172 | 104,066 | 26,131 | 25,236 | 23,700 | — |
| 90 under 95 percent | 4 | 5,618 | 9,153 | 703 | 703 | 293 | 293 | 137 | 77 |
| 80 under 90 percent | 18 | 309,382 | 488,646 | 48,493 | 53,651 | 15,324 | 15,632 | 29,827 | — |
| 70 under 80 percent | 19 | 156,442 | 221,136 | 18,744 | 24,114 | 9,794 | 9,803 | 8,385 | — |
| 60 under 70 percent | 21 | 312,126 | 243,334 | 10,996 | 20,590 | 6,443 | 6,572 | 5,685 | 463 |
| More than 50 under 60 percent | 27 | 284,048 | 417,327 | 49,664 | 51,039 | 21,083 | 21,085 | 7,599 | — |
| 50 percent | 8 | 74,754 | 64,031 | 3,902 | 4,128 | 3,513 | 3,513 | 1,600 | — |
| Less than 50 percent | — | — | — | — | — | — | — | — | — |
| Percentage not determinable | 4 | 4,652 | 769 | 41 | 107 | 87 | 87 | 89 | — |
| **Instruments and related products** | **807** | **11,513,591** | **15,490,503** | **1,270,096** | **1,437,020** | **466,927** | **476,545** | **344,585** | **155,856** |
| 100 percent | 746 | 10,085,865 | 13,522,477 | 1,162,258 | 1,314,229 | 404,808 | 414,185 | 306,789 | 155,843 |
| 95 under 100 percent | * | * | * | * | * | * | * | * | * |
| 90 under 95 percent | 5 | 47,907 | 75,732 | 14,014 | 14,113 | 3,593 | 3,580 | 10,101 | — |
| 80 under 90 percent | 4 | 108,237 | 154,355 | 20,311 | 20,311 | 9,620 | 9,620 | 8,131 | 3 |
| 70 under 80 percent | 9 | 351,342 | 543,684 | 64,834 | 65,695 | 40,158 | 40,158 | 18,068 | 3 |
| 60 under 70 percent | * | * | * | * | * | * | * | * | * |
| More than 50 under 60 percent | 10 | 14,519 | 15,633 | 179 | 1,631 | 1,190 | 1,205 | 192 | (¹) |
| 50 percent | 9 | 50,501 | 62,944 | 6,582 | 8,050 | 4,404 | 4,404 | 557 | — |
| Less than 50 percent | 3 | 744,249 | 985,777 | -10,418 | 311 | — | — | — | — |
| Percentage not determinable | 16 | 63,312 | 78,511 | 8,243 | 8,275 | 1,071 | 1,071 | 382 | 3 |
| **Transportation and public utilities** | **1,508** | **25,021,812** | **14,153,603** | **1,299,298** | **1,572,265** | **357,612** | **360,756** | **297,736** | **334,528** |
| 100 percent | 1,233 | 19,941,471 | 12,530,028 | 937,231 | 1,165,796 | 245,889 | 249,032 | 228,331 | 318,849 |
| 95 under 100 percent | 48 | 239,915 | 200,242 | 17,020 | 20,410 | 3,492 | 3,492 | 15,323 | 4,689 |
| 90 under 95 percent | 34 | 104,090 | 77,065 | 8,845 | 10,046 | 4,375 | 4,393 | 1,438 | — |
| 80 under 90 percent | 17 | 542,371 | 170,737 | 115,779 | 115,864 | 10,937 | 10,937 | 1,948 | 10,652 |
| 70 under 80 percent | 55 | 393,530 | 258,262 | 5,504 | 12,555 | 4,501 | 4,593 | 1,703 | 164 |
| 60 under 70 percent | 28 | 212,856 | 238,591 | 23,039 | 34,718 | 12,542 | 12,415 | 13,932 | 174 |
| More than 50 under 60 percent | 22 | 236,428 | 283,763 | 32,302 | 32,969 | 7,857 | 7,857 | 4,187 | — |
| 50 percent | 43 | 2,998,669 | 382,327 | 154,798 | 173,528 | 65,919 | 65,919 | 30,462 | — |
| Less than 50 percent | 6 | 7,743 | 4,303 | 388 | 1,377 | 73 | 73 | 412 | — |
| Percentage not determinable | 22 | 344,538 | 8,286 | 4,390 | 5,001 | 2,027 | 2,045 | — | — |
| **Water transportation** | **142** | **760,470** | **112,346** | **18,811** | **39,466** | **1,290** | **3,534** | **13,405** | **6,388** |
| 100 percent | 123 | 679,544 | 98,504 | 11,427 | 30,914 | 1,290 | 3,534 | — | 5,524 |
| 95 under 100 percent | * | * | * | * | * | * | * | * | * |
| 90 under 95 percent | * | * | * | * | * | * | * | * | * |
| 80 under 90 percent | — | — | — | — | — | — | — | — | — |
| 70 under 80 percent | — | — | — | — | — | — | — | — | — |
| 60 under 70 percent | * | * | * | * | * | * | * | * | * |
| More than 50 under 60 percent | — | — | — | — | — | — | — | — | — |
| 50 percent | 9 | 48,393 | 1,323 | 3,356 | 3,356 | — | — | — | — |
| Less than 50 percent | — | — | — | — | — | — | — | — | — |
| Percentage not determinable | 3 | 6,504 | — | 1,503 | 1,503 | — | — | — | — |

Footnotes at end of table.

Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of $250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and percent of Controlled Foreign Corporation owned directly or indirectly by U.S. corporation filing the return | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Wholesale and retail trade** | **1,404** | **32,358,191** | **72,992,450** | **1,831,937** | **2,120,430** | **487,710** | **518,299** | **559,330** | **215,031** |
| 100 percent | 1,034 | 22,969,502 | 52,823,400 | 1,408,162 | 1,620,685 | 421,837 | 449,403 | 427,871 | 207,679 |
| 95 under 100 percent | 59 | 373,044 | 630,367 | 14,929 | 19,293 | 1,907 | 1,907 | 435 | 2,030 |
| 90 under 95 percent | 38 | 1,142,204 | 3,993,167 | 170,884 | 178,741 | 11,154 | 11,154 | 36,154 | — |
| 80 under 90 percent | 19 | 371,609 | 1,511,484 | 30,206 | 34,282 | 7,482 | 10,129 | 8,386 | — |
| 70 under 80 percent | 129 | 4,790,250 | 12,272,603 | 152,963 | 174,753 | 27,511 | 27,576 | 42,121 | 5,322 |
| 60 under 70 percent | 37 | 2,102,577 | 998,672 | 56,281 | 63,260 | 10,377 | 10,377 | 39,624 | — |
| More than 50 under 60 percent | 34 | 174,700 | 302,706 | −6,676 | 15,777 | 5,826 | 5,831 | 2,810 | — |
| 50 percent | 21 | 333,118 | 430,835 | −3,385 | 4,424 | 825 | 1,131 | 1,167 | — |
| Less than 50 percent | 14 | 64,688 | 16,117 | 4,569 | 4,753 | 78 | 78 | 763 | — |
| Percentage not determinable | 19 | 36,520 | 12,699 | 4,004 | 4,462 | 714 | 714 | — | — |
| **Wholesale trade** | **821** | **18,094,843** | **56,901,635** | **1,016,206** | **1,217,718** | **255,192** | **287,324** | **345,663** | **72,583** |
| 100 percent | 546 | 12,175,464 | 39,094,731 | 699,933 | 849,309 | 219,349 | 248,763 | 257,820 | 66,629 |
| 95 under 100 percent | 37 | 102,038 | 152,227 | 3,164 | 6,732 | 1,532 | 1,532 | 435 | 632 |
| 90 under 95 percent | 34 | 1,118,095 | 3,990,679 | 170,044 | 177,901 | 11,047 | 11,047 | 36,154 | — |
| 80 under 90 percent | 13 | 164,632 | 533,912 | 9,661 | 13,709 | 957 | 3,604 | 1,743 | — |
| 70 under 80 percent | 118 | 3,967,626 | 12,099,486 | 111,456 | 133,246 | 11,866 | 11,930 | 35,632 | 5,322 |
| 60 under 70 percent | 18 | 169,070 | 348,234 | 9,781 | 16,759 | 5,514 | 5,514 | 9,401 | — |
| More than 50 under 60 percent | 18 | 155,980 | 263,569 | 9,741 | 12,692 | 4,182 | 4,187 | 2,547 | — |
| 50 percent | 9 | 176,631 | 395,508 | −2,248 | 2,051 | 436 | 437 | 1,167 | — |
| Less than 50 percent | 13 | 64,658 | 16,117 | 4,566 | 4,750 | 78 | 78 | 763 | — |
| Percentage not determinable | 15 | 647 | 7,173 | 109 | 568 | 232 | 232 | — | — |
| **Retail trade** | **583** | **14,263,348** | **16,090,815** | **815,731** | **902,712** | **232,518** | **230,975** | **213,667** | **142,448** |
| 100 percent | 488 | 10,794,038 | 13,728,669 | 708,230 | 771,376 | 202,488 | 200,640 | 170,051 | 141,050 |
| 95 under 100 percent | 22 | 271,005 | 478,140 | 11,766 | 12,561 | 374 | 374 | — | 1,398 |
| 90 under 95 percent | 4 | 24,108 | 2,488 | 840 | 840 | 107 | 107 | — | — |
| 80 under 90 percent | 6 | 206,977 | 977,573 | 20,545 | 20,573 | 6,525 | 6,525 | 6,643 | — |
| 70 under 80 percent | 11 | 822,623 | 173,318 | 41,507 | 41,507 | 15,645 | 15,645 | 6,489 | — |
| 60 under 70 percent | 19 | 1,933,507 | 650,638 | 46,501 | 46,501 | 4,863 | 4,863 | 30,222 | — |
| More than 50 under 60 percent | 16 | 18,719 | 39,137 | −16,417 | 3,085 | 1,644 | 1,644 | 262 | — |
| 50 percent | 12 | 156,487 | 35,327 | −1,137 | 2,372 | 390 | 694 | — | — |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Finance, insurance and real estate** | **2,934** | **126,591,844** | **23,001,761** | **2,730,451** | **3,030,724** | **675,064** | **682,550** | **680,896** | **242,087** |
| 100 percent | 2,369 | 98,500,075 | 17,781,322 | 2,400,498 | 2,629,395 | 512,776 | 522,048 | 629,134 | 238,702 |
| 95 under 100 percent | 167 | 15,239,392 | 2,903,242 | 123,818 | 158,514 | 51,678 | 54,002 | 10,568 | 1,163 |
| 90 under 95 percent | 35 | 4,464,504 | 898,438 | 94,572 | 95,322 | 64,105 | 64,103 | 7,534 | 551 |
| 80 under 90 percent | 54 | 764,676 | 171,272 | 18,621 | 20,214 | 5,441 | 5,074 | 4,624 | 674 |
| 70 under 80 percent | 55 | 1,313,484 | 265,476 | 22,388 | 27,840 | 10,900 | 10,137 | 2,535 | 13 |
| 60 under 70 percent | 48 | 1,939,176 | 299,010 | 28,348 | 29,989 | 11,273 | 11,077 | 4,503 | — |
| More than 50 under 60 percent | 39 | 2,001,650 | 195,276 | 4,473 | 18,741 | 2,127 | 507 | 778 | (1) |
| 50 percent | 73 | 1,513,134 | 296,444 | 25,793 | 28,793 | 10,607 | 9,404 | 1,105 | 732 |
| Less than 50 percent | 10 | 19,883 | 39,020 | 2,135 | 2,314 | 608 | 608 | 115 | — |
| Percentage not determinable | 84 | 835,870 | 152,261 | 9,805 | 19,603 | 5,552 | 5,591 | — | 250 |
| **Banking** | **1,066** | **86,236,101** | **10,870,837** | **1,510,715** | **1,605,013** | **395,072** | **396,038** | **335,258** | **122,483** |
| 100 percent | 846 | 65,127,958 | 7,908,133 | 1,292,849 | 1,363,615 | 274,907 | 276,354 | 322,799 | 122,483 |
| 95 under 100 percent | 96 | 12,335,118 | 1,901,863 | 90,330 | 108,554 | 38,652 | 40,233 | 3,935 | — |
| 90 under 95 percent | 9 | 2,826,420 | 354,964 | 75,137 | 75,137 | 62,187 | 62,187 | 3,645 | — |
| 80 under 90 percent | 5 | 111,623 | 21,394 | 1,965 | 2,549 | 83 | 85 | — | — |
| 70 under 80 percent | 22 | 1,066,950 | 117,846 | 6,713 | 7,237 | 2,791 | 2,078 | 1,253 | — |
| 60 under 70 percent | 20 | 1,651,817 | 230,980 | 18,967 | 20,100 | 8,725 | 8,529 | 3,238 | — |
| More than 50 under 60 percent | 8 | 1,295,337 | 61,274 | 6,591 | 6,781 | 82 | 134 | — | — |
| 50 percent | 41 | 1,414,335 | 223,172 | 14,017 | 16,375 | 6,866 | 5,659 | 388 | — |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | * | * | * | * | * | * | * | * | * |
| **Insurance** | **508** | **12,794,273** | **4,220,417** | **389,670** | **446,435** | **85,898** | **86,692** | **78,604** | **52,359** |
| 100 percent | 345 | 8,380,584 | 2,612,360 | 344,615 | 376,377 | 53,338 | 54,481 | 66,846 | 51,047 |
| 95 under 100 percent | 44 | 2,204,588 | 886,030 | 16,558 | 32,829 | 6,258 | 6,160 | 5,607 | 1,163 |
| 90 under 95 percent | 12 | 1,492,773 | 431,489 | 15,691 | 16,191 | 942 | 943 | 3,875 | 136 |
| 80 under 90 percent | 17 | 395,987 | 68,169 | 2,909 | 3,090 | 319 | 61 | — | — |
| 70 under 80 percent | 13 | 122,140 | 70,926 | 6,924 | 6,951 | 1,538 | 1,538 | 749 | 13 |
| 60 under 70 percent | 18 | 52,908 | 54,400 | 6,120 | 6,314 | 2,136 | 2,136 | 1,265 | — |
| More than 50 under 60 percent | 9 | 66,301 | 44,300 | −3,008 | 1,649 | 112 | 112 | 83 | — |
| 50 percent | 12 | 56,914 | 38,072 | 2,049 | 2,303 | 985 | 985 | 156 | — |
| Less than 50 percent | 4 | 1,035 | 1,528 | 95 | 95 | 22 | 22 | 23 | — |
| Percentage not determinable | 34 | 21,042 | 13,144 | −2,284 | 636 | 249 | 254 | — | — |
| **Holding and other investment companies, except bank holding companies** | **382** | **4,366,132** | **4,263,824** | **209,824** | **241,206** | **55,487** | **52,913** | **87,498** | **21,625** |
| 100 percent | 348 | 3,912,980 | 4,073,632 | 199,739 | 228,960 | 50,899 | 47,259 | 83,799 | 20,535 |
| 95 under 100 percent | * | * | * | * | * | * | * | * | * |
| 90 under 95 percent | 9 | 138,230 | 110,813 | 3,383 | 3,543 | 793 | 793 | 14 | 416 |
| 80 under 90 percent | 15 | 194,495 | 50,797 | 7,911 | 8,543 | 3,791 | 3,681 | 3,667 | 674 |
| 70 under 80 percent | * | * | * | * | * | * | * | * | * |
| 60 under 70 percent | * | * | * | * | * | * | * | * | * |
| More than 50 under 60 percent | * | * | * | * | * | * | * | * | * |
| 50 percent | * | * | * | * | * | * | * | * | * |
| Less than 50 percent | * | * | * | * | * | * | * | * | * |
| Percentage not determinable | — | — | — | — | — | — | — | — | — |
| **Services** | **1,255** | **6,204,382** | **4,096,183** | **399,478** | **557,259** | **159,480** | **165,056** | **184,313** | **72,302** |
| 100 percent | 1,100 | 5,780,530 | 3,512,509 | 350,152 | 497,760 | 137,567 | 142,649 | 155,387 | 67,854 |
| 95 under 100 percent | 31 | 98,763 | 132,629 | 5,046 | 8,273 | 3,469 | 3,975 | 61 | — |
| 90 under 95 percent | 9 | 17,181 | 17,868 | 3,798 | 4,534 | 860 | 860 | 1,848 | — |
| 80 under 90 percent | 16 | 54,708 | 19,273 | 3,695 | 4,252 | 2,194 | 2,194 | 621 | 621 |
| 70 under 80 percent | 21 | 59,292 | 26,127 | 8,461 | 8,747 | 3,969 | 3,992 | 4,380 | — |
| 60 under 70 percent | 27 | 81,201 | 187,095 | 7,911 | 8,640 | 2,967 | 2,953 | 764 | — |
| More than 50 under 60 percent | 19 | 89,320 | 119,795 | 8,610 | 8,778 | 6,348 | 6,350 | 1,186 | 168 |
| 50 percent | 17 | 6,557 | 24,081 | 13,573 | 13,705 | 2,078 | 2,078 | (1) | 3,639 |
| Less than 50 percent | 4 | 728 | 1,275 | 131 | 145 | 1 | −3 | 38 | — |
| Percentage not determinable | 11 | 16,111 | 55,530 | −1,900 | 2,427 | 6 | 6 | 37 | — |
| **Business services** | **625** | **1,882,986** | **1,431,781** | **152,352** | **173,463** | **64,646** | **63,057** | **33,553** | **10,307** |
| 100 percent | 524 | 1,606,131 | 1,132,684 | 123,514 | 143,092 | 51,178 | 49,595 | 27,468 | 10,307 |
| 95 under 100 percent | 7 | 33,864 | 15,930 | 2,602 | 2,643 | 1,239 | 1,225 | 51 | — |
| 90 under 95 percent | 6 | 12,143 | 12,697 | 3,277 | 3,277 | 339 | 339 | 43 | — |
| 80 under 90 percent | 13 | 46,085 | 17,879 | 2,891 | 3,448 | 2,184 | 2,184 | 621 | — |
| 70 under 80 percent | 16 | 43,185 | 15,982 | 7,325 | 7,612 | 3,658 | 3,681 | 4,200 | — |
| 60 under 70 percent | 26 | 77,779 | 165,835 | 8,304 | 8,640 | 2,967 | 2,953 | 764 | — |
| More than 50 under 60 percent | 17 | 52,123 | 43,392 | 4,121 | 4,289 | 2,968 | 2,970 | 330 | — |
| 50 percent | 5 | 4,690 | 5,192 | 73 | 205 | 105 | 105 | — | — |
| Less than 50 percent | 4 | 728 | 1,275 | 131 | 145 | 1 | −3 | 38 | — |
| Percentage not determinable | 7 | 6,257 | 914 | 113 | 113 | 6 | 6 | 37 | — |

(1) Less than $500.
* Data deleted to avoid disclosure of information for specific corporations.
Note: Detail may not add to total due to rounding.

# Controlled Foreign Corporations, 1984: A Geographic Focus

By John J. Bradford*

Controlled Foreign Corporations (CFC's) of large, U.S. multinational firms continued their important role in the world economy during 1984. Overall, the rate of return on assets for CFC's increased from 6.6 percent for 1982 to 8.2 percent for 1984, a 24 percent jump [1]. This is perhaps an indication that the worldwide recession of the early 1980's, which limited growth and caused a decline in profits, had begun to ease by 1984.

CFC earnings and profits have generally shown the effects of the economic climate of the country in which their business is primarily conducted. This trend continued in 1984, though not for all countries. CFC's located in nations where the economic growth was strong proved to be among the more profitable. For all industrialized nations, as classified by the World Bank, there was a 3.3 percent increase in gross national product (GNP) per capita during 1984. CFC's located in Europe, a highly industrialized area, reported an increase in earnings of 33.3 percent from 1982 levels. These numbers contrast with figures for developing nations, which showed a decline in per capita GNP of 2.7 percent for 1984 [2]. CFC's incorporated in Latin America, a less industrialized area, showed a decrease in earnings of 3.1 percent from 1982. Factors such as large foreign debt and the resulting fiscal constraints limited potential for recovery in many of these nations.

Between 1982 and 1984, there was a modest increase of 6 percent in the total number of foreign corporations controlled by U.S. corporations with $250 million or more in total assets. For 1984, more than 1,100 U.S. firms controlled over 28,500 foreign corporations and financial information was reported for 27,000 of these [3,4]. Gross business receipts of $625 billion were recorded on assets of $595 billion for these corporations.

Pre-tax earnings and profits for CFC's showed a substantial increase from 1982 to 1984 and the amount of foreign income taxes paid rose accordingly. Roughly $48.6 billion in earnings before taxes were reported, an increase of 32 percent. Taxes paid rose by 40 percent to a level of $19.7 billion for 1984. All of this occurred while gross business receipts showed an almost 4 percent decrease from 1982.

CFC's paid out $17.4 billion as dividend distributions in 1984. As controlling shareholders, U.S. parent corporations received $11.8 billion (68 percent) of total dividend payments.

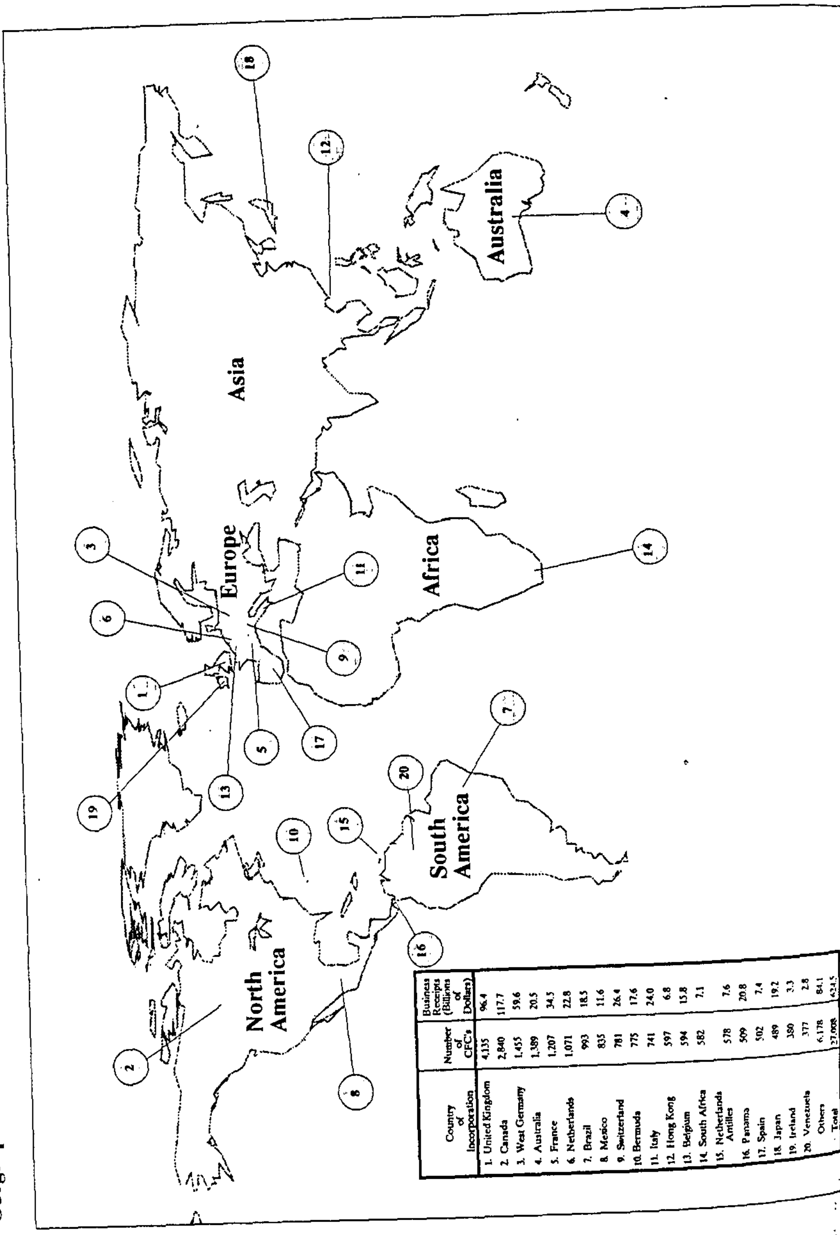
The 27,000 CFC's were incorporated in over 125 countries, but more than three-quarters were incorporated in only 20 nations (those listed in Figure A). These 20,800 CFC's also accounted for $521 billion in assets (88 percent of the total) and $494 billion in gross business receipts (79 percent of the total). The United Kingdom, Canada and West Germany were the most prevalent among countries of incorporation. The 8,340 CFC's from these three nations generated $274 billion in gross business receipts and accounted for $227.6 billion in assets.

## BACKGROUND

Before World War II, relatively few U.S. corporations had operations outside of the United States, and these companies were located mainly in Canada and Western Europe [5]. After the war, however, U.S. corporations were encouraged by political and economic means, such as the Marshall Plan, to increase overseas expansion in order to aid in recovery from the war [6]. Many U.S. corporations took advantage of these new incentives as well as other factors (such as financial environment, safety of investment, and access to markets for raw materials and final products) to launch foreign opera-

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

Figure A
Geographic Distribution of Foreign Corporations Controlled by Large U.S. Multinational Corporations,* 1984




| Country of Incorporation | Number of CFC's | Business Receipts (Billions of Dollars) |
|---|---|---|
| 1. United Kingdom | 4,135 | 96.4 |
| 2. Canada | 2,840 | 117.7 |
| 3. West Germany | 1,455 | 59.6 |
| 4. Australia | 1,389 | 20.5 |
| 5. France | 1,207 | 34.5 |
| 6. Netherlands | 1,071 | 22.8 |
| 7. Brazil | 993 | 18.5 |
| 8. Mexico | 835 | 11.6 |
| 9. Switzerland | 781 | 26.4 |
| 10. Bermuda | 775 | 17.6 |
| 11. Italy | 741 | 24.0 |
| 12. Hong Kong | 597 | 6.8 |
| 13. Belgium | 594 | 15.8 |
| 14. South Africa | 582 | 7.1 |
| 15. Netherlands Antilles | 578 | 7.6 |
| 16. Panama | 509 | 20.8 |
| 17. Spain | 502 | 7.4 |
| 18. Japan | 489 | 19.2 |
| 19. Ireland | 380 | 3.3 |
| 20. Venezuela | 377 | 2.8 |
| Others | 6,178 | 84.1 |
| Total | 27,008 | 624.5 |

* Large U.S. multinational corporations are those with $250 million or more in total assets.



tions. A U.S. corporation could establish a presence in a foreign country either by using a foreign branch operation or by forming or purchasing a separate subsidiary company incorporated under the laws of that nation (i.e., a Controlled Foreign Corporation). However, in certain countries, local law required U.S. companies to use a locally-incorporated entity (CFC) in lieu of a branch operation. The reason for this was that a portion of the stock of the foreign corporation could be held by residents of the host country while the U.S. corporation held the majority of the CFC stock.

A foreign branch operation is treated as part of the U.S. corporation for U.S. tax purposes. Therefore, branch income is taxable to the U.S. corporation and is not deferrable (see below). Similarly, foreign branch losses can reduce U.S. taxes because they are deductible from domestic earnings. For this reason, U.S. corporations often utilize branch operations in industries where high "start-up" costs are expected. There are other advantages to operating through a branch rather than incorporating in a foreign nation. For example, dividend payments from CFC's to their U.S. shareholders may be subject to a withholding tax while the repatriation of branch earnings may not be subject to this tax.

Operating through a CFC has several advantages as well. First, there is the potential ability to defer U.S. taxation on CFC earnings. Except for some notable types of income, such as Subpart F (see the "Explanation of Selected Terms" section of this article for a definition of Subpart F), CFC earnings are not taxable to the parent until repatriated. Therefore, U.S. taxation may be deferred until earnings are actually paid to the shareholders. To the extent that foreign taxes are lower than U.S. taxes, this is an important reason for U.S. companies to form overseas subsidiaries. Tax strategies may be developed to take advantage of loss or low income years, excess foreign tax credits [7], or changes in U.S. tax policies. CFC's also have certain advantages because, unlike branches, they legally reside in the foreign country. This status could entitle a CFC to benefits under tax treaties into which the foreign nation has entered. In addition, the U.S. parent can be insulated from various types of liability in a foreign country through organization by CFC.

The CFC continued to be the more prevalent form of overseas operations during 1984. There were over 1,100 U.S. giant corporations that controlled more than 27,000 CFC's and there were 307 U.S. corporations which operated roughly 2,600 foreign branches. Taxable income of foreign branches was $14.4 billion compared to $48.6 billion in pre-tax earnings and profits for the CFC's [8]. This comparison is limited by the extent to which taxable income differs from pre-tax earnings and profits.

Before 1960, U.S. corporations were not required to file information on foreign subsidiaries. Public Law 86-780 was passed in 1960 requiring U.S. persons to furnish, as a part of their tax return, information on any directly-controlled foreign corporation ("tier-one" subsidiary) or on a foreign corporation controlled by a directly-controlled foreign corporation ("tier-two" subsidiary). Control was defined as direct or indirect ownership of more than 50 percent of all classes of stock or more than 50 percent of the total value of all shares of stock.

Under the Revenue Act of 1962, certain types of income which were previously eligible for tax deferral were restricted. These were referred to as Subpart F income and were taxable to the U.S. shareholders of CFC's even though they may have remained undistributed. Over the years, the definition of Subpart F income has changed due to amendments to the Internal Revenue Code. These actions have reduced the tax deferral benefits of CFC's [9]. The 1962 Act also redefined the term Controlled Foreign Corporation. In general, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the corporation was owned by U.S. shareholders for 30 days or more in the foreign corporation's taxable year, but only if they had at least 10 percent interest. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

In recent years, control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

## CFC ACTIVITY BY COUNTRY OF INCORPORATION

In 1984, of the 27,000 CFC's controlled by U.S. corporations with assets of $250 million or more, there were 20,736 that had active business operations. Of these, 13,875 companies (67 percent) reported positive earnings and profits before taxes. Total pre-tax earnings for these corporations equaled $57.5 billion. These corporations also paid $19.9 billion in foreign income taxes.

The effective foreign tax rate was 35 percent. This rate was calculated as the percentage of foreign taxes paid by profitable CFC's compared to their current pre-tax earnings and profits. This rate may vary from the statutory tax rate of a given country because: (1) certain earnings and profits, and the associated foreign taxes paid, were applicable to operations in countries other than the country in which the CFC was incorporated; (2) earnings and profits were computed according to U.S. tax law and do not necessarily equal the tax base upon which the foreign tax was imposed; (3) many countries taxed various types of income at different rates; and (4) many countries had progressive tax rates.

During 1984, the most predominant industrial activity of active CFC's was manufacturing, comprising 35 percent of the total. CFC's located in Europe and Latin America were the most likely to be engaged in manufacturing. For example, in several nations, more than 40 percent of active CFC's were predominantly in manufacturing industries. These included Mexico (64 percent), Spain (50 percent), Italy (48 percent), France (42 percent) and Japan (40 percent). Among Other Western Hemisphere nations (primarily Bermuda, Bahamas, and the Netherlands Antilles), the most common industrial activity was in the finance, insurance, or real estate category [10]. Specifically, these CFC's comprised 84 percent of the total number of active CFC's in the Netherlands Antilles, 68 percent in Bermuda, and 34 percent in the Bahamas [11].

Generally, the effective tax rate of a foreign country which had a finance-related majority of CFC's was low when compared to the rates of those in which manufacturing was the most common. This has evolved because certain countries are not particularly attractive as manufacturing sites for economic and other reasons. In order to encourage U.S. investment in other business activities (such as finance), these nations have provided tax incentives and other enticements to enhance their desirability. For example, Bermuda imposed no corporate income tax and, in the Netherlands Antilles, income was generally subject only to local taxation, which was generally at a lower rate than that of most countries. Also, certain countries have entered into tax treaties with the U.S. which reduce U.S. withholding taxes on payments to CFC's located in that country. Effective tax rates remained the highest in certain developing nations, such as Bolivia (108 percent), Nigeria (76 percent), and Uganda (57 percent). In contrast, Bermuda had an effective tax rate of 6 percent and the Netherlands Antilles had a rate of 9 percent.

Overall, a total of $17.4 billion was paid out in dividend distributions from CFC's. United Kingdom CFC's paid the highest amount, $4.8 billion. They were followed by CFC's located in Canada ($3.5 billion), West Germany ($1.1 billion), and Panama ($.6 billion).

## CFC's AND THE ECONOMIC RECOVERY

By 1984, the U.S. economy had begun its rebound from the worldwide recession of the early 1980's. One indication of this recovery was the net income of U.S. giant corporations that owned CFC's, which rose from $85.7 billion for 1982 to $118.2 billion for 1984. This represents an increase of 37.8 percent. The recovery in other parts of the world, however, lagged behind that of the United States as indicated by the change in per capita GNP. By 1984, many of the industrialized nations had begun experiencing higher rates of growth, but most less-developed nations had not yet responded.

Overall CFC profitability (as determined by the ratio of earnings and profits, less deficits, before taxes to total assets) rose 1.6 percent from 1982 to 1984. Total CFC earnings rose from $36.7 billion to $48.6 billion, a 32.4 percent increase. On average, a CFC earned an 8.2 percent return on assets compared to 2.3 percent for U.S. parent corporations. Figure B compares the rates of return for CFC's from different countries as well as U.S. parent companies. These rates were determined by dividing net income of parent corporations and pre-tax earnings and profits of CFC's by their respective total assets [12]. This supports the general trend of CFC's being more profitable (as measured by rate of return on assets) than their U.S. parents [13]. Despite the overall higher rates of profitability for 1984, the percentage of CFC's reporting deficits remained stable at approximately one-third of all active CFC's.



**Figure B.—Earnings Before Taxes, Total Assets and Rate of Return on Assets of U.S. Corporations and CFC's, 1982 and 1984**

[Money amounts are in millions of dollars]

| Selected country of incorporation | 1982 | | | 1984 | | |
|---|---|---|---|---|---|---|
| | Income before taxes [1] | Total assets | Rate of return [2] | Income before taxes | Total assets | Rate of return [2] |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **U.S. corporations** | **$85,748** | **$4,198,723** | **2.0%** | **$118,654** | **$5,062,765** | **2.3%** |
| **All CFC's** | **36,696** | **557,209** | **6.6** | **48,592** | **595,406** | **8.2** |
| Canada | 5,346 | 91,100 | 5.9 | 10,886 | 99,796 | 10.9 |
| Latin America | 5,326 | 66,796 | 8.0 | 5,164 | 66,544 | 7.8 |
| Brazil | 1,881 | 20,132 | 9.3 | 1,852 | 17,776 | 10.4 |
| Mexico | −293 | 7,504 | −3.9 | 824 | 9,422 | 8.7 |
| Panama | 1,730 | 18,561 | 9.3 | 1,295 | 18,890 | 6.9 |
| Other Western Hemisphere | 3,460 | 70,992 | 4.9 | 3,270 | 90,638 | 3.6 |
| Bahamas | 468 | 6,702 | 7.0 | −112 | 7,950 | −1.4 |
| Bermuda | 1,609 | 22,045 | 7.3 | 1,131 | 22,346 | 5.1 |
| Netherlands Antilles | 1,402 | 41,956 | 3.3 | 2,269 | 60,116 | 3.8 |
| Europe | 17,212 | 246,156 | 7.0 | 22,937 | 252,554 | 9.1 |
| France | 1,010 | 23,336 | 4.3 | 1,553 | 19,700 | 7.9 |
| Netherlands | 967 | 18,394 | 5.3 | 1,348 | 25,551 | 5.3 |
| United Kingdom | 7,762 | 83,330 | 9.3 | 11,508 | 83,826 | 13.7 |
| West Germany | 3,020 | 45,909 | 6.6 | 2,762 | 43,968 | 6.3 |
| Africa | 1,216 | 18,494 | 6.6 | 1,049 | 15,151 | 6.9 |
| South Africa | 515 | 5,212 | 9.9 | 320 | 4,167 | 7.7 |
| Asia | 3,261 | 35,565 | 9.2 | 3,718 | 39,490 | 9.4 |
| Hong Kong | 691 | 10,933 | 6.3 | 704 | 12,223 | 5.8 |
| Japan | 978 | 10,378 | 9.4 | 1,507 | 12,466 | 12.1 |
| Singapore | 502 | 4,212 | 11.9 | 356 | 4,422 | 8.0 |
| Oceania | 847 | 23,657 | 3.6 | 1,389 | 24,794 | 5.6 |
| Australia | 739 | 22,319 | 3.3 | 1,257 | 23,327 | 5.4 |

[1] For returns of U.S. corporations, this is "net income (less deficit)." For CFC's, it is "current earnings and profits (less deficit) before taxes."
[2] Derived by dividing Income before taxes (columns 1 and 4) by Total assets (columns 2 and 5), respectively.
[3] Corporations included in this category are only those with assets of $250 million or more and that owned CFC's.
Note. CFC data shown include only those foreign corporations controlled by U.S. corporations with $250 million or more in total assets.

CFC's from certain nations showed extreme fluctuations in rates of return on assets from 1982 to 1984. Included among these were CFC's from Mexico, whose rate of return moved from from -3.9 percent to 8.7 percent, and the Bahamas, decreasing from 7.0 percent to -1.4 percent. Among the nations showing strong recoveries from 1982 were many with which the United States is heavily engaged in trade. In Canada, the largest U.S. trading partner, pre-tax earnings and profits of CFC's increased 103.6 percent from 1982 to 1984. Large increases in CFC earnings between these two years were also achieved in Common Market nations such as France (53.7 percent) and the United Kingdom (48.2 percent). Profitability of CFC's increased at a higher rate in regions such as Europe and Oceania than in Latin America, Africa, Asia, and Other Western Hemisphere, where there is a higher proportion of less-developed nations. CFC's located in the developing countries of the Pacific Rim, such as Hong Kong and Singapore, showed a decline in rate of return on assets of CFC's from 1982 to 1984. CFC's from African nations such as Nigeria and South Africa showed similar declines in profitability. Generally, nations with a greater degree of industrialization show higher rates of growth than other nations. One major exception to this should be noted for West Germany, where CFC's experienced a decrease in the rate of return on assets from 6.6 percent for 1982 to 6.3 percent for 1984.

## CFC's AND THE MERCHANDISE TRADE BALANCE

Figure C shows a comparison of transactions between large U.S. multinational corporations and their CFC's and the U.S. merchandise trade balance for 1984. CFC purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of business) from their U.S. parent groups totaled $71.1 billion, representing 32.6 percent of all U.S. exports. Sales of stock in trade from CFC's to U.S. parent groups equaled $54.9 billion, or 16.8 percent of all U.S. imports. As in past years, CFC merchandise transactions with their U.S. parent groups did not contribute to the U.S. merchandise trade deficit for 1984. Rather, the U.S. parent groups showed a net surplus of $16.2 billion in trade with their foreign subsidiaries, which served to limit the overall merchandise trade deficit to $107.8 billion [14].

**Figure C.—Purchases and Sales of Stock in Trade Between CFC's and Their U.S. Parent Groups and the U.S. Merchandise Trade Balance, by Selected Area and Country of Incorporation, 1984**

[Money amounts are in millions of dollars]

| Selected area and country of incorporation | U.S. parent group merchandise trade balance | | | U.S. merchandise trade balance [1] | | |
|---|---|---|---|---|---|---|
| | CFC purchases from U.S. parent group (exports) | CFC sales to U.S. parent group (imports) | Surplus or deficit | Exports | Imports | Surplus or deficit |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **All geographic areas** | **$71,096** | **$54,860** | **$16,236** | **$217,888** | **$325,726** | **-$107,838** |
| Canada | 20,368 | 22,005 | -1,637 | 46,524 | 66,478 | -19,954 |
| Latin America | 5,532 | 3,648 | 1,884 | 26,302 | 42,341 | -16,039 |
| Brazil | 501 | 444 | 57 | 2,640 | 7,621 | -4,981 |
| Mexico | 1,180 | 1,166 | 14 | 11,992 | 18,020 | -6,028 |
| Panama | 2,824 | 1,186 | 1,638 | 757 | 328 | 429 |
| Other Western Hemisphere | 2,592 | 7,956 | -5,364 | 3,383 | 5,554 | -2,171 |
| Bahamas | 1,244 | 3,586 | -2,342 | 555 | 1,173 | -618 |
| Bermuda | 1,037 | 3,923 | -2,886 | 225 | 8 | 217 |
| Europe | 30,668 | 11,405 | 19,263 | 62,207 | 73,307 | -11,100 |
| France | 2,848 | 739 | 2,109 | 6,037 | 8,113 | -2,076 |
| Netherlands | 2,256 | 562 | 1,694 | 7,554 | 4,069 | 3,485 |
| Switzerland | 2,512 | 1,541 | 971 | 2,563 | 3,117 | -554 |
| United Kingdom | 5,883 | 5,781 | 102 | 12,210 | 14,492 | -5,528 |
| West Germany | 9,828 | 1,264 | 8,564 | 9,084 | 16,996 | -7,912 |
| Africa | 573 | 651 | -78 | 8,827 | 14,355 | -5,528 |
| Liberia | [2] | 212 | -212 | 97 | 98 | -1 |
| South Africa | 343 | 82 | 261 | 2,265 | 2,488 | -223 |
| Asia | 7,772 | 5,669 | 2,103 | 64,533 | 120,132 | -55,599 |
| Hong Kong | 983 | 592 | 391 | 3,062 | 8,266 | -5,204 |
| Japan | 1,982 | 753 | 1,229 | 23,575 | 57,135 | -33,560 |
| Oceania | 2,381 | 262 | 2,119 | 5,745 | 3,558 | 2,187 |
| Australia | 2,094 | 227 | 1,867 | 4,793 | 2,675 | 2,118 |

[1] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly.

[2] Less than $500,000.

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with $250 million or more in total assets.

The U.S. merchandise trade account showed increasingly negative figures in the years preceding 1984. For each year since 1976 there was a trade deficit, although in the years from 1982 to 1984, there was a sharp rise in the deficit levels. For 1982, the merchandise trade deficit was $31.7 billion and by 1984, it had grown to $107.8 billion. A geographic distribution of the trade numbers for 1984 is shown in Figure C. As in the past, Canada remained the largest trading partner of both U.S. parent groups and the United States as a whole. U.S. parent groups recorded a $1.6 billion deficit with their Canadian CFC's, and the overall trade balance showed a $20 billion deficit with Canada. The largest U.S. merchandise trade deficit for 1984 was with Japan, totaling $33.6 billion. U.S. parent groups, however, reported a $1.2 billion surplus in trade with their Japanese CFC's. Another region where parent group deficits were common was in the Other Western Hemisphere nations. Trade with CFC's in this area as a whole resulted in a $5.4 billion U.S. parent group deficit. By comparison, the U.S. merchandise trade deficit with this region was $2.2 billion in 1984. The parent group deficits are at least partly attributable to transactions with finance-related CFC's based in so called "tax-haven" countries. These nations are attractive conduits for the flow of capital from a third country into the United States because of low tax withholding rates on payments to foreign persons and low effective income tax rates on foreign persons operating within the countries.

Differences in the preparation of the statistics in Figure C should be recognized. The U.S. Bureau of the Census data credit U.S. imports to the country of origin while CFC sales are based on the CFC's country of incorporation. This could explain why Panamanian CFC's, for example, reported $1.2 billion in sales to U.S. parent groups and only $328 million is reflected in Census data for imports from Panama. In this instance, perhaps a shipping company incorporated in Panama carried cargo from a third country into the United States. CFC data would credit the sales to Panama while the Census data would report them under the country of origin. Also, Census data are for the Calendar Year 1984; CFC data, on the other hand, reflect business activities of parent corporations whose accounting periods ended between July 1984 and June 1985 and those CFC's which had accounting periods ending therein. However, most CFC activity did occur in 1984.



## RECENT INCORPORATIONS

During 1984, there were 1,086 new CFC's incorporated by U.S. giant companies. This represented an 8 percent increase over the number of new incorporations in 1983, possibly another indication of recovery from the earlier recession. Figure D shows the geographic representation of countries of incorporation for the CFC's which were incorporated in 1984.

**Figure D.—1984 CFC Incorporations**

[Money amounts are in millions of dollars]

| Selected area and country of incorporation | Number of incorporations | Total assets | Pre-tax earnings and profits (less deficit) |
|---|---|---|---|
| | (1) | (2) | (3) |
| **All geographic areas** | **1,086** | **$11,098** | **$32** |
| Canada | 115 | 1,388 | 12 |
| Latin America | 162 | 1,489 | 23 |
| Other Western Hemisphere | 92 | 3,298 | 39 |
| Bermuda | 45 | 769 | -22 |
| Netherlands Antilles | 31 | 1,861 | 67 |
| Europe | 444 | 2,832 | 12 |
| France | 46 | 250 | 2 |
| Netherlands | 48 | 301 | 3 |
| United Kingdom | 134 | 1,432 | -2 |
| West Germany | 49 | 209 | 14 |
| Africa | 45 | 71 | -6 |
| Asia | 138 | 436 | -50 |
| Hong Kong | 46 | 164 | -45 |
| Japan | 44 | 139 | 4 |
| Oceania | 39 | 433 | -4 |
| U.S. Possessions | 51 | 1,151 | 6 |

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with $250 million or more in total assets.

For CFC's incorporated prior to 1984, the average asset size was $22.5 million and the rate of return on assets averaged 8.2 percent. Newly incorporated CFC's generally have smaller assets and lower rates of profitability than more well-established companies. This trend continued for CFC's incorporated in 1984. These companies had an average asset size of $11.1 million and a return on assets of less than 1 percent. The trend becomes even more evident when subtracting out finance-related corporations. Then, the average asset size is $5.1 million and there is a deficit in earnings and profits of $46 million.

European countries led the world in attracting new CFC's. However, nations in the Other Western Hemisphere category attracted new CFC's with the greatest assets. Though there were just 92 new CFC's in the Other Western Hemisphere countries, these companies held assets of $3.3 billion. These nations also led in pre-tax earnings and profits with $39 million. Netherlands Antilles' CFC's held the bulk of the region's numbers in both categories, with $1.9 billion in assets and $67 million in reported earnings.

Figure E shows a comparison of CFC's incorporated in the last 10 years to the total number of CFC's. Traditional trading partners, such as Canada, the United Kingdom and the other Common Market nations, remain the most prevalent nations for the establishment of CFC's. Since 1974, however, there has been rapid growth in countries which previously had not had large numbers of CFC's. For example, in the Netherlands Antilles, 76 percent of the total number of CFC's owned by U.S. giant companies were established since 1974. The other three countries which had a majority of their CFC's incorporated between 1974 and 1984 are Bermuda (69 percent), Hong Kong (60 percent), and Japan (52 percent). The recent and rapid growth of incorporations in Japan reflects its rising economic status. In the other countries listed (Netherlands Antilles, Bermuda, and Hong Kong), the predominant industrial activity of the newly incorporated CFC's was finance or insurance-related. These nations, because of a lack of raw materials or for other reasons, are not suitable for the establishment of a manufacturing-based economy. Therefore, they have tried to attract finance or insurance corporations through tax incentives and other concessions. The Deficit Reduction Act of 1984 exempted most types of interest payments made to foreign persons from U.S. tax withholding. Previously, this withholding could only be reduced or eliminated through the use of a tax treaty [15].

## SUMMARY

Controlled Foreign Corporations remained the predominant vehicle for large U.S. multinational corporations to conduct international operations in 1984. There were over 1,100 U.S. corporations controlling over 27,000 CFC's. These foreign subsidiaries generated pre-tax earnings and profits of $49 billion on receipts of $625 billion. U.S. shareholders received $12 billion in dividend payments from CFC's.

Countries of incorporation spanned the globe but traditional U.S. trading partners such as Canada, the United Kingdom, and West Germany continued to be the most dominant. However, since 1975, several nations such as the Netherlands Antilles, Bermuda, Japan, and Hong Kong witnessed a rapid rise in the number of CFC incorporations.

**Figure E.—All Controlled Foreign Corporations Compared to Controlled Foreign Corporations Incorporated After 1974: Number and Total Assets, by Selected Country of Incorporation, 1984**

[Money amounts are in millions of dollars]

| Selected country of incorporation | Total number of CFC's | Total CFC assets | CFC's incorporated after 1974 | | | |
|---|---|---|---|---|---|---|
| | | | Number | Assets | Percentage of total | |
| | | | | | Number | Assets |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **All geographic areas** | **27,008** | **$595,406** | **9,849** | **$166,410** | **36%** | **28%** |
| United Kingdom | 4,135 | 83,826 | 1,380 | 16,617 | 33 | 20 |
| Canada | 2,840 | 99,796 | 1,028 | 24,792 | 36 | 25 |
| West Germany | 1,455 | 43,968 | 514 | 3,826 | 35 | 9 |
| Australia | 1,389 | 23,327 | 428 | 1,797 | 31 | 8 |
| France | 1,207 | 19,700 | 366 | 1,672 | 30 | 8 |
| Netherlands | 1,071 | 25,551 | 436 | 7,699 | 41 | 30 |
| Brazil | 993 | 17,776 | 401 | 2,613 | 40 | 15 |
| Mexico | 835 | 9,422 | 186 | 2,499 | 22 | 27 |
| Switzerland | 781 | 21,732 | 274 | 2,802 | 35 | 13 |
| Bermuda | 775 | 22,346 | 536 | 9,202 | 69 | 41 |
| Italy | 741 | 17,896 | 291 | 3,132 | 39 | 17 |
| Hong Kong | 597 | 12,223 | 361 | 3,873 | 60 | 32 |
| Belgium | 594 | 12,396 | 191 | 2,022 | 32 | 16 |
| South Africa | 582 | 4,167 | 142 | 263 | 24 | 6 |
| Netherlands Antilles | 578 | 60,116 | 440 | 48,169 | 76 | 80 |
| Panama | 509 | 18,890 | 210 | 2,644 | 41 | 14 |
| Spain | 502 | 8,766 | 167 | 2,413 | 33 | 27 |
| Japan | 489 | 12,466 | 255 | 4,103 | 52 | 33 |
| Venezuela | 377 | 3,525 | 28 | 80 | 7 | 2 |
| Sweden | 350 | 2,887 | 89 | 159 | 25 | 5 |

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with $250 million or more in total assets.

In the aggregate, CFC's tended to have higher profit margins than their U.S. parent corporations. CFC's achieved an 8.2 percent rate of return on assets while the comparable rate for U.S. parent corporations was 2.3 percent. Both of these figures reflected marked improvements over their 1982 levels. This is perhaps a sign of recovery from the recession which plagued the early 1980's.

Although the U.S. merchandise trade deficit exceeded $107.9 billion for 1984, transactions between U.S. affiliated groups and their CFC's resulted in a U.S. trade surplus of $16.2 billion. These transactions accounted for nearly 33 percent of total U.S. exports and nearly 17 percent of total U.S. imports in 1984. Canada remained the largest U.S. trading partner and Canadian CFC's maintained the highest volume of transactions with U.S. parent corporations and their affiliates.

## DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of $250 million or more and with accounting periods ended July 1984 through June 1985, and from attached Form(s) 5471, Information Return with Respect to a Foreign Corporation. This form replaced Form 2952, Information Return with Respect to Controlled Foreign Corporations, in 1983. Only a handful of Forms 2952 were filed for Income Year 1984 and are included in the data.

Sampling variability was not originally a factor in this study, since returns were selected at a rate of 100 percent and thus equaled the complete population. However, certain taxpayers did not provide the necessary information or provided only partial information for some CFC's. These CFC's (approximately 1,500 corporations) are not included in the data presented here and no attempt was made to weight the sample to adjust for them. For purposes of this article, the sample was considered to be the population (see footnote 3).

Not all of the information regarding CFC transactions (e.g., transactions with "unrelated" parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and other foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and are included in this article.

Controlled Foreign Corporations were required to identify both their country of incorporation and principal place of business on Forms 5471. In some instances, a CFC's principal place of business differed from its country of incorporation. In other cases, a CFC's country of incorporation and principal place of business were the same, but the CFC conducted a significant portion of its business activities outside this country. The CFC's country of incorporation and principal place of business were the same in more than 95 percent of all instances. As the statistics in this article are primarily classified by the CFC's country of incorporation, there is an undetermined amount of receipts, earnings, taxes, and transactions which are actually attributable to a country other than the country of incorporation. Additionally, the term "country" as used in this article includes not only countries, but also other separate taxation authorities, such as U.S. possessions.

Controlled Foreign Corporations were classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the country in which it was originally reported. Less than 1 percent of the CFC's included in the statistics reported contain financial information for a consolidated group of CFC's.

In some cases, sufficient detail was not provided to indicate by whom the CFC was directly controlled (i.e., by a domestic corporation or a foreign affiliate of the U.S. parent corporation). This was resolved by using the transactions they reported with related corporations to determine the recipient of any dividends. If this information was not conclusive, a previous-year record of the CFC or other reference material was used to determine the ownership.

The 1984 data are based on returns filed by U.S. corporations with full-year accounting periods ending between July 1984 and June 1985. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1983 (and, thus, began in September 1982) or as late as June 1985. However, most CFC activity did occur in Calendar Year 1984.



## EXPLANATION OF SELECTED TERMS

*Business Receipts of Controlled Foreign Corporations.*--Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

*Current Earnings and Profits of Controlled Foreign Corporations.*--This item represents the difference between the accumulated beginning and ending year balances of earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

*Distributions of Controlled Foreign Corporations.*--The distributions of CFC's consisted mostly of dividends. Liquidating dividends may have also been included. Capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital surplus) were generally not included.

*Foreign Income Taxes Paid by Controlled Foreign Corporations.*--These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

*Inactive Controlled Foreign Corporations.*-- Inactive Controlled Foreign Corporations were those that reported no income, deductions, or foreign income taxes paid, but which may have reported dividends paid out of prior-year earnings and profits. These dividends, plus the total assets of these CFC's, are included in the statistics.

*Related Persons of Controlled Foreign Corporations.*--Five categories of related persons of CFC's were shown on Forms 5471 for the purpose of reporting transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

*Sales (and Purchases) of Stock in Trade.*--These were sales (and purchases) of merchandise in the ordinary course of trade or business.

*Subpart F Income.*--Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income. These earnings, although undistributed to shareholders, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1984: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign Personal Holding Company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includible as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria and increases in foreign corporations' earnings invested in U.S. property.

*Tax Haven Countries.*--Countries having tax and secrecy laws favorable to foreign individuals and organizations are generally considered to be tax havens. They attempt to attract foreign investors by offering taxation lower than that imposed by the investor's own country or by other foreign countries. The tax haven country typically benefits by collecting certain fees or by imposing taxes at a low rate.

*Transactions of Controlled Foreign Corporations.*--Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's. The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

*U.S. Affiliated Groups.*--The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return.

*U.S. Parent Merchandise Trade Balance.*--This is the relationship between CFC purchases of stock in trade from U.S. parent groups (exports) and CFC sales of stock in trade to their U.S. parent groups (imports). The excess of exports over imports results in a surplus, while the excess of imports over exports results in a deficit. For 1984, U.S parent groups realized a $16.2 billion surplus with respect to merchandise trade with their CFC's.

*U.S. Merchandise Trade Balance.*--This is the relationship between total U.S. merchandise exports and total U.S. merchandise imports. An excess of exports results in a surplus and an excess of imports results in a deficit. The United States realized a merchandise trade deficit of $107.8 billion for 1984.

## NOTES AND REFERENCES

[1] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits (less deficits) before taxes to total assets.

[2] International Bank for Reconstruction and Development, *World Tables,* Baltimore: Johns Hopkins University Press, 1989.

[3] Due to incomplete reporting of financial information on Forms 5471, approximately 1,500 Controlled Foreign Corporations (CFC's) are not included in the data. However, it is estimated that the 27,008 CFC's for which data are presented in this article represent 95 percent or more of all the financial data for the population and therefore, are comparable to 1982 data. Throughout the rest of this article, all references to the CFC population will include only the data for the 27,008 CFC's. (See also "Data Sources and Limitations" at the end of this article.)

[4] For purposes of this article, data are included only for foreign corporations controlled by U.S. corporations with $250 million or more in total assets. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin,* Summer 1984, Volume 3, Number 4.

[5] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations, Arno Press,* 1980, pp. 2-3.

[6] Heller, *Op. cit.,* pp. 3-4.

[7] U.S. corporations and individuals may claim a credit on their U.S. taxes for certain taxes paid to foreign governments. An excess foreign tax credit is the amount of creditable foreign taxes that the corporation did not claim in the current year. This could be due to U.S. tax law limitations or deferral to future years. For further information on foreign tax credits, see Mose, Vergie, "Corporate Foreign Tax Credit, 1984," *Statistics of Income Bulletin,* Winter 1989-90, Volume 9, Number 3.

[8] For a further discussion of income from foreign branches, refer to Mose, Vergie, "Corporate Foreign Tax Credit, 1984," Statistics of *Income Bulletin,* Winter 1989-90, Volume 9, Number 3.

[9] More recently, the Tax Reform Act of 1986 expanded further the definition of Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.

[10] For Statistics of Income purposes, countries that fall under the Other Western Hemisphere category include Bahamas, Bermuda, Netherlands Antilles, Leeward Islands, Windward Islands, Antigua, Barbuda, the French West Indies, Falkland Islands and Greenland.

[11] For a further discussion of CFC activity by industry, see Lewis, Margaret P., "Controlled Foreign Corporations, 1984: An Industry Focus," *Statistics of Income Bulletin,* Fall 1989, Volume 9, Number 2.

[12] There are differences in these figures which limit this comparison. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is limited.

[13] Pearson, John, *Business Week,* March 22, 1985, p. 155.

[14] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade,* FT 990, monthly. Data from this source are based on the 1984 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1984 through June 1985 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.

[15] For a further discussion of the Deficit Reduction Act of 1984 and its effects on finance-related operations in the Netherlands Antilles, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, 1984," *Statistics of Income Bulletin,* Fall 1986, Volume 6, Number 2.

**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All geographic areas, total** | | | | | | | | | | |
| **All industries, total** | **1,103** | **27,008** | **595,406,489** | **624,529,988** | **48,591,785** | **57,469,606** | **19,888,594** | **19,663,431** | **17,429,494** | **4,420,024** |
| Agriculture, forestry and fishing | 46 | 161 | 978,638 | 1,006,480 | 38,633 | 88,809 | 31,682 | 33,787 | 19,072 | – |
| Mining | 123 | 821 | 25,901,284 | 19,534,830 | 6,564,057 | 7,263,299 | 4,016,773 | 4,021,775 | 2,088,531 | 151,361 |
| Construction | 51 | 396 | 4,778,866 | 5,840,113 | 431,745 | 561,290 | 164,504 | 165,775 | 171,063 | 14,108 |
| Manufacturing | 571 | 7,259 | 219,484,327 | 341,427,774 | 23,123,025 | 27,510,932 | 9,923,041 | 9,686,985 | 7,396,511 | 845,682 |
| Transportation and public utilities | 156 | 626 | 16,223,121 | 10,011,858 | 641,795 | 1,330,717 | 232,909 | 226,388 | 537,151 | 158,425 |
| Wholesale and retail trade | 467 | 4,646 | 74,983,155 | 199,002,412 | 9,143,205 | 10,579,211 | 3,971,057 | 3,977,831 | 4,430,170 | 682,542 |
| Finance, insurance and real estate | 671 | 3,915 | 228,186,477 | 34,113,467 | 6,917,561 | 8,143,221 | 1,116,328 | 1,100,551 | 2,379,836 | 2,391,587 |
| Services | 399 | 2,571 | 19,436,781 | 12,937,029 | 1,658,857 | 1,900,428 | 414,495 | 432,473 | 395,550 | 175,611 |
| Nature of business not allocable | 133 | 341 | 758,852 | 656,025 | 72,907 | 91,700 | 17,805 | 17,866 | 11,610 | 709 |
| **Canada** | | | | | | | | | | |
| **All industries, total** | **761** | **2,840** | **99,795,914** | **117,740,139** | **10,885,548** | **11,387,673** | **4,216,902** | **4,195,403** | **3,546,748** | **172,849** |
| Agriculture, forestry and fishing | 4 | 4 | 54,133 | 39,973 | 11,991 | 11,991 | 5,358 | 5,358 | – | – |
| Mining | 85 | 147 | 11,013,230 | 7,785,807 | 2,032,111 | 2,098,216 | 925,219 | 923,890 | 945,802 | 2,405 |
| Construction | 24 | 46 | 614,067 | 1,004,362 | 118,350 | 121,269 | 35,542 | 35,263 | 51,597 | – |
| Manufacturing | 404 | 777 | 48,561,760 | 81,451,382 | 7,251,577 | 7,441,940 | 2,746,463 | 2,739,060 | 2,060,588 | 93,452 |
| Transportation and public utilities | 61 | 121 | 5,702,587 | 3,727,483 | 308,475 | 360,829 | 126,239 | 115,096 | 50,942 | – |
| Wholesale and retail trade | 193 | 505 | 8,781,552 | 18,439,208 | 509,640 | 590,938 | 179,825 | 183,967 | 127,082 | 4,129 |
| Finance, insurance and real estate | 145 | 297 | 21,945,837 | 3,662,546 | 488,021 | 574,020 | 134,669 | 120,265 | 294,401 | 60,302 |
| Services | 124 | 279 | 2,202,408 | 1,613,333 | 164,845 | 187,182 | 62,937 | 71,870 | 14,822 | 12,361 |
| Nature of business not allocable | 25 | 34 | 56,637 | 16,044 | 539 | 1,290 | 650 | 634 | 1,514 | – |
| **Latin America, total** | | | | | | | | | | |
| **All industries, total** | **624** | **4,395** | **66,543,615** | **68,071,722** | **5,164,258** | **7,012,933** | **1,873,808** | **1,940,589** | **1,905,702** | **603,824** |
| Agriculture, forestry and fishing | 30 | 81 | 380,612 | 178,441 | –24,128 | 14,860 | 2,254 | 2,325 | 2,014 | – |
| Mining | 56 | 208 | 3,987,140 | 1,327,916 | 239,846 | 442,123 | 85,477 | 87,925 | 183,441 | 69,043 |
| Construction | 19 | 51 | 690,670 | 307,248 | 25,166 | 56,371 | 13,571 | 13,998 | 5,679 | 5,344 |
| Manufacturing | 327 | 1,500 | 28,855,140 | 33,182,336 | 3,008,006 | 4,086,872 | 1,378,351 | 1,409,159 | 979,584 | 193,814 |
| Transportation and public utilities | 47 | 105 | 1,822,536 | 801,868 | –1,193 | 155,889 | 18,042 | 22,443 | 15,798 | 16,229 |
| Wholesale and retail trade | 174 | 529 | 8,309,527 | 25,969,143 | 712,664 | 843,402 | 186,144 | 209,444 | 395,306 | 100,089 |
| Finance, insurance and real estate | 209 | 481 | 19,554,043 | 5,066,938 | 816,914 | 989,316 | 124,851 | 130,547 | 252,171 | 190,090 |
| Services | 142 | 333 | 2,055,276 | 1,225,884 | 357,746 | 393,973 | 64,724 | 64,358 | 71,307 | 29,118 |
| Nature of business not allocable | 34 | 52 | 84,427 | 11,949 | 29,236 | 30,126 | 394 | 390 | 401 | 97 |
| **Brazil** | | | | | | | | | | |
| **All industries, total** | **371** | **993** | **17,775,652** | **18,493,699** | **1,851,911** | **2,466,141** | **677,779** | **720,788** | **589,256** | **47,079** |
| Agriculture, forestry and fishing | 11 | 15 | 43,921 | 17,062 | –5,161 | 2,144 | 807 | 837 | – | – |
| Mining | 27 | 60 | 530,430 | 68,056 | –2,510 | 14,807 | 3,418 | 3,407 | 2,339 | 183 |
| Construction | 8 | 9 | 171,821 | 110,698 | 6,828 | 14,984 | 4,258 | 4,199 | 4,183 | – |
| Manufacturing | 202 | 362 | 10,775,822 | 10,068,950 | 1,189,123 | 1,633,090 | 504,583 | 519,638 | 490,717 | 28,518 |
| Transportation and public utilities | 8 | 12 | 16,265 | 10,765 | 347 | 2,322 | 904 | 1,349 | 538 | 5 |
| Wholesale and retail trade | 70 | 103 | 2,109,684 | 6,050,632 | 225,551 | 281,149 | 68,231 | 90,446 | 53,250 | 3,839 |
| Finance, insurance and real estate | 77 | 130 | 3,651,973 | 1,806,787 | 264,902 | 331,571 | 89,609 | 93,872 | 37,075 | 13,232 |
| Services | 71 | 92 | 384,821 | 359,660 | 173,221 | 186,021 | 5,909 | 6,981 | 1,153 | 1,304 |
| Nature of business not allocable | 9 | 12 | 20,947 | 1,090 | –391 | 53 | 60 | 60 | – | – |
| **Mexico** | | | | | | | | | | |
| **All industries, total** | **327** | **835** | **9,422,497** | **11,637,194** | **824,093** | **1,056,003** | **543,721** | **552,997** | **160,764** | **13,212** |
| Agriculture, forestry and fishing | 5 | 15 | 12,122 | 9,053 | 435 | 1,228 | 396 | 420 | 513 | – |
| Mining | 8 | 12 | 58,124 | 49,230 | –2,995 | 1,095 | 499 | –2,306 | – | 12,477 |
| Construction | 6 | 7 | 14,705 | 18,549 | 4,513 | 4,915 | 2,109 | 2,071 | 1,252 | – |
| Manufacturing | 210 | 405 | 5,623,771 | 7,857,770 | 707,640 | 863,186 | 485,253 | 496,898 | 106,241 | 550 |
| Transportation and public utilities | 3 | 3 | 6,061 | 4,146 | –67 | 191 | 67 | 67 | – | – |
| Wholesale and retail trade | 56 | 83 | 1,342,567 | 1,922,677 | 90,600 | 105,650 | 42,625 | 42,865 | 17,116 | – |
| Finance, insurance and real estate | 47 | 59 | 1,878,044 | 1,480,551 | –23,978 | 30,531 | 5,407 | 5,600 | 31,892 | 185 |
| Services | 36 | 45 | 338,421 | 295,015 | 18,780 | 20,030 | 7,360 | 7,376 | 3,749 | – |
| Nature of business not allocable | 4 | 4 | 50,703 | 202 | 29,167 | 29,178 | 5 | 5 | – | – |
| **Panama** | | | | | | | | | | |
| **All industries, total** | **196** | **509** | **18,889,886** | **20,833,290** | **1,294,847** | **1,507,205** | **231,090** | **235,466** | **646,575** | **393,843** |
| Agriculture, forestry and fishing | • | • | • | • | • | • | • | • | • | • |
| Mining | *18 | *53 | *1,598,822 | *318,185 | *155,638 | *192,117 | *21,587 | *22,261 | *119,262 | *49,504 |
| Construction | 5 | 12 | 299,202 | 57,729 | 3,436 | 9,202 | 4,850 | 4,884 | – | – |
| Manufacturing | 45 | 71 | 2,420,321 | 4,743,089 | 513,279 | 519,430 | 135,004 | 135,300 | 88,962 | 156,244 |
| Transportation and public utilities | 29 | 48 | 1,327,226 | 559,996 | –92,297 | 48,992 | 997 | 4,467 | 5,025 | 13,311 |
| Wholesale and retail trade | 47 | 65 | 2,950,505 | 13,948,466 | 216,209 | 226,013 | 26,643 | 26,557 | 231,931 | 77,007 |
| Finance, insurance and real estate | 46 | 71 | 9,812,515 | 1,056,610 | 419,672 | 431,754 | 8,141 | 8,140 | 153,367 | 94,476 |
| Services | 21 | 37 | 348,202 | 149,056 | 78,758 | 79,545 | 33,866 | 33,856 | 48,027 | 3,014 |
| Nature of business not allocable | 5 | 6 | 2,681 | 159 | 152 | 153 | 2 | 2 | – | 87 |

Footnotes at end of table.



**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Venezuela** | | | | | | | | | | |
| **All industries, total** | **181** | **377** | **3,524,672** | **2,794,877** | **139,460** | **316,423** | **103,158** | **103,089** | **101,857** | **10,657** |
| Agriculture, forestry and fishing | • | • | • | • | • | • | • | • | • | • |
| Mining | *9 | *9 | *253,148 | *103,075 | *15,533 | *18,936 | *10,269 | *10,660 | *47 | *2,955 |
| Construction | 5 | 5 | 59,293 | 45,264 | 1,462 | 4,363 | 1,366 | 1,366 | – | – |
| Manufacturing | 84 | 147 | 2,402,918 | 2,233,733 | 63,785 | 209,036 | 69,665 | 70,233 | 74,786 | 6,949 |
| Transportation and public utilities | 7 | 15 | 55,298 | 40,875 | 9,952 | 10,111 | 2,314 | 2,314 | 3,664 | – |
| Wholesale and retail trade | 35 | 44 | 441,648 | 262,163 | 21,561 | 35,090 | 7,581 | 7,886 | 4,684 | 278 |
| Finance, insurance and real estate | 14 | 20 | 102,934 | 17,775 | 9,108 | 11,397 | 3,104 | 3,140 | 6,968 | 363 |
| Services | 21 | 29 | 171,152 | 91,993 | 18,068 | 27,487 | 8,845 | 7,476 | 11,705 | 112 |
| Nature of business not allocable | 4 | 4 | 656 | – | –8 | 3 | 15 | 15 | 2 | – |
| **Other Western Hemisphere, total** | | | | | | | | | | |
| **All industries, total** | **566** | **1,610** | **90,638,424** | **40,799,282** | **3,269,817** | **4,321,555** | **355,870** | **356,637** | **920,398** | **2,090,179** |
| Agriculture, forestry and fishing | • | • | • | • | • | • | • | • | • | • |
| Mining | *34 | *100 | *1,212,864 | *20,391 | *–42,781 | *113,334 | *25,690 | *25,873 | *64,229 | *64,096 |
| Construction | 6 | 14 | 164,224 | 73,564 | 1,698 | 12,981 | –16 | –16 | 1,975 | 408 |
| Manufacturing | 47 | 59 | 3,162,671 | 4,169,261 | –49,557 | 240,063 | 24,071 | 23,387 | 46,111 | 25,650 |
| Transportation and public utilities | 32 | 52 | 1,301,068 | 845,731 | –52,017 | 55,275 | 737 | 732 | 12,446 | 5,282 |
| Wholesale and retail trade | 56 | 90 | 5,095,866 | 24,937,159 | 196,732 | 287,575 | 69,035 | 70,533 | 49,257 | 137,940 |
| Finance, insurance and real estate | 465 | 928 | 76,942,617 | 10,003,703 | 3,013,946 | 3,402,651 | 212,163 | 211,666 | 700,016 | 1,791,810 |
| Services | 56 | 83 | 2,418,928 | 565,953 | 201,402 | 209,215 | 24,157 | 24,428 | 46,364 | 64,772 |
| Nature of business not allocable | 13 | 15 | 26,222 | – | 393 | 481 | 33 | 33 | – | 222 |
| **Bahamas** | | | | | | | | | | |
| **All industries, total** | **97** | **234** | **7,949,971** | **15,390,781** | **–111,631** | **401,217** | **56,517** | **58,209** | **140,396** | **90,934** |
| Agriculture, forestry and fishing | • | • | • | • | • | • | • | • | • | • |
| Mining | 7 | 16 | 594,972 | 78,724 | 23,770 | 55,503 | 4,624 | 4,624 | 40,229 | 49,968 |
| Construction | • | • | • | • | • | • | • | • | • | • |
| Manufacturing | 14 | 18 | 1,137,230 | 2,257,208 | –176,836 | 67,434 | 16,460 | 16,476 | 35,046 | 12,316 |
| Transportation and public utilities | 13 | 20 | 585,457 | 486,143 | –59,747 | 26,179 | – | 58 | 1,412 | – |
| Wholesale and retail trade | 20 | 27 | 1,916,197 | 12,004,612 | 30,922 | 85,128 | 17,709 | 19,207 | 22,179 | 2,446 |
| Finance, insurance and real estate | 39 | 58 | 3,051,346 | 254,132 | –18,303 | 76,330 | 3,064 | 3,183 | 33,447 | 18,559 |
| Services | 14 | 24 | 527,767 | 309,138 | 88,418 | 90,331 | 14,661 | 14,661 | 8,083 | 7,511 |
| Nature of business not allocable | 4 | 4 | 24,035 | – | 250 | 312 | – | – | – | 133 |
| **Bermuda** | | | | | | | | | | |
| **All industries, total** | **360** | **775** | **22,348,050** | **17,586,532** | **1,131,376** | **1,519,013** | **93,184** | **92,306** | **425,125** | **504,636** |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 18 | 68 | 496,337 | 114,064 | –74,015 | 48,887 | 19,271 | 19,454 | 19,400 | 7,735 |
| Construction | 3 | 9 | 82,546 | 70,468 | 12,715 | 12,791 | –16 | –16 | – | 408 |
| Manufacturing | 19 | 24 | 1,764,968 | 1,806,981 | 108,227 | 149,809 | 4,993 | 4,284 | 9,000 | 9,918 |
| Transportation and public utilities | 17 | 25 | 413,317 | 203,084 | 22,750 | 23,826 | 137 | 74 | 10,310 | 1,665 |
| Wholesale and retail trade | 32 | 46 | 2,628,030 | 12,113,511 | 99,944 | 132,102 | 49,430 | 49,430 | 27,078 | 108,023 |
| Finance, insurance and real estate | 300 | 467 | 16,128,143 | 3,104,490 | 895,873 | 1,080,781 | 15,869 | 15,390 | 325,497 | 364,515 |
| Services | 30 | 37 | 687,649 | 173,935 | 65,807 | 70,731 | 3,500 | 3,689 | 33,841 | 12,283 |
| Nature of business not allocable | 4 | 6 | 1,151 | – | 77 | 97 | – | – | – | 89 |
| **Netherlands Antilles** | | | | | | | | | | |
| **All industries, total** | **363** | **578** | **60,116,451** | **7,624,978** | **2,268,851** | **2,398,667** | **205,808** | **205,788** | **352,177** | **1,494,442** |
| Agriculture, forestry and fishing | • | • | • | • | • | • | • | • | • | • |
| Mining | 11 | 12 | 102,832 | 10,298 | 7,806 | 7,912 | 1,696 | 1,696 | 4,600 | 6,393 |
| Construction | • | • | • | • | • | • | • | • | • | • |
| Manufacturing | 15 | 15 | 256,706 | 99,990 | 19,721 | 22,820 | 2,618 | 2,618 | 2,065 | 3,417 |
| Transportation and public utilities | 4 | 4 | 141,768 | 21,445 | 3,889 | 5,207 | 600 | 600 | – | 3,617 |
| Wholesale and retail trade | 11 | 13 | 539,837 | 765,332 | 63,809 | 68,121 | 1,535 | 1,535 | – | 27,304 |
| Finance, insurance and real estate | 279 | 401 | 57,726,967 | 6,645,032 | 2,136,521 | 2,245,539 | 193,231 | 193,128 | 341,072 | 1,408,736 |
| Services | 20 | 22 | 1,203,511 | 82,881 | 47,178 | 48,153 | 5,995 | 6,077 | 4,439 | 44,977 |
| Nature of business not allocable | 5 | 5 | 1,036 | – | 66 | 72 | 33 | 33 | – | – |
| **Europe, total** | | | | | | | | | | |
| **All industries, total** | **771** | **12,353** | **252,554,023** | **309,494,761** | **22,936,539** | **26,829,711** | **10,359,804** | **10,104,525** | **8,280,034** | **1,107,221** |
| Agriculture, forestry and fishing | 12 | 39 | 150,726 | 213,702 | 18,590 | 23,106 | 11,354 | 11,030 | 3,977 | – |
| Mining | 59 | 193 | 7,304,172 | 8,295,517 | 3,610,258 | 3,738,266 | 2,342,128 | 2,344,436 | 838,452 | 50 |
| Construction | 32 | 186 | 2,310,998 | 2,882,703 | 173,795 | 227,052 | 62,004 | 63,283 | 58,874 | 442 |
| Manufacturing | 430 | 3,422 | 108,050,148 | 178,370,001 | 9,511,408 | 11,781,524 | 4,274,173 | 4,039,399 | 2,991,300 | 477,449 |
| Transportation and public utilities | 59 | 161 | 1,581,078 | 2,147,823 | 376,955 | 394,089 | 33,562 | 33,615 | 37,159 | 11,710 |
| Wholesale and retail trade | 347 | 2,481 | 39,111,255 | 98,388,519 | 6,306,634 | 7,258,853 | 2,918,026 | 2,898,463 | 3,283,771 | 253,143 |
| Finance, insurance and real estate | 337 | 1,471 | 82,190,403 | 11,516,550 | 2,177,138 | 2,505,896 | 504,258 | 491,660 | 907,536 | 306,749 |
| Services | 283 | 1,430 | 10,007,037 | 7,063,484 | 719,632 | 843,079 | 198,466 | 206,698 | 150,164 | 57,288 |
| Nature of business not allocable | 81 | 170 | 537,628 | 616,464 | 42,129 | 57,846 | 15,834 | 15,940 | 8,802 | 391 |

Footnotes at end of table

### Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations: Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Austria** | | | | | | | | | | |
| **All industries, total** | **168** | **267** | **2,501,320** | **3,309,232** | **183,185** | **200,625** | **59,706** | **60,087** | **60,239** | **17,633** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 4 | 4 | 4,185 | 4,157 | 741 | 1,408 | 1,107 | 1,107 | 1,006 | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 57 | 75 | 872,475 | 1,166,151 | 80,904 | 90,769 | 35,549 | 35,405 | 23,843 | 4,481 |
| Transportation and public utilities | 5 | 6 | 35,792 | 12,624 | 3,704 | 4,204 | — | 170 | — | — |
| Wholesale and retail trade | 74 | 98 | 729,742 | 1,901,597 | 48,133 | 52,957 | 15,413 | 15,443 | 18,251 | 740 |
| Finance, insurance and real estate | 12 | 15 | 753,991 | 119,227 | 37,424 | 38,742 | 1,226 | 1,551 | 12,689 | 12,249 |
| Services | 30 | 35 | 72,131 | 70,153 | 9,736 | 10,001 | 5,262 | 5,262 | 2,844 | 168 |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| **Belgium** | | | | | | | | | | |
| **All industries, total** | **303** | **594** | **12,396,043** | **15,837,221** | **511,641** | **789,866** | **267,832** | **239,985** | **218,257** | **65,545** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | *10 | *11 | *115,819 | *83,266 | *18,560 | *1,872 | *3,788 | *3,794 | *1,133 | — |
| Manufacturing | 152 | 212 | 6,308,628 | 11,780,757 | 351,246 | 553,746 | 208,617 | 180,191 | 188,017 | 55,203 |
| Transportation and public utilities | 10 | 12 | 7,523 | 3,911 | 749 | 818 | 189 | 189 | — | — |
| Wholesale and retail trade | 109 | 149 | 1,666,677 | 3,223,936 | 31,685 | 102,043 | 26,265 | 26,766 | 21,416 | 9,201 |
| Finance, insurance and real estate | 32 | 53 | 3,597,582 | 512,472 | 43,881 | 45,588 | 16,478 | 16,546 | 4,138 | 149 |
| Services | 66 | 94 | 682,345 | 204,941 | 38,513 | 41,289 | 12,130 | 12,127 | 3,553 | 992 |
| Nature of business not allocable | 7 | 7 | 14,509 | 27,937 | 27,009 | 27,662 | 366 | 372 | — | — |
| **Denmark** | | | | | | | | | | |
| **All industries, total** | **134** | **208** | **1,776,780** | **3,102,316** | **124,194** | **173,997** | **64,321** | **61,851** | **37,273** | **621** |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | *7 | *8 | *2,119 | *3,934 | *−3,486 | *234 | *98 | *98 | *103 | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 49 | 59 | 1,044,342 | 1,848,685 | 124,452 | 137,916 | 52,358 | 49,735 | 32,339 | 5 |
| Transportation and public utilities | 3 | 3 | 2,850 | 1,473 | 171 | 171 | 130 | 130 | — | — |
| Wholesale and retail trade | 55 | 70 | 561,959 | 1,195,926 | −6,768 | 24,988 | 8,628 | 8,703 | 2,834 | 1 |
| Finance, insurance and real estate | 8 | 10 | 79,212 | 7,574 | 3,725 | 3,841 | 826 | 905 | 449 | 815 |
| Services | 19 | 30 | 81,234 | 44,724 | 5,989 | 116 | 57 | 57 | — | — |
| Nature of business not allocable | 3 | 3 | 552 | — | 111 | — | — | — | — | — |
| **France (including Andorra)** | | | | | | | | | | |
| **All industries, total** | **396** | **1,207** | **19,699,801** | **34,520,834** | **1,552,693** | **1,874,127** | **802,341** | **793,273** | **526,380** | **39,605** |
| Agriculture, forestry and fishing | 3 | 3 | 4,693 | 6,113 | 813 | 813 | 194 | 194 | — | — |
| Mining | 10 | 12 | 40,678 | 18,386 | 699 | 7,622 | 215 | 104 | 60 | — |
| Construction | 13 | 27 | 261,436 | 937,065 | 23,194 | 28,823 | 11,111 | 11,427 | 19,628 | — |
| Manufacturing | 222 | 461 | 13,056,367 | 24,833,185 | 1,367,452 | 1,581,069 | 690,711 | 690,084 | 442,415 | 38,195 |
| Transportation and public utilities | 9 | 11 | 18,435 | 11,057 | 1,974 | 2,119 | 441 | 436 | — | — |
| Wholesale and retail trade | 160 | 329 | 2,817,536 | 7,238,693 | 68,206 | 138,908 | 57,778 | 49,524 | 30,124 | 338 |
| Finance, insurance and real estate | 59 | 89 | 2,820,256 | 411,305 | 51,166 | 58,770 | 16,146 | 15,436 | 17,091 | 1,068 |
| Services | 91 | 151 | 650,887 | 1,049,817 | 38,869 | 55,438 | 25,634 | 25,956 | 17,013 | 3 |
| Nature of business not allocable | 15 | 19 | 17,632 | 15,214 | 320 | 565 | 112 | 113 | 49 | (¹) |
| **Italy (including San Marino)** | | | | | | | | | | |
| **All industries, total** | **321** | **741** | **17,896,156** | **23,969,229** | **1,543,138** | **1,790,373** | **669,357** | **669,156** | **353,619** | **9,457** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | *14 | *15 | *81,838 | *60,876 | *4,622 | *10,833 | *5,232 | *5,002 | *3,310 | — |
| Construction | 9 | 12 | 704,964 | 426,843 | 31,190 | 32,632 | 8,810 | 8,810 | 277 | 80 |
| Manufacturing | 161 | 311 | 10,232,652 | 17,165,909 | 1,226,642 | 1,416,702 | 530,646 | 528,552 | 289,548 | 7,051 |
| Transportation and public utilities | 4 | 4 | 297,457 | 242,310 | 27,143 | 27,143 | 8,494 | 8,494 | 3,008 | — |
| Wholesale and retail trade | 116 | 175 | 2,097,712 | 5,001,798 | 130,812 | 168,450 | 66,286 | 68,185 | 27,980 | 27 |
| Finance, insurance and real estate | 35 | 50 | 4,117,352 | 712,060 | 90,411 | 97,091 | 35,713 | 34,811 | 13,731 | 2,299 |
| Services | 51 | 78 | 364,995 | 356,845 | 31,765 | 36,928 | 13,940 | 15,048 | 15,759 | — |
| Nature of business not allocable | 7 | 7 | 1,514 | 2,588 | 553 | 595 | 236 | 236 | 6 | — |
| **Netherlands** | | | | | | | | | | |
| **All industries, total** | **349** | **1,071** | **25,551,110** | **22,780,455** | **1,347,828** | **1,673,177** | **310,384** | **296,296** | **388,720** | **172,025** |
| Agriculture, forestry and fishing | 3 | 4 | 13,719 | 52,235 | 140 | 1,123 | 248 | 169 | — | — |
| Mining | 15 | 24 | 71,521 | 9,336 | 190 | 1,954 | 541 | 1,039 | — | — |
| Construction | 11 | 21 | 166,774 | 205,011 | 3,972 | 13,449 | 5,550 | 5,640 | 4,915 | — |
| Manufacturing | 154 | 257 | 9,000,337 | 15,554,887 | 974,941 | 1,142,383 | 225,167 | 216,793 | 133,662 | 122,109 |
| Transportation and public utilities | 22 | 24 | 330,398 | 193,092 | 64,978 | 66,621 | 6,567 | 6,576 | 24,575 | 2,008 |
| Wholesale and retail trade | 121 | 189 | 2,354,341 | 4,681,757 | 99,677 | 170,917 | 38,494 | 34,155 | 105,167 | 4,613 |
| Finance, insurance and real estate | 112 | 220 | 12,136,874 | 1,432,063 | 174,080 | 234,609 | 25,941 | 25,007 | 109,593 | 41,715 |
| Services | 64 | 111 | 1,432,239 | 642,381 | 28,636 | 40,844 | 7,780 | 6,857 | 10,808 | 1,527 |
| Nature of business not allocable | 10 | 17 | 10,366 | 9,694 | 1,215 | 1,276 | 61 | 61 | (¹) | 23 |

Footnotes at end of table.

### Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations: Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Norway** | | | | | | | | | | |
| **All industries, total** | **126** | **191** | **510,676** | **2,706,337** | **180,722** | **241,567** | **95,847** | **98,508** | **28,827** | **38,710** |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | 20 | 25 | 100,743 | 62,610 | −26,444 | 13,234 | 5,011 | 5,026 | 1,432 | — |
| Construction | 4 | 4 | 24,903 | 18,837 | −2,731 | 474 | 220 | 1,292 | 985 | — |
| Manufacturing | 37 | 44 | 719,978 | 1,338,086 | 128,037 | 136,483 | 51,426 | 52,491 | 18,190 | 34,710 |
| Transportation and public utilities | 3 | 3 | 40,459 | 532 | 9,114 | 9,130 | 5,261 | 5,261 | — | — |
| Wholesale and retail trade | 54 | 66 | 554,881 | 1,251,746 | 68,348 | 77,009 | 31,876 | 32,078 | 7,458 | 4,000 |
| Finance, insurance and real estate | * | * | * | * | * | * | * | * | * | * |
| Services | *16 | *28 | *65,322 | *34,525 | *4,398 | *5,256 | *2,053 | *2,360 | *763 | — |
| Nature of business not allocable | — | — | — | — | — | — | — | — | — | — |
| **Spain** | | | | | | | | | | |
| **All industries, total** | **245** | **502** | **8,766,051** | **7,426,418** | **347,976** | **662,943** | **188,750** | **181,625** | **158,859** | **419** |
| Agriculture, forestry and fishing | 5 | 10 | 23,763 | 69,061 | 429 | 1,549 | 292 | 298 | — | — |
| Mining | 6 | 7 | 12,012 | 14,665 | −1,304 | 3,406 | 1,275 | 1,275 | 384 | — |
| Construction | 4 | 7 | 104,474 | 114,177 | 3,964 | 10,318 | 2,886 | 2,886 | 3,387 | — |
| Manufacturing | 120 | 206 | 5,311,354 | 5,404,805 | 258,513 | 524,220 | 149,624 | 144,735 | 132,212 | 13 |
| Transportation and public utilities | 7 | 8 | 22,569 | 10,070 | −502 | 310 | 49 | 49 | — | — |
| Wholesale and retail trade | 68 | 94 | 950,240 | 1,331,816 | 53,225 | 79,270 | 20,669 | 20,366 | 14,636 | 406 |
| Finance, insurance and real estate | 23 | 34 | 2,043,002 | 279,879 | 22,606 | 24,600 | 7,671 | 7,735 | 3,071 | — |
| Services | *38 | *49 | *266,482 | *201,944 | *11,048 | *19,270 | *4,285 | *4,280 | *5,169 | — |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| **Sweden** | | | | | | | | | | |
| **All industries, total** | **192** | **350** | **2,837,453** | **4,750,250** | **308,637** | **330,836** | **159,191** | **157,447** | **75,568** | **140** |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | — | — | — | — | — | — | — | — | — | — |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | *69 | *95 | *1,274,851 | *1,872,150 | *216,305 | *220,859 | *127,008 | *127,091 | *46,257 | — |
| Transportation and public utilities | 4 | 5 | 7,426 | 2,609 | 151 | 357 | 64 | 64 | — | — |
| Wholesale and retail trade | 86 | 113 | 1,367,646 | 2,731,078 | 80,266 | 95,033 | 26,887 | 25,310 | 23,111 | 14 |
| Finance, insurance and real estate | 10 | 15 | 57,677 | 5,625 | 3,445 | 3,480 | 106 | 106 | 5,232 | — |
| Services | 27 | 36 | 120,003 | 138,788 | 8,455 | 11,087 | 5,120 | 4,868 | 968 | 126 |
| Nature of business not allocable | 5 | 5 | 1,200 | — | 16 | 20 | 5 | 7 | — | — |
| **Switzerland** | | | | | | | | | | |
| **All industries, total** | **335** | **781** | **21,732,084** | **26,415,104** | **1,687,732** | **1,790,875** | **301,521** | **310,773** | **339,130** | **519,641** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | *3 | *3 | *387 | — | *−78 | — | — | — | — | — |
| Construction | 4 | 31 | 258,217 | 222,826 | −850 | 5,671 | 583 | 716 | 1,848 | — |
| Manufacturing | 92 | 160 | 4,055,697 | 3,472,939 | 466,296 | 495,044 | 100,060 | 100,654 | 90,157 | 48,693 |
| Transportation and public utilities | 5 | 5 | 1,426 | 3,339 | 122 | 139 | 26 | 26 | 45 | — |
| Wholesale and retail trade | 132 | 214 | 7,820,772 | 21,010,208 | 714,687 | 750,843 | 116,712 | 122,690 | 99,224 | 219,561 |
| Finance, insurance and real estate | 108 | 155 | 8,448,633 | 1,102,472 | 367,653 | 397,054 | 54,021 | 56,387 | 117,398 | 199,082 |
| Services | 90 | 131 | 1,100,832 | 601,127 | 139,502 | 141,706 | 29,995 | 30,176 | 30,458 | 52,279 |
| Nature of business not allocable | 13 | 15 | 3,619 | 2,194 | 400 | 419 | 124 | 124 | (¹) | 26 |
| **United Kingdom** | | | | | | | | | | |
| **All industries, total** | **634** | **4,135** | **83,826,123** | **96,419,493** | **11,507,602** | **12,796,451** | **5,771,757** | **5,770,696** | **4,802,692** | **137,822** |
| Agriculture, forestry and fishing | 7 | 10 | 59,105 | 28,204 | 11,241 | 13,346 | 7,525 | 7,524 | 3,977 | — |
| Mining | 43 | 80 | 6,908,388 | 8,010,081 | 3,637,925 | 3,674,088 | 2,316,294 | 2,318,488 | 818,459 | 50 |
| Construction | 16 | 42 | 470,102 | 522,178 | 61,809 | 80,472 | 24,893 | 25,176 | 9,538 | — |
| Manufacturing | 319 | 787 | 28,484,426 | 50,303,576 | 1,823,816 | 2,377,468 | 783,453 | 773,250 | 675,079 | 102,756 |
| Transportation and public utilities | 34 | 55 | 717,857 | 1,591,668 | 264,550 | 276,250 | 11,273 | 11,153 | 8,866 | 9,672 |
| Wholesale and retail trade | 214 | 449 | 11,623,935 | 28,855,436 | 4,621,724 | 5,044,652 | 2,341,745 | 2,339,861 | 2,753,800 | 4,089 |
| Finance, insurance and real estate | 179 | 598 | 31,098,947 | 4,723,289 | 934,490 | 1,116,377 | 223,713 | 224,555 | 498,356 | 18,807 |
| Services | 176 | 424 | 3,373,054 | 2,360,000 | 156,351 | 212,918 | 62,911 | 70,629 | 34,436 | 2,107 |
| Nature of business not allocable | 37 | 51 | 91,926 | 25,060 | −4,303 | 881 | −50 | 60 | 182 | 341 |
| **West Germany** | | | | | | | | | | |
| **All industries, total** | **425** | **1,455** | **43,967,625** | **59,558,385** | **2,761,622** | **3,446,100** | **1,507,775** | **1,301,009** | **1,058,055** | **54,625** |
| Agriculture, forestry and fishing | 3 | 4 | 5,376 | 9,251 | 634 | 650 | 310 | 310 | — | — |
| Mining | 8 | 9 | 48,126 | 63,812 | 19,069 | 19,793 | 10,052 | 10,052 | 12,255 | — |
| Construction | 12 | 16 | 194,194 | 315,183 | 11,508 | 12,927 | 5,477 | 4,853 | 3,595 | — |
| Manufacturing | 253 | 510 | 24,060,170 | 40,014,117 | 1,888,348 | 2,418,691 | 1,218,805 | 1,037,454 | 788,901 | 54,361 |
| Transportation and public utilities | 15 | 17 | 115,525 | 72,896 | 4,582 | 6,550 | 941 | 941 | 664 | 1 |
| Wholesale and retail trade | 167 | 354 | 5,217,538 | 15,854,902 | 281,126 | 385,848 | 131,822 | 121,243 | 152,310 | 53 |
| Finance, insurance and real estate | 64 | 134 | 12,205,455 | 1,601,493 | 318,521 | 340,756 | 104,065 | 90,122 | 79,008 | 210 |
| Services | 99 | 190 | 1,690,957 | 1,159,462 | 215,363 | 234,697 | 21,378 | 21,123 | 12,759 | — |
| Nature of business not allocable | 21 | 29 | 320,515 | 467,269 | 22,471 | 26,187 | 14,924 | 14,911 | 8,564 | — |

Footnotes at end of table.

**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations: Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Africa, total** | | | | | | | | | | |
| **All industries, total** | **301** | **1,328** | **15,150,943** | **14,962,139** | **1,049,382** | **1,832,048** | **1,018,354** | **991,805** | **667,272** | **147,637** |
| Agriculture, forestry and fishing | 5 | 6 | 76,256 | 88,641 | 5,074 | 5,356 | 230 | 1,102 | — | — |
| Mining | 24 | 74 | 1,630,925 | 1,366,979 | 676,030 | 753,838 | 585,185 | 585,983 | 40,657 | 14,207 |
| Construction | 10 | 19 | 89,873 | 117,303 | 12,549 | 16,630 | 7,214 | 6,903 | 6,919 | — |
| Manufacturing | 127 | 263 | 2,883,224 | 4,035,083 | 185,706 | 337,712 | 167,473 | 137,701 | 154,588 | 3,655 |
| Transportation and public utilities | 49 | 109 | 3,472,881 | 1,494,288 | -189,438 | 159,392 | 2,313 | 2,373 | 299,163 | 118,380 |
| Wholesale and retail trade | 80 | 199 | 2,798,857 | 7,294,598 | 376,201 | 445,065 | 227,802 | 228,234 | 130,025 | 4,641 |
| Finance, insurance and real estate | 46 | 130 | 2,607,356 | 419,658 | -22,060 | 94,389 | 23,942 | 25,030 | 31,204 | 5,616 |
| Services | 41 | 75 | 482,822 | 140,375 | 6,126 | 19,463 | 4,144 | 4,424 | 4,516 | 1,174 |
| Nature of business not allocable | 18 | 24 | 14,513 | 5,214 | -806 | 202 | 52 | 56 | 199 | — |
| **Liberia** | | | | | | | | | | |
| **All industries, total** | **86** | **291** | **6,322,948** | **2,165,305** | **-252,578** | **266,148** | **9,359** | **10,303** | **349,185** | **143,385** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | 7 | 29 | 312,636 | 60,249 | -28,581 | 33,197 | — | 557 | 21,116 | 14,207 |
| Construction | * | * | * | * | * | * | * | * | * | * |
| Manufacturing | 4 | 8 | 88,316 | 39,330 | 5,345 | 5,397 | 3,850 | 3,826 | — | 2,951 |
| Transportation and public utilities | 44 | 98 | 3,460,658 | 1,486,740 | -189,986 | 157,902 | 1,818 | 1,877 | 299,163 | 118,380 |
| Wholesale and retail trade | 4 | 4 | 299,438 | 366,163 | 19,896 | 19,902 | 302 | 302 | 14,037 | 2,068 |
| Finance, insurance and real estate | 12 | 17 | 1,519,673 | 108,230 | -67,115 | 35,015 | 3,095 | 3,095 | 14,550 | 5,616 |
| Services | 12 | 21 | 345,954 | 25,006 | 1,827 | 8,049 | 65 | 417 | 320 | 163 |
| Nature of business not allocable | 4 | 6 | 1,416 | — | -530 | 99 | — | — | — | — |
| **South Africa (including Namibia)** | | | | | | | | | | |
| **All industries, total** | **212** | **582** | **4,166,745** | **7,083,989** | **320,494** | **487,389** | **271,766** | **271,906** | **214,017** | **194** |
| Agriculture, forestry and fishing | * | * | * | * | * | * | * | * | * | * |
| Mining | *7 | *14 | *30,133 | *23,920 | *1,959 | *5,527 | *2,369 | *3,241 | *2,575 | * |
| Construction | 5 | 6 | 26,807 | 91,705 | 11,909 | 12,033 | 6,164 | 6,147 | 6,029 | — |
| Manufacturing | 105 | 165 | 2,034,310 | 3,459,796 | 149,025 | 235,749 | 121,020 | 119,806 | 131,574 | 184 |
| Transportation and public utilities | 7 | 7 | 8,209 | 2,711 | 1,066 | 1,398 | 450 | 450 | — | — |
| Wholesale and retail trade | 65 | 85 | 1,254,356 | 3,169,766 | 130,114 | 191,638 | 125,814 | 125,474 | 65,106 | 10 |
| Finance, insurance and real estate | 29 | 83 | 589,711 | 238,945 | 20,154 | 31,584 | 12,270 | 13,183 | 6,056 | — |
| Services | 18 | 30 | 81,332 | 96,151 | 6,325 | 9,375 | 3,636 | 3,558 | 2,479 | — |
| Nature of business not allocable | 8 | 11 | 2,293 | 996 | -57 | 85 | 43 | 47 | 199 | — |
| **Asia, total** | | | | | | | | | | |
| **All industries, total** | **505** | **2,361** | **39,489,839** | **45,084,714** | **3,718,107** | **4,155,637** | **1,386,215** | **1,399,370** | **1,512,097** | **212,204** |
| Agriculture, forestry and fishing | 5 | 8 | 126,671 | 111,601 | 22,425 | 22,943 | 10,268 | 10,268 | 8,105 | — |
| Mining | 28 | 48 | 360,004 | 377,834 | 75,186 | 93,590 | 44,424 | 44,957 | 3,961 | 1,557 |
| Construction | 15 | 59 | 774,149 | 1,244,173 | 92,322 | 109,676 | 40,010 | 40,171 | 40,553 | 7,914 |
| Manufacturing | 236 | 770 | 17,143,632 | 23,679,822 | 2,350,965 | 2,587,413 | 918,414 | 926,689 | 871,702 | 49,460 |
| Transportation and public utilities | 19 | 39 | 1,882,781 | 668,165 | 160,138 | 162,244 | 36,857 | 36,970 | 110,964 | 3,908 |
| Wholesale and retail trade | 214 | 530 | 6,556,699 | 15,512,075 | 731,103 | 781,908 | 269,044 | 267,533 | 375,488 | 186,048 |
| Finance, insurance and real estate | 81 | 244 | 10,899,887 | 1,625,380 | 118,432 | 210,176 | 31,145 | 36,073 | 14,652 | 3,237 |
| Services | 125 | 248 | 1,616,418 | 1,860,756 | 167,527 | 187,531 | 35,967 | 36,654 | 86,672 | 10,080 |
| Nature of business not allocable | 16 | 29 | 10,944 | 4,909 | 8 | 156 | 86 | 55 | — | — |
| **Hong Kong** | | | | | | | | | | |
| **All industries, total** | **282** | **597** | **12,223,191** | **6,772,075** | **704,134** | **819,175** | **134,912** | **135,046** | **348,785** | **109,234** |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | 3 | 3 | 10,165 | 12,530 | 8,599 | 9,093 | — | 52 | 256 | 909 |
| Construction | 5 | 6 | 33,213 | 86,085 | 6,985 | 7,059 | 1,209 | 1,208 | 3,072 | — |
| Manufacturing | 68 | 103 | 1,958,692 | 2,378,193 | 181,924 | 214,771 | 42,652 | 42,811 | 78,840 | 16,596 |
| Transportation and public utilities | 8 | 16 | 1,802,777 | 632,042 | 152,844 | 152,985 | 35,519 | 35,519 | 110,426 | 3,908 |
| Wholesale and retail trade | 99 | 142 | 1,568,584 | 2,407,617 | 213,281 | 223,481 | 28,216 | 28,138 | 138,687 | 74,581 |
| Finance, insurance and real estate | 55 | 113 | 6,401,934 | 970,891 | 80,912 | 147,540 | 12,023 | 12,133 | 3,471 | 3,230 |
| Services | 61 | 78 | 354,380 | 284,717 | 59,529 | 64,184 | 15,265 | 15,158 | 14,032 | 10,011 |
| Nature of business not allocable | 6 | 9 | 8,686 | — | 59 | 61 | 28 | 28 | — | — |
| **Japan (including Okinawa and Ryukyu)** | | | | | | | | | | |
| **All industries, total** | **280** | **489** | **12,465,704** | **19,243,618** | **1,507,235** | **1,578,538** | **830,256** | **831,498** | **534,721** | **88,669** |
| Agriculture, forestry and fishing | — | — | — | — | — | — | — | — | — | — |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | *5 | *5 | *74,357 | *117,948 | *17,787 | *18,396 | *11,128 | *11,128 | *893 | — |
| Manufacturing | 117 | 175 | 6,445,214 | 8,214,119 | 1,110,741 | 1,151,378 | 624,414 | 625,931 | 354,670 | 8,670 |
| Transportation and public utilities | 3 | 3 | 7,773 | 5,986 | -73 | 1,713 | 1,033 | 1,145 | 311 | — |
| Wholesale and retail trade | 116 | 149 | 3,687,862 | 10,412,605 | 346,014 | 368,875 | 169,026 | 167,445 | 165,042 | 59,900 |
| Finance, insurance and real estate | 21 | 32 | 1,878,993 | 257,263 | 10,234 | 21,186 | 8,387 | 8,894 | 4,637 | — |
| Services | 50 | 62 | 364,599 | 235,433 | 22,581 | 25,935 | 16,127 | 16,843 | 9,168 | — |
| Nature of business not allocable | 7 | 9 | 572 | 265 | -48 | 55 | 42 | 11 | — | — |

Footnotes at end of table.



**Table 1.—U.S. Corporation Returns with Total Assets of $250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued**

[Money amounts are in thousands of dollars]

| Selected country of incorporation and selected industry of controlled foreign corporation | Number of U.S. corporations | Controlled Foreign Corporations: Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distribution in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Philippines** | | | | | | | | | | |
| **All industries, total** | **93** | **136** | **1,541,417** | **2,119,186** | **124,874** | **162,232** | **59,698** | **65,959** | **11,954** | **598** |
| Agriculture, forestry and fishing | 4 | 4 | 54,682 | 56,603 | 5,437 | 5,954 | 4,324 | 4,324 | 354 | — |
| Mining | * | * | * | * | * | * | * | * | * | * |
| Construction | 3 | 3 | 4,468 | 4,126 | -488 | 470 | 125 | 125 | 36 | — |
| Manufacturing | 54 | 61 | 1,148,793 | 1,860,954 | 112,796 | 142,450 | 52,282 | 54,848 | 11,526 | 270 |
| Transportation and public utilities | * | * | * | * | * | * | * | * | * | * |
| Wholesale and retail trade | 19 | 23 | 66,005 | 80,851 | 8,136 | 9,194 | 2,626 | 2,632 | 3 | 327 |
| Finance, insurance and real estate | 9 | 14 | 229,932 | 86,758 | -4,841 | 175 | 79 | 3,768 | — | (1) |
| Services | 9 | 9 | 31,589 | 29,839 | 3,905 | 3,979 | 262 | 262 | 35 | — |
| Nature of business not allocable | * | * | * | * | * | * | * | * | * | * |
| **Oceania, total** | | | | | | | | | | |
| **All industries, total** | **409** | **1,709** | **24,793,848** | **22,724,806** | **1,388,828** | **1,721,056** | **617,054** | **612,643** | **562,861** | **73,893** |
| Agriculture, forestry and fishing | 10 | 13 | 154,336 | 364,610 | 3,167 | 8,731 | 1,993 | 3,479 | 4,976 | — |
| Mining | 31 | 54 | 410,613 | 177,691 | -25,852 | 24,973 | 8,749 | 8,811 | 11,989 | 2 |
| Construction | 10 | 21 | 134,887 | 210,760 | 7,865 | 17,332 | 6,180 | 6,174 | 5,465 | — |
| Manufacturing | 205 | 442 | 9,040,848 | 12,087,470 | 832,052 | 974,267 | 398,876 | 396,369 | 281,983 | 2,180 |
| Transportation and public utilities | 14 | 22 | 238,272 | 204,406 | 25,111 | 28,678 | 10,586 | 10,586 | 10,381 | 245 |
| Wholesale and retail trade | 124 | 249 | 3,773,057 | 7,688,456 | 242,832 | 302,770 | 100,354 | 98,797 | 53,284 | 36,883 |
| Finance, insurance and real estate | 89 | 251 | 10,343,107 | 1,612,964 | 284,142 | 317,430 | 68,240 | 66,405 | 177,158 | 33,762 |
| Services | 76 | 145 | 515,975 | 377,003 | 27,120 | 45,295 | 21,321 | 21,265 | 16,931 | 820 |
| Nature of business not allocable | 10 | 13 | 25,044 | 1,446 | 1,390 | 1,580 | 755 | 758 | 694 | — |
| **Australia** | | | | | | | | | | |
| **All industries, total** | **394** | **1,389** | **23,327,255** | **20,499,758** | **1,257,208** | **1,566,171** | **551,002** | **547,202** | **532,213** | **73,510** |
| Agriculture, forestry and fishing | 10 | 13 | 154,336 | 364,610 | 3,167 | 8,731 | 1,993 | 3,479 | 4,976 | — |
| Mining | 30 | 45 | 354,504 | 160,245 | -27,048 | 19,452 | 8,749 | 8,810 | 11,989 | 2 |
| Construction | 6 | 13 | 119,425 | 174,405 | 13,128 | 14,675 | 5,097 | 5,117 | 4,935 | — |
| Manufacturing | 200 | 353 | 8,657,910 | 11,458,199 | 771,827 | 915,741 | 373,634 | 372,839 | 264,065 | 2,097 |
| Transportation and public utilities | 12 | 20 | 230,487 | 201,579 | 25,074 | 28,598 | 10,550 | 10,550 | 10,381 | 245 |
| Wholesale and retail trade | 110 | 196 | 3,297,110 | 6,334,712 | 193,867 | 250,532 | 72,263 | 69,579 | 44,752 | 36,583 |
| Finance, insurance and real estate | 81 | 214 | 9,841,648 | 1,452,329 | 252,736 | 285,721 | 57,201 | 55,365 | 173,736 | 33,762 |
| Services | 70 | 130 | 493,739 | 352,234 | 23,068 | 41,140 | 20,760 | 20,704 | 16,685 | 820 |
| Nature of business not allocable | 10 | 13 | 25,044 | 1,446 | 1,390 | 1,580 | 755 | 758 | 694 | — |
| **Puerto Rico and U.S. Possessions, total** | | | | | | | | | | |
| **All industries, total** | **162** | **376** | **6,438,156** | **5,652,425** | **179,306** | **208,992** | **60,587** | **62,459** | **34,382** | **12,383** |
| Agriculture, forestry and fishing | 4 | 7 | 18,203 | 8,690 | 772 | 779 | 126 | 126 | — | — |
| Mining | — | — | — | — | — | — | — | — | — | — |
| Construction | — | — | — | — | — | — | — | — | — | — |
| Manufacturing | 23 | 26 | 1,786,903 | 4,452,420 | 41,867 | 61,140 | 15,221 | 15,221 | 10,656 | 22 |
| Transportation and public utilities | 14 | 17 | 221,919 | 122,093 | 13,763 | 14,320 | 4,572 | 4,572 | 299 | 2,671 |
| Wholesale and retail trade | 32 | 63 | 556,342 | 773,254 | 67,399 | 68,699 | 20,827 | 20,858 | 15,956 | 9,669 |
| Finance, insurance and real estate | 41 | 131 | 3,703,226 | 205,729 | 41,027 | 49,344 | 17,060 | 18,905 | 2,698 | 21 |
| Services | 23 | 29 | 137,917 | 90,240 | 14,459 | 14,690 | 2,780 | 2,776 | 4,773 | — |
| Nature of business not allocable | 3 | 3 | 2,048 | — | 19 | 19 | — | — | — | — |

[1] Less than $500.

* Data deleted or combined to avoid disclosure of information on individual corporations.

Table 2.—Number of U. S. Corporation Returns with Total Assets of $250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

| Selected country of incorporation of controlled foreign corporation | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of foreign corporation returns | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Net taxes | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All geographic areas, total** | **1,103** | **27,008** | **595,406,489** | **624,529,988** | **48,591,765** | **19,663,431** | **17,429,494** | **4,420,024** |
| **Canada** | **761** | **2,840** | **99,795,914** | **117,740,139** | **10,885,548** | **4,195,403** | **3,546,748** | **172,849** |
| **Latin America, total** | **624** | **4,395** | **66,543,615** | **68,071,722** | **5.164,258** | **1,940,589** | **1,905,702** | **603,824** |
| Mexico | 327 | 835 | 9,422,497 | 11,637,194 | 824,093 | 552,997 | 160,764 | 13,212 |
| Central America, total | 243 | 841 | 20,439,675 | 22,350,601 | 1,389,665 | 279,266 | 687,990 | 394,037 |
| Costa Rica | 64 | 101 | 397,426 | 407,338 | 6,246 | 10,061 | 5,799 | (1) |
| El Salvador | 22 | 29 | 100,454 | 173,574 | 9,824 | 2,949 | 11,202 | 378 |
| Guatemala | 62 | 98 | 584,010 | 409,488 | 49,449 | 10,886 | 15,553 | 16 |
| Honduras | 29 | 69 | 408,111 | 470,762 | 23,480 | 13,233 | 6,839 | — |
| Nicaragua | 22 | 26 | 50,858 | 44,827 | 8,903 | 6,414 | 1,468 | — |
| Panama | 196 | 509 | 18,889,886 | 20,833,290 | 1,294,847 | 235,466 | 646,575 | 393,643 |
| Caribbean countries, total | 231 | 471 | 6,904,915 | 2,080,590 | 532,915 | 57,884 | 87,264 | 135,752 |
| Cayman Islands (British) | 158 | 285 | 6,026,613 | 1,597,675 | 405,657 | 36,695 | 75,955 | 116,218 |
| Dominican Republic | 30 | 52 | 386,700 | 161,470 | 72,926 | 13,165 | 2,832 | — |
| Jamaica | 40 | 57 | 81,582 | 74,006 | 6,763 | 3,842 | 2,571 | — |
| South America, total | 440 | 2,247 | 29,776,529 | 32,003,337 | 2,417,584 | 1,050,442 | 969,684 | 60,823 |
| Argentina | 165 | 303 | 4,189,898 | 4,616,407 | 25,490 | 21,911 | 91,607 | 2,544 |
| Bolivia | 19 | 23 | 30,864 | 36,448 | −9,239 | 445 | — | — |
| Brazil | 371 | 993 | 17,775,652 | 18,493,699 | 1,851,911 | 720,788 | 589,256 | 47,079 |
| Chile | 97 | 140 | 1,267,548 | 1,335,081 | 127,676 | 58,113 | 79,830 | 149 |
| Colombia | 82 | 134 | 1,887,114 | 3,388,675 | 210,220 | 91,641 | 72,953 | 393 |
| Ecuador | 48 | 69 | 365,166 | 299,038 | 50,432 | 14,944 | 8,217 | — |
| Peru | 80 | 123 | 474,464 | 693,040 | 38,086 | 35,288 | 18,725 | — |
| Uruguay | 45 | 62 | 233,556 | 270,098 | −20,100 | 2,632 | 6,008 | (1) |
| Venezuela | 181 | 377 | 3,524,672 | 2,794,877 | 139,460 | 103,089 | 101,857 | 10,657 |
| **Other Western Hemisphere, total** | **566** | **1,610** | **90,638,424** | **40,799,282** | **3,269,817** | **356,637** | **920,398** | **2,090,179** |
| Bahamas | 97 | 234 | 7,949,971 | 15,390,781 | −111,831 | 58,209 | 140,396 | 90,934 |
| Bermuda | 360 | 775 | 22,346,050 | 17,586,532 | 1,131,376 | 92,306 | 425,125 | 504,636 |
| Netherlands Antilles | 363 | 578 | 60,116,451 | 7,624,978 | 2,268,851 | 205,788 | 352,177 | 1,494,442 |
| **Europe, total** | **771** | **12,353** | **252,554,023** | **309,494,761** | **22,936,539** | **10,104,525** | **8,280,034** | **1,107,221** |
| Common Market countries, total | 753 | 9,961 | 213,118,312 | 261,451,172 | 19,915,540 | 9,205,619 | 7,537,182 | 507,363 |
| Belgium | 303 | 594 | 12,396,043 | 15,837,221 | 511,641 | 239,985 | 218,257 | 65,545 |
| Denmark | 134 | 208 | 1,776,780 | 3,102,316 | 124,194 | 61,851 | 37,273 | 621 |
| France (including Andorra) | 396 | 1,207 | 19,699,801 | 34,520,834 | 1,552,693 | 793,273 | 526,380 | 39,605 |
| Greece | 69 | 91 | 363,942 | 978,341 | 8,608 | 7,294 | 7,269 | (1) |
| Ireland | 172 | 380 | 3,949,672 | 3,399,273 | 474,026 | 26,693 | 113,661 | 19,872 |
| Italy (including San Marino) | 321 | 741 | 17,896,156 | 23,969,229 | 1,543,138 | 669,156 | 353,619 | 9,457 |
| Luxembourg | 55 | 77 | 3,690,504 | 885,624 | 84,086 | 39,311 | 31,256 | 7,791 |
| Netherlands | 349 | 1,071 | 25,551,110 | 22,780,455 | 1,347,828 | 296,296 | 388,720 | 172,025 |
| United Kingdom | 634 | 4,135 | 83,826,123 | 96,419,493 | 11,507,602 | 5,770,696 | 4,802,692 | 137,822 |
| West Germany | 425 | 1,455 | 43,967,625 | 59,558,385 | 2,761,622 | 1,301,009 | 1,058,055 | 54,625 |
| Other West European countries, total | 458 | 2,376 | 39,418,816 | 48,026,567 | 3,016,245 | 895,611 | 742,852 | 599,858 |
| Austria | 168 | 267 | 2,501,320 | 3,309,232 | 183,185 | 60,087 | 60,239 | 17,635 |
| Finland | 89 | 100 | 986,685 | 1,485,917 | 103,054 | 45,658 | 35,600 | 512 |
| Liechtenstein | 32 | 39 | 329,939 | 252,559 | 92,855 | 2,582 | 21,818 | 22,726 |
| Norway | 126 | 191 | 1,510,676 | 2,706,337 | 180,722 | 98,508 | 28,827 | 38,710 |
| Portugal | 80 | 106 | 555,089 | 1,106,274 | 74,842 | 25,907 | 10,497 | 11 |
| Spain | 245 | 502 | 8,766,051 | 7,426,418 | 347,978 | 181,625 | 158,859 | 419 |
| Sweden | 192 | 350 | 2,837,453 | 4,750,250 | 308,637 | 157,447 | 75,568 | 140 |
| Switzerland | 335 | 781 | 21,732,084 | 26,415,104 | 1,687,732 | 310,773 | 339,130 | 519,641 |
| Turkey | 15 | 21 | 138,820 | 463,313 | 28,876 | 11,045 | 3,823 | — |
| East European countries, total | 8 | 15 | 16,894 | 17,023 | 4,754 | 3,294 | — | — |
| **Africa, total** | **301** | **1,328** | **15,150,943** | **14,962,139** | **1,049,382** | **991,805** | **667,272** | **147,673** |
| Egypt | 17 | 17 | 186,401 | 356,841 | 28,823 | 7,653 | 12,960 | 948 |
| Kenya | 38 | 52 | 278,365 | 401,575 | 61,448 | 26,845 | 21,797 | — |
| Liberia | 86 | 291 | 6,322,948 | 2,165,305 | −252,578 | 10,303 | 349,185 | 143,386 |
| Morocco | 16 | 19 | 113,550 | 81,402 | 6,328 | 3,496 | 821 | — |
| Nigeria | 50 | 67 | 2,727,744 | 2,177,045 | 824,374 | 633,708 | 33,559 | 2,563 |
| South Africa (including Namibia) | 212 | 582 | 4,166,745 | 7,083,989 | 320,494 | 271,906 | 214,017 | 194 |
| Zaire | 17 | 21 | 116,202 | 153,026 | 22,879 | 10,113 | 2,935 | — |
| Zimbabwe | 38 | 65 | 140,805 | 171,238 | 30,480 | 15,778 | 10,002 | — |
| **Asia, total** | **505** | **2,381** | **39,489,839** | **45,084,714** | **3,718,107** | **1,399,370** | **1,512,097** | **212,204** |
| China | 24 | 29 | 391,976 | 1,162,254 | 72,780 | 15,800 | 13,120 | 45 |
| Hong Kong | 282 | 597 | 12,223,191 | 6,772,075 | 704,134 | 135,046 | 348,785 | 109,234 |
| India | 23 | 34 | 402,724 | 584,546 | 62,703 | 40,224 | 10,046 | 2 |
| Indonesia | 50 | 63 | 435,877 | 460,359 | 87,990 | 51,021 | 22,271 | 2 |
| Israel | 32 | 58 | 1,228,677 | 322,576 | 19,474 | 7,682 | 5,884 | — |
| Japan | 280 | 489 | 12,465,704 | 19,243,618 | 1,507,235 | 831,498 | 534,721 | 68,569 |
| Malaysia | 112 | 170 | 1,515,836 | 3,059,592 | 235,710 | 73,512 | 59,781 | 130 |
| Philippines | 93 | 136 | 1,541,417 | 2,119,186 | 124,874 | 65,959 | 11,954 | 598 |
| Saudi Arabia | 25 | 29 | 1,043,870 | 1,402,816 | 128,013 | 15,226 | 101,043 | 151 |
| Singapore | 226 | 364 | 4,422,246 | 4,550,530 | 355,822 | 54,169 | 269,236 | 32,534 |
| South Korea | 36 | 43 | 508,225 | 525,315 | 69,068 | 17,532 | 20,568 | — |
| Taiwan | 85 | 120 | 1,400,373 | 1,846,838 | 184,247 | 27,521 | 45,309 | 55 |
| Thailand | 85 | 117 | 1,191,502 | 2,016,941 | 86,076 | 29,191 | 35,830 | 15 |
| **Oceania, total** | **409** | **1,709** | **24,793,848** | **22,724,806** | **1,388,828** | **612,643** | **562,881** | **73,893** |
| Australia | 394 | 1,389 | 23,327,255 | 20,499,758 | 1,257,208 | 547,202 | 532,213 | 73,510 |
| New Zealand | 156 | 289 | 1,341,438 | 2,070,379 | 124,439 | 64,878 | 26,432 | 303 |
| **Puerto Rico and U.S Possessions, total** | **162** | **376** | **6,438,158** | **5,652,425** | **179,306** | **62,459** | **34,382** | **12,383** |
| Puerto Rico | 117 | 290 | 4,766,749 | 1,316,203 | 143,108 | 50,164 | 33,253 | 1,062 |
| U.S. possessions, total | 65 | 86 | 1,671,409 | 4,336,222 | 36,199 | 12,294 | 1,129 | 11,321 |
| Virgin Islands, U.S | 49 | 62 | 1,653,731 | 4,315,976 | 33,368 | 11,891 | 755 | 8,650 |

Footnote at end of table.



Table 2.—Number of U. S. Corporation Returns with Total Assets of $250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected country of incorporation of Controlled Foreign Corporation | Controlled Foreign Corporations—Selected receipts by foreign corporations from: All related persons | U.S. corporation filing returns and domestic corporation controlled by the U.S. corporation filing the return: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received | Any foreign corporation controlled by the U.S. corporation filing return: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received |
|---|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| **All geographic areas, total** | **83,528,175** | **68,589,582** | **54,859,629** | **4,208,307** | **7,207,392** | **14,648,044** | **873,549** | **3,718,226** | **3,734,962** |
| **Canada** | **25,050,722** | **22,574,438** | **22,004,788** | **325,162** | **131,752** | **2,427,370** | **130,267** | **270,330** | **592,231** |
| **Latin America, total** | **6,338,727** | **4,973,104** | **3,648,411** | **398,383** | **599,051** | **1,358,995** | **160,869** | **111,533** | **640,136** |
| Mexico | 1,391,435 | 1,284,197 | 1,166,339 | 44,626 | 56,795 | 106,533 | 7,395 | 24,398 | 33,374 |
| Central America, total | 2,373,112 | 1,729,437 | 1,377,055 | 43,006 | 222,209 | 640,705 | 120,118 | 21,825 | 240,505 |
| Costa Rica | 80,566 | 76,731 | 73,603 | 168 | 2,370 | 3,836 | 3,099 | 290 | 93 |
| El Salvador | 1,514 | 2 | — | — | — | 1,512 | — | 865 | 2 |
| Guatemala | 55,684 | 53,374 | 50,197 | 1,032 | 50 | 2,311 | — | 1,355 | 675 |
| Honduras | 68,270 | 67,455 | 67,383 | — | 72 | 815 | — | 169 | 624 |
| Nicaragua | 200 | — | — | — | — | 200 | — | — | — |
| Panama | 2,166,741 | 1,531,739 | 1,185,735 | 41,806 | 219,717 | 632,032 | 117,019 | 19,147 | 239,111 |
| Caribbean countries, total | 555,063 | 501,231 | 297,420 | 19,578 | 143,478 | 51,820 | 19,614 | 9,112 | 14,144 |
| Cayman Islands (British) | 500,423 | 452,482 | 260,578 | 9,746 | 142,514 | 45,928 | 19,614 | 9,053 | 8,313 |
| Dominican Republic | 1,109 | 1,066 | 853 | 72 | 18 | 43 | — | 31 | 12 |
| Jamaica | 8,170 | 7,990 | 7,034 | — | 945 | 180 | — | 28 | 152 |
| South America, total | 2,019,116 | 1,458,239 | 807,597 | 291,172 | 176,568 | 559,937 | 13,742 | 56,198 | 352,114 |
| Argentina | 173,574 | 147,206 | 124,364 | 13,337 | 2,422 | 26,369 | 1,720 | 12,703 | 2,546 |
| Bolivia | 907 | 907 | 646 | 21 | — | — | — | — | — |
| Brazil | 1,440,969 | 1,026,108 | 443,949 | 268,455 | 167,635 | 414,232 | 11,713 | 23,551 | 322,471 |
| Chile | 38,197 | 11,230 | 8,375 | 510 | 1,607 | 26,967 | — | 282 | 665 |
| Colombia | 104,388 | 83,319 | 70,072 | 3,169 | 1,238 | 21,030 | 89 | 5,599 | 9,739 |
| Ecuador | 4,878 | 4,320 | 3,241 | 409 | 209 | 557 | — | 109 | 437 |
| Peru | 15,243 | 11,535 | 7,499 | 1,345 | 17 | 3,708 | 10 | 1,134 | 734 |
| Uruguay | 1,946 | 1,106 | 17 | 246 | 798 | 840 | 49 | 684 | 66 |
| Venezuela | 238,060 | 172,044 | 149,435 | 3,398 | 2,565 | 65,746 | 161 | 12,135 | 15,451 |
| **Other Western Hemisphere, total** | **14,632,154** | **13,634,530** | **7,955,772** | **51,375** | **4,654,743** | **882,373** | **7,654** | **38,698** | **441,862** |
| Bahamas | 3,879,508 | 3,725,969 | 3,586,099 | 10,417 | 78,458 | 144,111 | — | 8,943 | 77,726 |
| Bermuda | 5,439,961 | 4,969,706 | 3,922,992 | 37,613 | 184,925 | 469,866 | 7,654 | 27,115 | 158,754 |
| Netherlands Antilles | 5,303,982 | 4,933,879 | 441,750 | 3,345 | 4,394,559 | 264,669 | — | 526 | 203,822 |
| **Europe, total** | **23,988,165** | **15,399,022** | **11,404,527** | **2,162,714** | **1,369,356** | **8,511,909** | **310,195** | **2,880,892** | **1,705,345** |
| Common Market countries, total | 20,290,604 | 12,945,583 | 9,537,352 | 1,787,345 | 1,273,639 | 7,276,977 | 197,104 | 2,587,164 | 1,437,060 |
| Belgium | 1,311,122 | 627,969 | 429,784 | 82,562 | 80,478 | 680,846 | 40,527 | 553,235 | 49,671 |
| Denmark | 68,351 | 32,476 | 29,311 | 2,221 | 229 | 35,875 | — | 16,304 | 6,139 |
| France (including Andorra) | 2,060,540 | 1,181,894 | 739,075 | 394,271 | 21,551 | 877,121 | 37,068 | 478,491 | 238,731 |
| Greece | 10,712 | 8,273 | 1,945 | 3,554 | 62 | 2,440 | — | 574 | 134 |
| Ireland | 450,799 | 324,850 | 307,578 | 4,861 | 10,636 | 125,949 | 1,537 | 14,190 | 28,016 |
| Italy (including San Marino) | 900,537 | 472,051 | 363,966 | 75,935 | 9,052 | 427,510 | 94,515 | 233,474 | 50,481 |
| Luxembourg | 313,264 | 237,674 | 57,667 | 63,328 | 114,747 | 75,590 | — | 30,284 | 39,364 |
| Netherlands | 1,465,498 | 953,606 | 562,487 | 93,988 | 248,300 | 498,913 | 5,017 | 125,658 | 207,903 |
| United Kingdom | 11,011,055 | 7,222,937 | 5,781,364 | 656,684 | 653,514 | 3,741,003 | 14,552 | 699,504 | 682,246 |
| West Germany | 2,698,727 | 1,883,853 | 1,264,174 | 410,041 | 135,071 | 811,732 | 3,889 | 435,450 | 134,375 |
| Other West European countries, total | 3,689,241 | 2,445,879 | 1,860,972 | 374,748 | 95,712 | 1,234,173 | 113,091 | 293,041 | 268,213 |
| Austria | 135,876 | 38,390 | 11,552 | 21,448 | 3,800 | 97,487 | 27,427 | 14,101 | 3,347 |
| Finland | 16,215 | 9,397 | 1,359 | 3,672 | 3,599 | 6,796 | — | 2,002 | 144 |
| Liechtenstein | 62,909 | 20,520 | 575 | 60 | 227 | 42,389 | — | 1,286 | 3,850 |
| Norway | 138,813 | 104,695 | 96,619 | 2,061 | 2,940 | 34,046 | 255 | 21,724 | 3,827 |
| Portugal | 12,170 | 8,711 | 7,285 | 1,254 | — | 3,459 | — | 1,667 | 514 |
| Spain | 287,042 | 198,917 | 149,319 | 23,726 | 13,158 | 87,009 | 6,065 | 24,618 | 39,404 |
| Sweden | 160,481 | 92,723 | 53,457 | 22,407 | 693 | 67,720 | 488 | 17,446 | 9,830 |
| Switzerland | 2,861,246 | 1,961,318 | 1,540,750 | 298,328 | 71,172 | 891,986 | 78,856 | 207,976 | 207,160 |
| Turkey | 11,574 | 9,307 | 45 | 25 | — | 2,267 | — | 2,220 | 2 |
| East European countries, total | 8,320 | 7,561 | 6,204 | 621 | 5 | 759 | — | 687 | 72 |
| **Africa, total** | **1,413,462** | **1,166,040** | **650,677** | **337,363** | **171,311** | **247,047** | **221** | **60,712** | **116,457** |
| Egypt | 2,803 | 305 | — | 68 | 162 | 2,499 | — | 143 | 2,345 |
| Kenya | 51,769 | 45,876 | 44,735 | 168 | 974 | 5,893 | — | 801 | 199 |
| Liberia | 853,504 | 686,133 | 211,809 | 306,866 | 165,644 | 167,341 | — | 33,970 | 98,483 |
| Morocco | 57 | 21 | 21 | — | — | 36 | — | — | 33 |
| Nigeria | 317,621 | 310,599 | 302,600 | 7,397 | 512 | 7,021 | — | 6,908 | 9 |
| South Africa | 164,354 | 110,577 | 82,125 | 21,761 | 2,016 | 53,433 | 221 | 16,424 | 11,236 |
| Zaire | 632 | 346 | — | — | 346 | 286 | — | 187 | 99 |
| Zimbabwe | 4,853 | 19 | — | 19 | — | 4,834 | — | 209 | 1,708 |
| **Asia, total** | **7,448,413** | **6,662,421** | **5,699,000** | **645,806** | **127,445** | **744,065** | **243,839** | **167,443** | **135,910** |
| China | 178,822 | 178,689 | 170,144 | 8,545 | — | 133 | — | 7 | 91 |
| Hong Kong | 1,122,170 | 873,261 | 591,758 | 53,747 | 111,772 | 248,861 | 5,748 | 24,248 | 68,365 |
| India | 9,276 | 7,868 | 7,425 | 331 | — | 1,408 | — | 7 | 35 |
| Indonesia | 32,859 | 31,360 | 29,701 | — | 1,585 | 1,500 | 1,305 | — | 82 |
| Israel | 61,979 | 55,840 | 23,472 | 6,034 | 576 | 4,964 | — | 620 | 2,847 |
| Japan | 1,189,097 | 1,088,989 | 753,272 | 284,650 | 6,541 | 99,031 | 7,857 | 21,448 | 43,169 |
| Malaysia | 1,371,290 | 1,213,639 | 1,174,592 | 36,622 | 603 | 157,652 | 114,678 | 39,619 | 1,586 |
| Philippines | 355,640 | 338,956 | 300,628 | 35,507 | 1,384 | 16,675 | 8 | 11,603 | 653 |
| Saudi Arabia | 54,509 | 20,665 | 35 | 20,568 | 12 | 33,843 | — | 33,748 | 95 |
| Singapore | 1,943,220 | 1,791,759 | 1,680,926 | 104,134 | 2,362 | 111,843 | 62,907 | 25,907 | 15,530 |
| South Korea | 224,901 | 221,730 | 150,484 | 54,283 | 200 | 3,171 | — | 2,894 | 59 |
| Taiwan | 698,894 | 650,517 | 638,376 | 3,567 | 418 | 48,376 | 43,064 | 1,835 | 1,679 |
| Thailand | 151,582 | 140,056 | 102,318 | 35,527 | 1,623 | 11,527 | 8,272 | 1,710 | 1,531 |
| **Oceania, total** | **1,245,552** | **781,914** | **262,186** | **201,841** | **133,386** | **463,415** | **20,496** | **183,883** | **96,436** |
| Australia | 1,185,264 | 743,330 | 226,826 | 199,621 | 132,641 | 441,711 | 19,301 | 181,071 | 91,483 |
| New Zealand | 36,172 | 16,012 | 12,789 | 2,220 | 746 | 20,159 | 1,195 | 2,608 | 3,412 |
| **Puerto Rico and U.S Possessions, total** | **3,410,982** | **3,398,112** | **3,264,269** | **85,663** | **20,348** | **12,870** | **8** | **4,735** | **6,584** |
| Puerto Rico | 148,273 | 135,508 | 22,682 | 85,663 | 16,532 | 12,765 | 8 | 4,630 | 6,584 |
| U.S. possessions, total | 3,262,709 | 3,262,604 | 3,241,587 | — | 3,816 | 104 | — | 104 | — |
| Virgin Islands, U.S | 3,262,465 | 3,262,360 | 3,241,382 | — | 3,816 | 104 | — | 104 | — |

Footnote at end of table.

Table 2.—Number of U. S. Corporation Returns with Total Assets of $250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

| Selected country of incorporation of Controlled Foreign corporation | Controlled Foreign Corporations | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Selected payments by foreign corporations to: | | | | | | | | | | |
| | All related persons | U.S. corporation filing return and domestic corporations controlled by the U.S. corporation filing the return | | | | | Any foreign corporations controlled by the U.S. corporation filing return | | | | |
| | | Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid | Interest, rents and royalties paid | Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid | Interest, rents and royalties paid |
| | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| **All geographic areas total** | **112,600,816** | **96,424,708** | **71,095,809** | **4,137,396** | **11,783,824** | **7,968,640** | **14,966,599** | **757,373** | **4,013,396** | **5,203,748** | **4,084,009** |
| **Canada** | **27,183,986** | **24,461,216** | **20,367,519** | **1,008,388** | **1,910,873** | **865,190** | **2,586,668** | **33,162** | **366,131** | **1,517,059** | **557,178** |
| **Latin America, total** | **9,763,522** | **8,509,502** | **5,531,804** | **260,633** | **1,617,542** | **886,883** | **1,241,287** | **248,428** | **122,658** | **231,054** | **561,113** |
| Mexico | 1,839,365 | 1,644,023 | 1,179,723 | 71,560 | 107,205 | 239,943 | 194,586 | 87,987 | 10,803 | 46,899 | 32,328 |
| Central America, total | 4,268,904 | 3,863,370 | 2,844,627 | 101,560 | 608,204 | 289,362 | 404,051 | 145,970 | 46,625 | 71,774 | 109,917 |
| Costa Rica | 19,980 | 17,622 | 5,352 | 2,090 | 4,691 | 4,224 | 2,359 | — | 828 | 1,040 | 462 |
| El Salvador | 12,876 | 4,939 | 1,198 | 1,041 | 2,304 | 390 | 7,937 | — | 865 | 6,397 | 250 |
| Guatemala | 35,026 | 33,591 | 11,952 | 2,256 | 15,059 | 2,680 | 1,425 | — | 211 | 281 | 596 |
| Honduras | 10,913 | 9,624 | 2,102 | 556 | 5,122 | 1,639 | 1,289 | — | 552 | 16 | 722 |
| Nicaragua | 4,541 | 4,286 | 424 | 1,276 | 1,292 | 307 | 255 | — | 255 | — | — |
| Panama | 4,184,805 | 3,792,544 | 2,823,600 | 94,133 | 579,190 | 280,115 | 390,786 | 145,970 | 43,914 | 64,040 | 107,867 |
| Caribbean countries, total | 727,711 | 669,249 | 425,594 | 43,584 | 74,580 | 113,155 | 27,989 | — | 14,297 | 6,747 | 5,750 |
| Cayman Islands (British) | 668,615 | 613,273 | 383,701 | 42,382 | 67,190 | 109,884 | 24,870 | — | 14,297 | 4,745 | 4,669 |
| Dominican Republic | 5,886 | 5,030 | 834 | 361 | 2,721 | 976 | 856 | — | — | — | 838 |
| Jamaica | 9,480 | 9,236 | 6,154 | 622 | 712 | 732 | 245 | — | — | 52 | 193 |
| South America, total | 2,947,542 | 2,332,859 | 1,081,860 | 43,928 | 827,553 | 244,423 | 614,660 | 14,471 | 50,933 | 105,635 | 413,118 |
| Argentina | 410,389 | 377,847 | 204,374 | 23,221 | 78,231 | 50,555 | 32,542 | 2,179 | 12,180 | 10,639 | 5,246 |
| Bolivia | 721 | 714 | 266 | 74 | — | 370 | 7 | — | 7 | — | — |
| Brazil | 1,669,990 | 1,245,300 | 500,995 | 1,973 | 535,577 | 144,287 | 424,667 | 9,229 | 21,846 | 50,337 | 330,589 |
| Chile | 175,813 | 117,242 | 43,739 | 3,832 | 52,745 | 12,887 | 58,571 | 403 | 233 | 11,500 | 43,948 |
| Colombia | 174,433 | 151,130 | 53,321 | 7,146 | 67,127 | 13,355 | 23,303 | 658 | 3,317 | 4,033 | 13,133 |
| Ecuador | 23,148 | 22,140 | 9,805 | 1,710 | 7,746 | 1,053 | 1,008 | 136 | 74 | 296 | 390 |
| Peru | 84,615 | 82,036 | 61,055 | 2,392 | 13,178 | 3,679 | 2,579 | 188 | 1,240 | 7 | 891 |
| Uruguay | 17,222 | 16,868 | 8,531 | 799 | 5,856 | 1,600 | 354 | — | 233 | 33 | 23 |
| Venezuela | 389,111 | 317,483 | 199,705 | 2,613 | 65,864 | 16,169 | 71,628 | 1,678 | 11,804 | 28,748 | 18,899 |
| **Other Western Hemisphere, total** | **5,136,377** | **4,094,470** | **2,591,780** | **70,364** | **646,732** | **564,511** | **1,017,249** | **31,548** | **60,856** | **268,230** | **608,675** |
| Bahamas | 1,884,852 | 1,479,333 | 1,244,243 | 39,216 | 109,264 | 85,394 | 393,364 | 29,601 | 24,904 | 30,924 | 306,290 |
| Bermuda | 1,897,988 | 1,606,586 | 1,036,728 | 21,358 | 292,068 | 39,495 | 279,993 | 1,947 | 22,016 | 131,795 | 80,412 |
| Netherlands Antilles | 1,350,109 | 1,007,956 | 310,809 | 9,246 | 245,400 | 439,571 | 341,059 | — | 13,803 | 102,811 | 221,972 |
| **Europe, total** | **51,798,299** | **42,620,724** | **30,667,930** | **1,765,110** | **5,546,462** | **4,216,413** | **8,216,411** | **283,842** | **2,886,335** | **2,645,747** | **1,792,905** |
| Common Market countries, total | 45,166,434 | 37,013,141 | 26,544,666 | 1,493,742 | 4,999,808 | 3,624,492 | 7,218,507 | 195,433 | 2,435,966 | 2,457,384 | 1,609,008 |
| Belgium | 3,680,125 | 3,129,027 | 2,551,854 | 84,010 | 203,184 | 267,392 | 549,070 | 52,419 | 346,419 | 14,605 | 72,614 |
| Denmark | 964,403 | 915,609 | 816,962 | 16,328 | 33,525 | 46,198 | 48,794 | 4,184 | 27,048 | 3,594 | 10,308 |
| France (including Andorra) | 4,712,553 | 3,975,903 | 2,847,986 | 159,197 | 403,242 | 510,687 | 728,268 | 51,308 | 444,125 | 90,054 | 101,772 |
| Greece | 40,840 | 38,175 | 25,825 | 1,240 | 7,707 | 2,555 | 2,665 | 468 | 1,164 | 154 | 531 |
| Ireland | 588,244 | 386,677 | 290,353 | 18,601 | 40,957 | 30,363 | 196,987 | 764 | 32,549 | 92,896 | 15,694 |
| Italy (including San Marino) | 2,835,282 | 2,560,627 | 1,890,071 | 82,637 | 308,151 | 259,630 | 273,257 | 24,528 | 117,367 | 40,106 | 58,962 |
| Luxembourg | 298,598 | 241,806 | 154,643 | 17,619 | 30,199 | 33,019 | 56,792 | 361 | 36,737 | 1,057 | 17,833 |
| Netherlands | 4,933,821 | 3,302,443 | 2,256,440 | 171,061 | 262,460 | 573,677 | 771,201 | 6,694 | 144,719 | 119,422 | 451,310 |
| United Kingdom | 13,880,322 | 10,571,223 | 5,882,983 | 513,551 | 2,901,239 | 1,155,472 | 3,262,471 | 27,949 | 626,713 | 1,873,887 | 635,966 |
| West Germany | 13,232,245 | 11,891,651 | 9,827,549 | 429,498 | 810,040 | 745,498 | 1,329,003 | 26,758 | 659,126 | 241,659 | 244,017 |
| Other West European countries, total | 6,629,757 | 5,605,783 | 4,122,518 | 270,348 | 546,656 | 591,889 | 997,596 | 88,409 | 450,254 | 188,364 | 183,703 |
| Austria | 330,505 | 283,676 | 150,780 | 11,348 | 49,366 | 70,857 | 46,632 | 3,270 | 17,223 | 10,381 | 13,747 |
| Finland | 120,005 | 105,156 | 29,247 | 2,981 | 34,239 | 38,466 | 14,814 | 589 | 9,180 | 1,095 | 3,563 |
| Liechtenstein | 80,038 | 59,970 | 45,905 | 295 | 12,159 | 1,575 | 20,068 | — | 5,979 | 9,658 | 3,450 |
| Norway | 618,490 | 580,581 | 498,197 | 18,030 | 26,379 | 34,175 | 37,909 | 3,026 | 13,515 | 2,037 | 16,910 |
| Portugal | 128,359 | 118,474 | 86,392 | 3,197 | 7,923 | 17,911 | 9,885 | 1,455 | 4,117 | 2,061 | 1,989 |
| Spain | 784,159 | 617,741 | 300,292 | 43,639 | 133,573 | 117,383 | 165,782 | 7,487 | 95,411 | 21,055 | 25,240 |
| Sweden | 804,166 | 696,722 | 491,595 | 27,989 | 38,734 | 120,586 | 107,445 | 10,938 | 39,545 | 36,801 | 10,095 |
| Switzerland | 3,739,856 | 3,121,396 | 2,512,091 | 162,048 | 234,374 | 188,316 | 592,952 | 61,644 | 265,072 | 104,024 | 108,297 |
| Turkey | 14,484 | 13,775 | 8,019 | 524 | 2,319 | 2,214 | 709 | — | 119 | 346 | 98 |
| East European countries, total | 2,108 | 1,800 | 747 | 1,021 | — | 32 | 308 | — | 115 | — | 183 |
| **Africa, total** | **1,985,182** | **1,685,812** | **572,677** | **368,536** | **566,320** | **93,288** | **298,949** | **5,890** | **64,521** | **81,336** | **138,380** |
| Egypt | 52,731 | 46,983 | 35,874 | 649 | 10,161 | 292 | 5,749 | 664 | 490 | 2,595 | 1,696 |
| Kenya | 108,486 | 100,437 | 84,751 | 619 | 13,305 | 1,753 | 8,049 | — | 267 | 6,635 | 1,104 |
| Liberia | 909,259 | 733,847 | 300 | 330,504 | 317,634 | 23,476 | 175,412 | — | 34,507 | 30,857 | 104,904 |
| Morocco | 3,177 | 2,409 | 706 | 421 | 431 | 74 | 768 | — | — | 252 | 516 |
| Nigeria | 64,815 | 58,768 | 21,035 | 7,622 | 28,714 | 360 | 6,047 | — | 1,270 | 372 | 4,301 |
| South Africa | 705,295 | 614,022 | 342,620 | 26,556 | 171,409 | 63,830 | 90,852 | 5,226 | 25,467 | 35,868 | 21,608 |
| Zaire | 10,512 | 9,760 | 6,512 | 461 | 1,725 | 121 | 753 | — | 54 | 599 | 100 |
| Zimbabwe | 13,501 | 8,483 | 4,053 | 91 | 4,233 | 106 | 5,018 | — | 215 | 2,303 | 2,501 |
| **Asia, total** | **11,185,551** | **10,568,115** | **7,771,891** | **508,544** | **1,193,776** | **926,831** | **566,719** | **96,193** | **117,338** | **197,094** | **128,373** |
| China | 35,887 | 29,476 | 12,765 | 7,155 | 7,634 | 630 | 6,410 | 5,129 | 1,031 | — | 243 |
| Hong Kong | 1,712,401 | 1,504,515 | 983,358 | 24,123 | 197,318 | 290,021 | 201,930 | 9,983 | 19,467 | 108,316 | 55,732 |
| India | 23,936 | 21,400 | 13,438 | 1,127 | 5,745 | 253 | 2,536 | — | 1,404 | 972 | 98 |
| Indonesia | 59,317 | 54,501 | 21,782 | 2,980 | 19,995 | 4,373 | 4,817 | 1,022 | 805 | 368 | 2,623 |
| Israel | 72,195 | 66,843 | 15,152 | 3,371 | 4,927 | 41,264 | 5,353 | — | 1,541 | 894 | 2,769 |
| Japan | 3,209,579 | 3,064,927 | 1,982,154 | 117,978 | 503,876 | 430,427 | 103,330 | 12,319 | 27,552 | 14,332 | 36,028 |
| Malaysia | 1,262,026 | 1,214,895 | 1,121,778 | 8,975 | 45,492 | 9,058 | 47,014 | 824 | 34,551 | 5,542 | 5,393 |
| Philippines | 837,051 | 793,031 | 740,308 | 7,167 | 7,288 | 22,053 | 44,019 | 34,614 | 1,547 | 4,544 | 1,832 |
| Saudi Arabia | 398,740 | 371,557 | 14,892 | 272,145 | 41,585 | 42,438 | 27,183 | — | 3,683 | 22,294 | 1,207 |
| Singapore | 2,044,065 | 2,003,343 | 1,626,595 | 26,939 | 265,391 | 45,605 | 38,646 | 1,338 | 17,945 | 3,467 | 13,145 |
| South Korea | 192,052 | 190,312 | 121,579 | 18,928 | 20,384 | 12,059 | 1,740 | — | 1,651 | 89 | — |
| Taiwan | 295,359 | 271,593 | 217,919 | 5,833 | 30,639 | 11,240 | 23,765 | 7,719 | 1,915 | 12,728 | 729 |
| Thailand | 978,113 | 939,392 | 875,767 | 9,189 | 32,805 | 15,033 | 37,474 | 23,246 | 3,795 | 2,461 | 7,813 |
| **Oceania, total** | **4,172,368** | **3,147,369** | **2,381,477** | **122,639** | **274,442** | **349,728** | **1,021,284** | **57,706** | **393,069** | **256,501** | **290,034** |
| Australia | 3,758,766 | 2,806,167 | 2,093,859 | 113,408 | 252,389 | 329,087 | 948,884 | 17,016 | 386,988 | 248,232 | 273,365 |
| New Zealand | 372,114 | 300,464 | 253,958 | 7,672 | 17,840 | 19,334 | 71,649 | 40,690 | 5,335 | 8,265 | 16,669 |
| **Puerto Rico and U.S. Possessions, total** | **1,355,533** | **1,337,501** | **1,210,731** | **33,182** | **26,676** | **65,796** | **18,032** | **603** | **2,487** | **6,697** | **7,371** |
| Puerto Rico | 357,886 | 340,794 | 254,044 | 18,338 | 26,573 | 41,724 | 17,092 | 603 | 2,420 | 6,672 | 7,371 |
| U.S. possessions, total | 997,646 | 996,706 | 956,687 | 14,844 | 1,104 | 24,072 | 940 | — | 67 | 25 | — |
| Virgin Islands, U.S. | 985,215 | 984,339 | 944,681 | 14,831 | 755 | 24,072 | 876 | — | 28 | — | [illegible] |

[1] Less than $500.

# Controlled Foreign Corporations, 1986

By Margaret P. Lewis*

For 1986, the 7,500 largest foreign corporations (controlled foreign corporations or CFC's) controlled by large U.S. multinational firms held $740 billion in assets and generated business receipts and net after tax profits of $590 billion and $38 billion, respectively [1].

These CFC's were incorporated in over 100 different countries. However, twenty countries accounted for 82 percent of the 7,500 CFC's. See Figure A. Almost one-half of the 7,500 CFC's were incorporated in Europe. Only 13 percent were incorporated in Latin America.

**Figure A.--Distribution of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986**

[Money amounts are in billions of dollars]

| Selected country of incorporation | Number of CFC's | Business receipts |
|---|---|---|
| All countries | 7,500 | $590 |
| United Kingdom | 1,058 | 97 |
| Canada | 840 | 103 |
| West Germany | 512 | 69 |
| France | 447 | 41 |
| Netherlands | 338 | 24 |
| Italy | 332 | 27 |
| Australia | 321 | 18 |
| Bermuda | 311 | 10 |
| Brazil | 279 | 21 |
| Netherlands Antilles | 250 | 7 |
| Switzerland | 225 | 22 |
| Belgium | 205 | 15 |
| Japan | 195 | 28 |
| Spain | 177 | 11 |
| Panama | 156 | 7 |
| Mexico | 150 | 7 |
| Hong Kong | 145 | 6 |
| Liberia | 89 | 2 |
| South Africa | 88 | 5 |
| Ireland | 81 | 3 |

Almost 45 percent of the CFC's were engaged in manufacturing activities while another 25 percent were engaged in finance, insurance or real estate activities. These latter CFC's held 44 percent of all assets and generated 21 percent of net earnings and profits after taxes. Although manufacturing CFC's held only 36 percent of all assets, they generated 61 percent of business receipts and 53 percent of net earnings and profits after taxes.

This article is based on the 7,500 largest CFC's (as determined by asset size) owned by U.S. multinational corporations having $500 million or more in assets [2]. Previous CFC statistics were based on all CFC's controlled by the large multinationals but it is estimated that these 7,500 CFC's account for more than 90 percent of the business activity of all CFC's controlled by large U.S. multinational corporations. See Figure B for a 1984 comparison.

**Figure B.--CFC's with Assets of $10 Million or More Compared to All CFC's Owned by Large U.S. Multinational Corporations, 1984**

[Money amounts are in billions of dollars]

| Item | All CFC's | CFC's with assets of $10 million or more | Percentage of all CFC's |
|---|---|---|---|
| | (1) | (2) | (3) |
| Number of CFC's 1/ | 27,008 | 5,927 | 22% |
| Assets | $595 | $562 | 94 |
| Business receipts | 625 | 573 | 92 |
| Earnings and profits before taxes | 49 | 46 | 94 |
| Foreign taxes | 20 | 18 | 93 |
| Distributions | 17 | 16 | 92 |
| Subpart F income | 4 | 4 | 93 |

1/ Includes only those foreign corporations controlled by U.S. corporations with $250 million or more in assets.

## BACKGROUND

Prior to World War II, relatively few U.S. corporations had operations outside of the United States [3]. Those corporations that did look to other countries for expansion turned mostly to Europe and Canada as stable areas in

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

which to operate. After World War II, U.S. corporations were encouraged politically, through programs like the Marshall Plan, and economically, through various concessions by foreign countries, to expand their operations overseas. The Marshall Plan provided economic aid to countries recovering from the impact of World War II. The Plan also encouraged U.S. businesses to participate in the economic recovery of Europe. Many foreign countries, in an attempt to attract U.S. operations and dollars, offered very favorable investment climates including low taxes, ease of incorporation, and various other concessions [4].

U.S. corporations began their move overseas, usually by establishing a foreign market for exported goods and through foreign investment. Once these were established, the U.S. corporation might form a branch operation by establishing a place of business in the foreign country or by creating or purchasing a subsidiary incorporated in the foreign country.

Public Law 86-780 was enacted in 1960 to obtain information on the foreign subsidiaries of U.S. corporations. This law required a U.S. corporation to furnish, as part of its income tax return, information on any foreign corporation it directly controlled (i.e.,"tier-one" subsidiaries) and on any foreign corporations controlled by these directly controlled foreign corporations (i.e., "tier-two" subsidiaries). Control was defined as direct or indirect ownership of more than 50 percent of the combined voting power of all classes of stock, or more than 50 percent of the total value of all shares of stock by a single shareholder during the foreign corporation's taxable year.

These foreign activities of U.S. corporations were precipitated by many factors. Some companies went overseas to move their operations closer to resources, others looked for cheaper labor and other costs, and many were attracted by favorable tax considerations and investment incentives. Still others moved to be closer to their market. Since the unrepatriated earnings and profits of a foreign subsidiary were not subject to U.S. income tax, where the foreign taxes were lower than U.S. taxes, this was an impelling reason for U.S. corporations to form overseas subsidiaries that enjoyed legal status as a resident corporation in the foreign country. The earnings and profits of the CFC were protected from U.S. taxation until they were repatriated in the form of dividends to the U.S. parent. U.S. taxes could be avoided by delaying a distribution until such a time as it could be offset by a parent corporation's losses or excess foreign tax credits. U.S. taxes could also be lowered on repatriated earnings, for example, through an ordinary taxable liquidation, sale, or exchange of assets of the CFC. In this case, the U.S. parent company would pay tax at the lower capital gains rate [5].

The Revenue Act of 1962 reduced this tax deferral by requiring the current taxation of certain unrepatriated profits of a foreign subsidiary through the addition of Subpart F to the Internal Revenue Code. The types of income that were then currently taxable by the United States were referred to as "Subpart F income" and included income from the insurance of U.S. risks, "passive" types of income in general, and income derived from certain types of sales and services [6]. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

The 1962 Act also redefined the term Controlled Foreign Corporation. In general, after the act, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the foreign corporation was owned by U.S. shareholders for 30 days or more of the foreign corporation's taxable year and a U.S. shareholder was defined as a U.S. person who had at least a 10 percent interest. All such foreign corporations' undistributed earnings and profits, to the extent such earnings and profits represented Subpart F income (see the "Explanation of Selected Terms" section at the end of this article), were subject to taxation through their U.S. shareholders. The 1962 legislation also expanded the filing requirements for CFC's to include all lower-tier foreign corporations controlled, through other foreign subsidiaries, by a U.S. corporation [7].

The Tax Reduction Act of 1975 expanded the definition of Subpart F income. An exception permitting tax deferral of a portion of Subpart F income reinvested in tax-defined "less-developed countries" was repealed for CFC's with accounting periods beginning in 1976 and thereafter. Also, before the 1975 Act, income was not treated as Subpart F if it accounted for 30 percent or less of a CFC's gross income. This percentage was reduced to 10 percent, limiting the amount of income that could avoid treatment under Subpart F. Finally, some types of shipping income received by foreign subsidiaries of U.S. corporations, which were previously excluded from Subpart F income, were now included. As a result of these and other actions, the tax deferral privileges of CFC's were reduced, but not entirely eliminated.



Several amendments to the Internal Revenue Code redefined Subpart F income [8]. For a full explanation of Subpart F, see "Explanation of Selected Terms."

## CFC ACTIVITY BY COUNTRY OF INCORPORATION

For both 1984 and 1986, more than one-half of the large CFC's were incorporated in Europe and Canada [9]. The United Kingdom, West Germany and Canada were homes to almost one-third of the 7,500 CFC's. These same CFC's generated 46 percent of all business receipts, held 44 percent of assets, and paid 50 percent of foreign income taxes.

One-half of all Canadian CFC's were manufacturers and held 45 percent of assets, generated 74 percent of business receipts, and 67 percent of earnings and profits before taxes. West German CFC's tended to be manufacturers also. Manufacturing CFC's in West Germany held 56 percent of assets, and generated 73 percent of receipts and 75 percent of earnings and profits before taxes.

In the United Kingdom, percentages for manufacturing CFC's were somewhat lower than in Canada and West Germany. Manufacturing CFC's in the United Kingdom held 28 percent of assets, and earned 61 percent of receipts and 38 percent of earnings and profits before taxes.

In countries outside of Europe and Canada, where large numbers of CFC's were incorporated, manufacturing CFC's were less common. In Bermuda and the Netherlands Antilles, finance, insurance and real estate CFC's dominated. Finance-related CFC's accounted for 79 and 93 percent of all CFC's in Bermuda and the Netherlands Antilles, respectively.

In African countries there was a more even distribution of CFC's and their business activities among various industries than in other areas. Manufacturing CFC's accounted for 32 percent, transportation for 22 percent and wholesale and retail trade accounted for another 23 percent of African CFC's.

The 5,850 CFC's reporting profits paid $19 billion of foreign income tax on $63 billion of pre-tax earnings and profits resulting in an effective tax rate of 31 percent. The rate for a given country may have varied from the statutory tax rate because: (1) certain earnings and profits, and the associated foreign taxes paid, were applicable to income from operations in countries other than the country in which the CFC was incorporated; (2) earnings and profits were computed according to U.S. tax law and do not necessarily equal the tax base upon which the foreign tax was imposed; (3) many countries taxed various types of income at different rates; and (4) many countries had progressive tax rates.

As shown in Figure C, Other Western Hemisphere countries had the lowest effective tax rate (8 percent) [10]. These countries had a high proportion of finance, insurance and real estate CFC's which, as an industrial group, had the lowest effective tax rate, 14 percent, for all countries. These rates are low because U.S. corporations tend to establish financial CFC's in favorable tax climates such as the Cayman Islands, Bermuda, Netherlands Antilles and others. Other countries with low effective tax rates were Saudi Arabia (1 percent), Liberia (2 percent), Ireland (4 percent), Singapore (5 percent), Panama (7 percent), and Switzerland (12 percent).

**Figure C.--Effective Tax Rates of 7,500 Largest CFC's, by Country of Incorporation, 1986**

[Money amounts are in millions of dollars]

| Country or geographic area | Earnings and profits before taxes | Foreign income taxes | Effective tax rate |
|---|---|---|---|
| | (1) | (2) | (3) |
| All geographic areas | $62,967 | $19,229 | 31% |
| Canada | 9,296 | 3,470 | 37 |
| Latin America | 6,372 | 1,389 | 22 |
| Brazil | 2,911 | 856 | 29 |
| Panama | 1,550 | 105 | 7 |
| Other Western Hemisphere | 4,140 | 338 | 8 |
| Bermuda | 1,737 | 58 | 3 |
| Netherlands Antilles | 1,751 | 158 | 9 |
| Europe | 33,066 | 10,751 | 33 |
| France | 2,967 | 1,185 | 40 |
| Ireland | 555 | 24 | 4 |
| Italy | 2,942 | 1,055 | 36 |
| Netherlands | 2,692 | 435 | 16 |
| Switzerland | 2,391 | 281 | 12 |
| United Kingdom | 10,885 | 3,564 | 33 |
| West Germany | 5,851 | 2,647 | 45 |
| Africa | 1,394 | 361 | 26 |
| Liberia | 337 | 6 | 2 |
| South Africa | 357 | 96 | 27 |
| Asia | 6,331 | 2,245 | 35 |
| Hong Kong | 1,038 | 150 | 14 |
| Japan | 2,947 | 1,492 | 51 |
| Saudi Arabia | 19 | * | 1 |
| Singapore | 786 | 38 | 5 |
| Oceania | 1,856 | 563 | 30 |
| Australia | 1,689 | 498 | 29 |

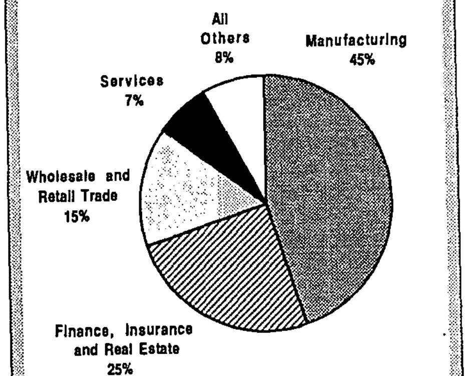
*Less than $500,000.

## CFC ACTIVITY BY INDUSTRY

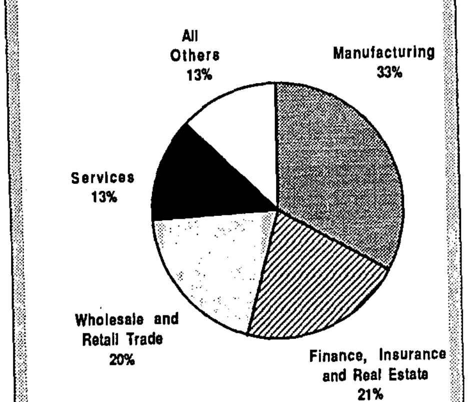
Larger CFC's were more likely to be involved in manufacturing or financial activities than were smaller CFC's. For 1986, 45 percent of the 7,500 CFC's reported manufacturing as their main activity and 25 percent were primarily engaged in finance, insurance or real estate activities. See Figure D.

Figure D

**Industrial Activity of All and 7,500 Largest CFC's, 1986**




Percentage of 7,500 Largest CFC's




Percentage of all active CFC's

Since the 7,500 largest CFC's are defined based on asset size it is consistent that the majority of the CFC's are involved in business activities that historically require larger assets. Manufacturing and finance CFC's held 80 percent of all assets of the 7,500 largest CFC's in 1986 while in 1984 CFC's in these two industrial divisions held 75 percent of assets of all CFC's controlled by large U.S. multinational corporations.

Although manufacturing and finance CFC's held a majority of the 7,500 CFC's assets, they were, on average, not the most profitable CFC's. Profitability of CFC's (as measured by rate of return on assets) averaged 7.6 percent for 1986 [11]. The most profitable CFC's were involved in mining activities and had a return on assets of 13.3 percent. The least profitable CFC's were in finance, insurance and real estate with only a 2.9 percent return. These rankings are consistent with data from 1984 for all CFC's.

The rates of return on assets for large U.S. corporations varied greatly from those of large CFC's as illustrated in Figure E. Large U.S. multinational corporations that controlled the 7,500 CFC's had only a 1.7 percent combined return on assets. The most profitable U.S. corporations were those whose major business activity was agriculture, forestry and fishing, with a return on assets of 9.5 percent. CFC's involved in agriculture, forestry and fishing have become almost as profitable as their U.S. counterparts after experiencing large losses in 1982 and small profits in 1984. The large losses were incurred by Liberian CFC's operating rubber plantations to supply the motor vehicle industry. These CFC's are no longer operational or are relatively small and so are not included among the 7,500 CFC's. Thus, the CFC's in agriculture, forestry and fishing industries have become more profitable.

Asian countries appear to be profitable arenas for operation as seen in Figure F. CFC's in Japan and Singapore had an average return of 14.1 and 11.3 percent, respectively. These countries have a high concentration of manufacturing CFC's which are generally more profitable than average. Certain Western Hemisphere countries, such as the Netherlands Antilles, had a lower than average rate of return due mainly to the high percentage of financial CFC's located there.

## CFC'S AND THE MERCHANDISE TRADE BALANCE

Transactions between the 7,500 CFC's and their U.S. parent groups (the U.S. corporation and its domestic



**Figure E.--Relative Return on Assets of Large U.S. Multinational Corporations and Their CFC's, by Selected Industry, 1986 1/**

| Selected industry | Return on assets 2/ | |
|---|---|---|
| | U.S. corporations | CFC's |
| All industries 3/ | 1.7% | 7.6% |
| Agriculture, forestry and fishing | 9.5 | 8.1 |
| Mining | -0.9 | 13.2 |
| Metal mining | -0.8 | 8.1 |
| Oil and gas extraction | -1.5 | 13.9 |
| Construction | -0.9 | 8.4 |
| Manufacturing | 3.2 | 11.9 |
| Food and kindred products | 3.4 | 15.3 |
| Apparel and other textile products | 1.6 | 10.2 |
| Paper and allied products | 5.0 | 11.4 |
| Printing and publishing | 11.2 | 13.6 |
| Chemicals and allied products | 6.5 | 13.5 |
| Petroleum (including integrated) and coal products | 2.3 | 13.5 |
| Rubber and miscellaneous plastic products | 3.2 | 7.9 |
| Stone, clay and glass products | 6.6 | 11.5 |
| Primary metal industries | 0.3 | -2.6 |
| Fabricated metal products | 2.9 | 9.9 |
| Machinery, except electrical | 4.1 | 16.7 |
| Electrical and electronic equipment | 3.1 | 10.1 |
| Motor vehicles and equipment | 1.5 | 6.3 |
| Instruments and related products | 0.8 | 9.4 |
| Transportation and public utilities | 1.5 | 6.1 |
| Water transportation | -8.0 | 3.1 |
| Wholesale and retail trade | 2.4 | 11.4 |
| Finance, insurance and real estate | 0.7 | 2.9 |
| Banking | 0.4 | 1.3 |
| Credit agencies other than banks | 0.5 | 2.2 |
| Insurance | 1.4 | 3.7 |
| Real estate | 1.8 | 2.7 |
| Holding and other investment companies except bank holding companies | -0.4 | 5.6 |
| Services | 1.8 | 6.6 |

1/ U.S. parent corporations and CFC's were separately classified by the industry that generated the greatest portion of their total receipts.

2/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

3/ Includes CFC's whose nature of business was not allocable by industry.

affiliates) resulted in a net surplus of $14 billion for 1986, as shown in Figure G. CFC purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of business) totalled $61 billion while sales of stock in trade to the U.S. parent groups was $47 billion. In contrast, the U.S. merchandise trade deficit (imports in excess of exports) was $153 billion [12].

As the U.S. merchandise trade deficit with Japan grew to $55 billion, U.S. parent groups still reported a $1 billion trade surplus with their large Japanese CFC's. Large trade surpluses were reported by U.S. parent groups and their CFC's in Europe while large deficits between U.S. parent groups and their CFC's were reported with Other Western Hemisphere nations, namely Bermuda. The U.S. parent groups trade with their CFC's in this latter region

**Figure F.--Relative Return on Assets of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986**

| Selected country of incorporation | Return on assets 1/ |
|---|---|
| U.S. corporations | 1.7% |
| 7,500 largest CFC's | 7.6 |
| Canada | 7.8 |
| Latin America | 8.2 |
| Brazil | 12.5 |
| Mexico | 2.5 |
| Panama | 6.8 |
| Other Western Hemisphere | 4.0 |
| Bahamas | 5.7 |
| Bermuda | 5.5 |
| Netherlands Antilles | 3.0 |
| Europe | 7.9 |
| France | 8.7 |
| Italy | 9.1 |
| Netherlands | 8.6 |
| Switzerland | 8.0 |
| United Kingdom | 6.7 |
| West Germany | 8.5 |
| Africa | 8.6 |
| South Africa | 10.1 |
| Asia | 11.1 |
| Hong Kong | 5.7 |
| Japan | 14.1 |
| Singapore | 11.3 |
| Oceania | 5.8 |
| Australia | 5.7 |

1/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

resulted in a $1.4 billion deficit. This deficit can be attributed to transactions with finance-related CFC's based in tax-haven countries. These nations are attractive conduits for the flow of capital from a third country into the United States because of low tax withholding rates on payments to foreign persons and low effective income tax rates on foreign entities operating within the countries.

Differences in the preparation of the statistics in Figure G should be recognized. The U.S. Bureau of the Census data credit U.S. imports to the country of origin while CFC sales are based on the CFC's country of incorporation. This could explain why Panamanian CFC's for example, reported $651 million in sales to U.S. parent groups and only $366 million is reflected in Census data for imports from Panama. In this instance, perhaps a shipping company incorporated in Panama carried cargo from a third country into the United States. CFC data would credit the sales to Panama while the Census data would report them under the country of origin. Also, Census data are for the Calendar Year 1986; CFC data, on the other hand, reflect business activities for parent corporations whose accounting periods ended between July 1986 and June 1987 and those CFC's which had accounting periods ending therein. However, most CFC activity did occur in 1986.

**Figure G.--Purchases and Sales of Stock in Trade Between 7,500 Largest CFC's and Their Parent Groups and the U.S. Merchandise Trade Balance, by Selected Area and Country of Incorporation, 1986**

[Money amounts are in millions of dollars]

| Country or geographic area | U.S. parent group merchandise trade balance: CFC purchases from U.S. parent group (exports) | U.S. parent group merchandise trade balance: CFC sales to U.S. parent group (imports) | U.S. parent group merchandise trade balance: Surplus or deficit | U.S. merchandise trade balance 1/: Exports | U.S. merchandise trade balance 1/: Imports | U.S. merchandise trade balance 1/: Surplus or deficit |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All geographic areas | $60,644 | $46,750 | $13,894 | $217,304 | $369,961 | $-152,657 |
| Canada | 22,731 | 23,666 | -935 | 45,333 | 68,253 | -22,920 |
| Latin America | 4,953 | 3,042 | 1,911 | 27,968 | 39,541 | -11,573 |
| Brazil | 677 | 785 | -108 | 3,885 | 6,813 | -2,928 |
| Mexico | 3,124 | 1,038 | 2,086 | 12,392 | 17,302 | -4,910 |
| Panama | 356 | 651 | -295 | 711 | 366 | 345 |
| Other Western Hemisphere | 1,544 | 2,960 | -1,416 | 3,110 | 2,408 | 702 |
| Bahamas | 563 | 173 | 390 | 761 | 442 | 319 |
| Bermuda | 968 | 2,659 | -1,691 | 236 | 6 | 230 |
| Netherlands Antilles | 13 | 128 | -115 | 398 | 471 | -73 |
| Europe | 22,189 | 8,469 | 13,720 | 63,631 | 91,826 | -28,195 |
| France | 2,377 | 984 | 1,393 | 7,216 | 10,129 | -2,913 |
| Italy | 1,894 | 434 | 1,460 | 4,838 | 10,607 | -5,769 |
| Netherlands | 1,847 | 407 | 1,440 | 7,848 | 4,066 | 3,782 |
| Switzerland | 2,594 | 662 | 1,932 | 2,977 | 5,253 | -2,276 |
| United Kingdom | 4,389 | 3,771 | 618 | 11,418 | 15,396 | -3,978 |
| West Germany | 6,333 | 955 | 5,378 | 10,561 | 25,124 | -14,563 |
| Africa | 258 | 630 | -372 | 5,978 | 10,348 | -4,370 |
| Liberia | 4 | 373 | -369 | 65 | 82 | -17 |
| South Africa | 192 | 16 | 176 | 1,159 | 2,365 | -1,206 |
| Asia | 6,666 | 6,169 | 497 | 64,532 | 153,869 | -89,337 |
| Hong Kong | 1,201 | 600 | 601 | 3,030 | 8,891 | -5,861 |
| Japan | 2,293 | 1,097 | 1,196 | 26,882 | 81,911 | -55,029 |
| South Korea | 168 | 220 | -52 | 6,355 | 12,729 | -6,374 |
| Taiwan | 285 | 685 | -400 | 5,524 | 19,791 | -14,267 |
| Oceania | 1,529 | 153 | 1,376 | 6,659 | 3,717 | 2,942 |
| Australia | 1,249 | 133 | 1,116 | 5,551 | 2,632 | 2,919 |

1/ U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT 990 monthly.

## RECENT CFC INCORPORATIONS

Almost one-third of the 7,500 CFC's were incorporated during the period from 1977 to 1987. See Figures H and I. These newest CFC's held 27 percent of all assets. Of these newer CFC's, 40 percent were in finance, insurance and real estate and these held 62 percent of the total assets of the newer CFC's. Almost 50 percent of all financial CFC's were incorporated after 1976, indicating an increasingly global economy where financing is sought world-wide. U.S. parent corporations expanded overseas to take advantage of foreign monies available for investment.

In the past, it was common for U.S. companies to set up financial subsidiaries in tax-haven countries in order to facilitate borrowing from foreign countries. Companies were set up to take advantage of a favorable tax climate in the haven country that may include secrecy, low or zero corporate tax rates, and no withholding tax on payments to foreigners. In an effort to increase direct foreign investment in the United States and to remove the advantage of borrowing through tax-haven countries, the United States

**Figure H.--Number and Total Assets of 7,500 Largest CFC's, by Year of Incorporation, 1986**

[Money amounts are in millions of dollars]

| Year of incorporation | Number of CFC's | 1986 Total assets |
|---|---|---|
| All years 1/ | 7,500 | $740,396 |
| 1987 | 9 | 366 |
| 1986 | 190 | 13,862 |
| 1985 | 254 | 16,774 |
| 1984 | 223 | 18,265 |
| 1983 | 235 | 20,893 |
| 1982 | 243 | 30,261 |
| 1981 | 242 | 24,850 |
| 1980 | 254 | 18,976 |
| 1979 | 249 | 23,379 |
| 1978 | 205 | 14,028 |
| 1977 | 167 | 14,966 |
| Pre-1977 | 5,061 | 533,290 |

1/ Includes CFC's whose year of incorporation is unknown or not stated.

exempted from withholding tax all interest payments on issues made after July 1984. This enabled U.S. corporations to more cheaply borrow foreign money from anywhere in the world [13].

The effects of these changes are seen in the slowdown of incorporations in the Netherlands Antilles. Finance,



**Figure I.--7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Industry, 1986**

[Money amounts are in millions of dollars]

| Selected CFC industry | All CFC's: Number | All CFC's: Total assets | CFC's incorporated after 1976: Number | CFC's incorporated after 1976: Total assets | Percentage of all CFC's: Number | Percentage of all CFC's: Total assets |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All industries 1/ | 7,500 | $740,396 | 2,271 | $196,619 | 30% | 27% |
| Agriculture, forestry, and fishing | 25 | 597 | 6 | 188 | 24 | 31 |
| Mining | 217 | 27,005 | 81 | 9,919 | 37 | 37 |
| Construction | 95 | 3,903 | 24 | 650 | 25 | 17 |
| Manufacturing | 3,341 | 270,162 | 716 | 41,219 | 21 | 15 |
| Transportation and public utilities | 226 | 17,155 | 82 | 5,313 | 36 | 31 |
| Wholesale and retail trade | 1,156 | 76,134 | 262 | 9,254 | 23 | 12 |
| Finance, insurance, and real estate | 1,911 | 322,820 | 909 | 122,457 | 48 | 38 |
| Services | 519 | 22,386 | 190 | 7,755 | 37 | 35 |

1/ Includes CFC's whose nature of business was not allocable by industry.

insurance and real estate companies account for 93 percent of all Antillean CFC's. As shown in Figure J, 80 percent of Antillean CFC's were incorporated after 1976. However, 88 percent of these were incorporated between 1977 and 1983. There has been a sharp decrease in incorporations in the Netherlands Antilles since that time. This number may decrease even further due to the cancellation of the United States-Netherlands Antilles tax treaty in 1988 [14].

## SUMMARY

Large CFC's were incorporated mainly in Canada and Europe and almost one-half of these large CFC's were manufacturing CFC's. In 1986, CFC's tended to be more profitable (based on return on assets) than their U.S. parent corporations. The CFC return on assets was 7.6 percent compared to a 1.7 rate for their parent corporations.

The 7,500 largest CFC's reported a surplus in trade with their U.S. parent groups of $14 billion.

Almost one-third of the 7,500 largest CFC's were incorporated between 1977 and 1987, 40 percent of them in finance related industries.

**Figure J.--7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Country of Incorporation, 1986**

[Money amounts are in millions of dollars]

| Selected country of incorporation | All CFC's: Number | All CFC's: Total assets | CFC's incorporated after 1976: Number | CFC's incorporated after 1976: Total assets | Percentage of all CFC's: Number | Percentage of all CFC's: Total assets |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All countries | 7,500 | $740,396 | 2,271 | $196,619 | 30% | 27% |
| United Kingdom | 1,058 | 146,805 | 335 | 37,540 | 32 | 26 |
| Canada | 840 | 112,057 | 281 | 28,737 | 33 | 26 |
| West Germany | 512 | 64,479 | 106 | 5,482 | 21 | 9 |
| France | 447 | 30,325 | 81 | 4,033 | 18 | 13 |
| Netherlands | 338 | 28,515 | 111 | 8,260 | 33 | 29 |
| Italy | 332 | 31,187 | 91 | 5,073 | 27 | 16 |
| Australia | 321 | 24,645 | 64 | 4,301 | 20 | 17 |
| Bermuda | 311 | 25,680 | 147 | 8,082 | 47 | 31 |
| Brazil | 279 | 19,104 | 69 | 3,307 | 25 | 17 |
| Netherlands Antilles | 250 | 51,886 | 199 | 40,622 | 80 | 78 |
| Switzerland | 225 | 29,238 | 58 | 5,690 | 26 | 19 |
| Belgium | 205 | 17,675 | 54 | 3,936 | 26 | 22 |
| Japan | 195 | 19,762 | 69 | 4,202 | 35 | 21 |
| Spain | 177 | 12,636 | 42 | 3,955 | 24 | 31 |
| Panama | 156 | 20,881 | 44 | 2,776 | 28 | 13 |
| Mexico | 150 | 6,229 | 31 | 757 | 21 | 12 |
| Hong Kong | 145 | 16,135 | 58 | 5,319 | 40 | 33 |
| Liberia | 89 | 6,815 | 34 | 942 | 38 | 14 |
| South Africa | 88 | 2,882 | 7 | 164 | 8 | 6 |
| Ireland | 81 | 4,390 | 35 | 2,184 | 43 | 50 |

## DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of $500 million or more and with accounting periods ended July 1986 through June 1987, and from attached Form(s) 5471 (Information Return with Respect to a Foreign Corporation).

The 7,500 largest CFC's were chosen based on size of assets. Historical data show that these largest CFC's represent over 90 percent of all financial information for all CFC's. However, caution should be used in comparing these statistics to past years' statistics since no small or inactive CFC's were included as in the past.

Also, large CFC's tend to be manufacturing and finance-related CFC's. Therefore, the 7,500 largest CFC's show a bias towards these industrial divisions when compared to all CFC's. These statistics based on the largest 7,500 CFC's are not perfectly representative of the entire population of CFC's and therefore, should be used with caution when making comparison with or estimates of the larger group.

Not all of the information regarding CFC transactions (e.g., transactions with unrelated parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and included in this article.

U.S. parent corporations were classified by the principal business activity reported on the corporation income tax return. Many returns were filed by diversified corporations, and therefore included significant receipts, profits, and other items related to activities other than the principal business activity.

Controlled Foreign Corporations were also classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the industry and country in which it was originally reported. Less than one percent of the CFC's included in the file contain financial information for a consolidated group of CFC's.

The 1986 data are based on returns filed by U.S. corporations with $500 million or more in total assets and with full-year accounting periods ending between July 1986 and June 1987. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1985 (and, thus, began in September 1984) or as late as June 1987. However, most CFC activity did occur in Calendar Year 1986.

## EXPLANATION OF SELECTED TERMS

*Business Receipts of Controlled Foreign Corporations.*--Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

*Current Earnings and Profits of Controlled Foreign Corporations.*--This item represents the difference between the beginning and ending year balances of accumulated earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

*Distributions of Controlled Foreign Corporations.*--The distributions of CFC's consisted mostly of dividends. Capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital surplus) were generally not included. However, liquidating dividends may have been included in some instances.

*Foreign Income Taxes Paid by Controlled Foreign Corporations.*--These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

*Related Persons of Controlled Foreign Corporations.*--Five categories of related persons of CFC's were shown on Schedule M of Forms 5471 for the purpose of reporting related party transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

*Sales (and Purchases) of Stock in Trade.*--These were sales (and purchases) of merchandise in the ordinary course of trade or business.

*Subpart F Income.*--Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income that, although undistributed to them, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1986: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign personal holding company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includable as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria, and increases in foreign corporations' earnings invested in U.S. property.

*Transactions of Controlled Foreign Corporations.*--Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's. The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

*U.S. Affiliated Groups.*--The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return (Form 1120).



## NOTES AND REFERENCES

[1] U.S. giant corporations are those with $500 million or more in assets. Only foreign corporations controlled by these "giant" corporations were included in this study. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.

[2] In an effort to gather more accurate and timely data, the scope of the Foreign Corporation Information Return (Form 5471) study was reduced to a full data edit of only the 7,500 largest active CFC's (as determined by asset size) controlled by U.S. corporations with $500 million or more in assets. [A limited number of data items from all other Forms 5471 filed by these giant corporations were edited but are not used here unless indicated.]

[3] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.

[4] Heller, *Op. cit.*, pp. 3-4.

[5] Heller, *Op. cit.*, pp. 95-97.

[6] Passive types of income include such receipts as interest, dividends and certain types of rents and royalties.

[7] Control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

[8] More recently, the Tax Reform Act of 1986 made several changes to the way Subpart F income is computed including, new rules for the de minimus inclusion of Subpart F income, a new definition of controlled foreign corporation and limitations on Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.

[9] Statistics of Income studies on Controlled Foreign Corporations are done only every other year.

[10] For Statistics of Income purposes, countries that fall under the Other Western Hemisphere category include the Bahamas, Bermuda, Netherlands Antilles, Leeward Islands, Windward Islands, Antigua, Barbuda, French West Indies, Falkland Islands and Greenland.

[11] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits before taxes to total assets. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is inaccurate. The rate of return on assets of any group, i.e. parent corporations, CFC's, industrial division, or country, is determined using the total income and total assets of the group rather than averaging the returns of each component.

[12] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly. Data from this source are based on the 1986 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1986 through June 1987 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.

[13] For a more detailed explanation of this tax law change and its effects, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1986," *Statistics of Income Bulletin*, Winter 1988-89, Volume 8, Number 3.

[14] For more recent data on payments to the Netherlands Antilles, see Bradford, John J., "Foreign Recipients of U.S. Income, 1988," *Statistics of Income Bulletin*, Winter 1990-1991, Volume 10, Number 3, p. 23.



**Table 1.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All industries (U.S. parent) | 714 | 7,500 | 740,395,679 | 589,884,940 | 56,590,619 | 62,966,595 | 19,229,025 | 19,034,715 | 21,730,762 | 4,223,316 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | 11 | 25 | 597,029 | 560,406 | 48,313 | 59,979 | 15,805 | 15,029 | 16,250 | 15,500 |
| Mining | 76 | 217 | 27,005,021 | 14,791,221 | 3,558,046 | 4,257,223 | 2,062,963 | 2,011,736 | 1,879,584 | 141,476 |
| Construction | 24 | 95 | 3,903,366 | 4,398,397 | 327,143 | 422,999 | 122,354 | 117,962 | 229,429 | 58,427 |
| Manufacturing | 389 | 3,341 | 270,161,948 | 357,502,549 | 32,025,748 | 35,123,788 | 12,197,983 | 12,094,770 | 10,766,142 | 1,018,525 |
| Transportation and public utilities | 77 | 226 | 17,155,030 | 7,098,494 | 1,049,350 | 1,346,130 | 259,119 | 259,133 | 511,034 | 141,716 |
| Wholesale and retail trade | 230 | 1,156 | 76,133,502 | 151,984,251 | 8,642,700 | 9,308,210 | 2,692,528 | 2,705,759 | 3,970,485 | 391,691 |
| Finance, insurance and real estate | 452 | 1,911 | 322,820,276 | 41,286,203 | 9,465,673 | 10,595,976 | 1,462,304 | 1,427,045 | 3,820,279 | 2,321,621 |
| Services | 165 | 519 | 22,386,413 | 12,217,752 | 1,478,715 | 1,849,198 | 410,941 | 398,413 | 535,745 | 134,360 |
| Mining (U.S. parent) | 26 | 118 | 6,545,122 | 3,472,424 | 850,714 | 1,036,677 | 500,499 | 483,043 | 553,954 | 107,026 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 21 | 58 | 3,995,367 | 2,294,040 | 772,292 | 899,969 | 478,929 | 467,178 | 404,421 | 74,480 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 5 | 15 | 432,325 | 473,084 | 42,632 | 47,247 | 15,788 | 15,699 | 13,538 | – |
| Transportation and public utilities | 4 | 8 | 308,180 | 175,239 | 15,607 | 17,869 | 440 | 440 | – | 1,540 |
| Wholesale and retail trade | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Finance, insurance and real estate | 10 | 20 | 1,209,138 | 110,790 | 51,688 | 54,089 | 2,669 | 2,821 | 8,995 | 30,391 |
| Services | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Oil and gas extraction (U.S. parent) | 17 | 87 | 5,213,453 | 2,909,780 | 769,976 | 933,851 | 487,356 | 471,253 | 530,984 | 75,221 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 16 | 51 | 3,424,663 | 2,206,330 | 746,761 | 859,560 | 475,747 | 465,260 | 395,988 | 56,688 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Transportation and public utilities | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Finance, insurance and real estate | 6 | 14 | 984,542 | 78,829 | 35,989 | 37,983 | 2,530 | 2,682 | 3,943 | 17,918 |
| Services | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Construction (U.S. parent) | 11 | 61 | 2,714,072 | 2,166,376 | 181,484 | 219,067 | 50,275 | 39,800 | 91,461 | 28,163 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Mining | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Construction | 7 | 19 | 570,676 | 579,461 | 28,423 | 45,318 | 18,253 | 21,762 | 27,956 | 5,420 |
| Manufacturing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Transportation and public utilities | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Finance, insurance and real estate | 5 | 13 | 676,949 | 123,025 | 59,557 | 63,041 | 13,364 | 13,364 | 18,210 | 15,476 |
| Services | 4 | 11 | 688,767 | 824,333 | 52,545 | 52,545 | 8,594 | 8,594 | 11,001 | 3,190 |
| Manufacturing (U.S. parent) | 391 | 5,519 | 480,905,879 | 498,581,337 | 48,577,456 | 53,532,633 | 16,916,946 | 16,776,485 | 19,419,131 | 3,254,710 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | 7 | 17 | 369,629 | 440,656 | 15,467 | 26,973 | 7,020 | 6,244 | 16,250 | 15,500 |
| Mining | 37 | 124 | 20,389,502 | 11,123,683 | 2,648,111 | 3,168,866 | 1,552,183 | 1,509,369 | 1,458,275 | 45,677 |
| Construction | 10 | 50 | 2,544,413 | 3,289,899 | 323,429 | 352,166 | 103,131 | 100,653 | 65,270 | 37,597 |
| Manufacturing | 351 | 3,169 | 262,466,299 | 348,007,492 | 31,606,358 | 34,572,839 | 12,058,701 | 11,970,809 | 10,647,148 | 1,016,332 |
| Transportation and public utilities | 37 | 97 | 9,919,425 | 4,891,673 | 605,023 | 831,756 | 107,139 | 106,599 | 369,792 | 138,842 |
| Wholesale and retail trade | 174 | 965 | 58,528,003 | 109,757,662 | 7,355,777 | 7,876,675 | 2,338,510 | 2,352,728 | 3,594,360 | 339,992 |
| Finance, insurance and real estate | 236 | 856 | 113,509,209 | 14,244,918 | 5,222,706 | 5,680,065 | 554,844 | 546,253 | 2,926,001 | 1,542,029 |
| Services | 86 | 236 | 13,058,795 | 6,800,764 | 797,946 | 1,020,419 | 190,389 | 178,803 | 340,222 | 118,742 |

Footnotes at end of table.

**Table 1.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing--Continued** | | | | | | | | | | |
| Food and kindred products (U.S. parent) | 28 | 465 | 27,896,849 | 30,572,937 | 3,158,393 | 3,348,388 | 1,026,919 | 1,012,356 | 1,157,341 | 169,057 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | 3 | 7 | 149,359 | 291,008 | 9,732 | 12,465 | 3,638 | 3,553 | 16,250 | 15,500 |
| Mining | – | – | – | – | – | – | – | – | – | – |
| Construction | – | – | – | – | – | – | – | – | – | – |
| Manufacturing | 27 | 286 | 15,371,689 | 23,781,245 | 2,431,099 | 2,533,230 | 865,191 | 851,260 | 905,771 | 85,820 |
| Transportation and public utilities | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | 15 | 65 | 2,840,980 | 5,056,920 | 269,521 | 308,526 | 89,269 | 88,053 | 89,127 | 29,914 |
| Finance, insurance and real estate | 22 | 81 | 8,483,886 | 917,401 | 380,220 | 421,621 | 45,368 | 46,035 | 108,854 | 33,656 |
| Services | 5 | 21 | 834,575 | 441,359 | 56,270 | 58,914 | 18,448 | 18,448 | 33,738 | 4,168 |
| Chemicals and allied products (U.S. parent) | 66 | 1,219 | 83,333,756 | 69,913,558 | 8,981,140 | 9,630,212 | 2,947,215 | 2,946,716 | 3,567,805 | 885,057 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Mining | 7 | 12 | 2,086,685 | 1,176,645 | 443,483 | 493,859 | 351,202 | 347,962 | 369,594 | 926 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 64 | 841 | 48,297,090 | 54,200,522 | 6,485,207 | 6,965,378 | 2,233,424 | 2,239,478 | 1,881,514 | 324,118 |
| Transportation and public utilities | 6 | 10 | 879,988 | 490,745 | 82,247 | 89,886 | 28,206 | 27,847 | 46,138 | 7,855 |
| Wholesale and retail trade | 39 | 191 | 6,556,373 | 11,812,590 | 829,167 | 867,749 | 229,157 | 235,018 | 394,793 | 118,726 |
| Finance, insurance and real estate | 38 | 139 | 24,059,322 | 2,015,133 | 1,044,128 | 1,106,347 | 80,762 | 79,626 | 835,042 | 389,460 |
| Services | 12 | 17 | 1,207,122 | 99,514 | 93,665 | 94,978 | 19,741 | 12,753 | 40,723 | 41,972 |
| Petroleum (including integrated) and coal products (U.S. parent) | 24 | 478 | 104,965,557 | 122,047,928 | 12,336,432 | 13,365,794 | 4,308,326 | 4,239,572 | 5,971,961 | 1,086,261 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 17 | 72 | 17,523,428 | 9,401,919 | 2,183,004 | 2,607,914 | 1,186,552 | 1,149,632 | 944,407 | 32,936 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 17 | 112 | 30,370,167 | 46,702,102 | 3,847,719 | 4,037,572 | 1,595,488 | 1,555,672 | 1,538,129 | 322,336 |
| Transportation and public utilities | 11 | 46 | 7,303,645 | 3,124,837 | 402,372 | 582,414 | 62,538 | 62,751 | 290,423 | 121,969 |
| Wholesale and retail trade | 16 | 156 | 27,040,733 | 59,175,726 | 4,488,061 | 4,596,797 | 1,434,391 | 1,442,955 | 2,525,731 | 110,613 |
| Finance, insurance and real estate | 22 | 82 | 20,334,627 | 2,597,028 | 1,215,403 | 1,339,605 | 37,498 | 36,703 | 600,885 | 477,886 |
| Services | 4 | 7 | 1,970,722 | 61,912 | 142,708 | 144,327 | -22,775 | -22,775 | 60,506 | 508 |
| Primary metal industries (U.S. parent) | 23 | 208 | 11,490,847 | 11,366,312 | 391,450 | 821,587 | 168,758 | 172,463 | 190,393 | 100,219 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 3 | 4 | 52,747 | 31,590 | 4,834 | 6,792 | 13 | 13 | – | – |
| Construction | – | – | – | – | – | – | – | – | – | – |
| Manufacturing | 20 | 100 | 5,852,812 | 9,420,450 | 96,020 | 493,154 | 134,999 | 135,316 | 69,904 | 8,390 |
| Transportation and public utilities | 6 | 10 | 290,856 | 74,888 | 9,366 | 11,579 | 316 | 384 | – | 4,387 |
| Wholesale and retail trade | 5 | 11 | 274,190 | 454,965 | 44,166 | 46,470 | 1,900 | 1,927 | – | 10,295 |
| Finance, insurance and real estate | 16 | 63 | 4,333,010 | 781,131 | 192,470 | 216,930 | 16,100 | 19,729 | 110,680 | 72,579 |
| Services | 4 | 20 | 687,232 | 603,289 | 44,594 | 46,661 | 15,431 | 15,095 | 9,810 | 4,568 |
| Machinery, except electrical (U.S. parent) | 45 | 725 | 69,531,377 | 58,664,442 | 8,821,770 | 9,625,964 | 3,600,264 | 3,523,516 | 3,747,000 | 198,933 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 42 | 376 | 47,609,508 | 45,493,415 | 7,754,492 | 8,255,465 | 3,346,854 | 3,275,458 | 2,815,926 | 22,001 |
| Transportation and public utilities | – | – | – | – | – | – | – | – | – | – |
| Wholesale and retail trade | 23 | 163 | 8,424,155 | 10,239,063 | 530,537 | 647,131 | 120,968 | 126,299 | 274,264 | 33,055 |
| Finance, insurance and real estate | 29 | 113 | 9,291,507 | 1,082,990 | 402,038 | 513,808 | 61,528 | 52,160 | 493,691 | 118,744 |
| Services | 17 | 46 | 3,694,587 | 1,499,626 | 127,346 | 171,544 | 59,135 | 60,297 | 21,100 | 18,152 |

Footnotes at end of table.



**Table 1.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing--Continued** | | | | | | | | | | |
| Electrical and electronic equipment (U.S. parent) | 44 | 713 | 48,874,023 | 46,842,782 | 4,112,571 | 4,713,012 | 1,037,296 | 1,023,698 | 1,143,683 | 269,031 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | 3 | 7 | 193,144 | 134,277 | 13,506 | 25,533 | 2,106 | 1,880 | 7,500 | 10,323 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 39 | 429 | 27,664,379 | 37,581,886 | 2,931,711 | 3,355,268 | 842,697 | 833,989 | 665,453 | 81,623 |
| Transportation and public utilities | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | 23 | 89 | 2,352,517 | 4,363,693 | 167,995 | 216,588 | 67,967 | 66,166 | 47,001 | 2,409 |
| Finance, insurance and real estate | 19 | 129 | 16,016,994 | 2,552,607 | 768,434 | 801,994 | 75,740 | 73,440 | 361,845 | 149,737 |
| Services | 10 | 40 | 1,140,301 | 858,407 | 106,460 | 138,768 | 26,987 | 26,739 | 30,418 | 14,844 |
| Motor vehicles and equipment (U.S. parent) | 14 | 268 | 63,075,879 | 81,901,610 | 3,279,031 | 3,854,659 | 1,294,430 | 1,364,034 | 1,437,032 | 186,616 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | – | – | – | – | – | – | – | – | – | – |
| Construction | – | – | – | – | – | – | – | – | – | – |
| Manufacturing | 14 | 132 | 40,121,793 | 73,242,296 | 2,553,259 | 2,992,605 | 1,072,720 | 1,141,336 | 1,336,236 | 17,118 |
| Transportation and public utilities | 3 | 5 | 117,686 | 35,231 | 4,643 | 4,643 | 1,803 | 1,803 | 158 | – |
| Wholesale and retail trade | 6 | 42 | 2,187,567 | 5,398,349 | 142,911 | 169,386 | 48,325 | 50,776 | 39,266 | – |
| Finance, insurance and real estate | 10 | -72 | 19,370,502 | 2,821,007 | 572,617 | 604,092 | 149,220 | 147,756 | 55,877 | 150,708 |
| Services | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Instruments and related products (U.S. parent) | 15 | 259 | 14,311,977 | 17,838,795 | 1,727,606 | 1,815,486 | 552,105 | 552,305 | 145,103 | 77,587 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | – | – | – | – | – | – | – | – | – | – |
| Mining | – | – | – | – | – | – | – | – | – | – |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 14 | 143 | 9,350,595 | 10,638,086 | 1,322,638 | 1,353,246 | 413,821 | 416,245 | 75,829 | 37,094 |
| Transportation and public utilities | – | – | – | – | – | – | – | – | – | – |
| Wholesale and retail trade | 6 | 85 | 3,553,918 | 6,262,121 | 344,118 | 377,113 | 129,823 | 131,856 | 49,503 | 27,218 |
| Finance, insurance and real estate | 7 | 16 | 866,537 | 84,555 | 65,780 | 68,257 | 1,554 | 866 | 11,169 | 12,305 |
| Services | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Transportation and public utilities (U.S. parent) | 66 | 381 | 24,873,374 | 9,964,847 | 1,110,436 | 1,398,410 | 301,793 | 305,100 | 421,004 | 248,194 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Mining | 12 | 21 | 2,089,274 | 478,820 | 104,087 | 145,803 | 22,494 | 25,833 | 2,688 | 21,319 |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 12 | 78 | 4,130,312 | 4,353,876 | 149,279 | 227,161 | 45,774 | 44,971 | 72,573 | 1,992 |
| Transportation and public utilities | 24 | 89 | 5,700,450 | 1,032,672 | 372,568 | 431,747 | 140,360 | 140,914 | 139,948 | 493 |
| Wholesale and retail trade | 7 | 37 | 973,878 | 1,987,814 | 138,006 | 144,389 | 47,870 | 48,220 | 47,180 | 4,385 |
| Finance, insurance and real estate | 42 | 98 | 9,984,642 | 999,082 | 327,542 | 379,202 | 26,355 | 26,071 | 154,178 | 213,562 |
| Services | 18 | 48 | 1,714,007 | 919,208 | 22,127 | 66,752 | 18,934 | 19,010 | 4,437 | 6,443 |

Footnotes at end of table.

**Table 1.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Wholesale and retail trade (U.S. parent)** | 61 | 333 | 38,306,449 | 46,138,962 | 1,669,317 | 1,949,026 | 435,009 | 426,855 | 489,011 | 170,747 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Mining | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Construction | - | - | - | - | - | - | - | - | - | - |
| Manufacturing | 13 | 46 | 1,970,944 | 3,361,062 | 101,528 | 125,482 | 46,651 | 46,841 | 15,779 | - |
| Transportation and public utilities | 5 | 10 | 327,083 | 766,755 | -272 | 7,183 | 3,008 | 3,008 | - | - |
| Wholesale and retail trade | 38 | 139 | 15,774,837 | 38,179,278 | 1,055,071 | 1,185,398 | 273,422 | 271,885 | 324,220 | 42,824 |
| Finance, insurance and real estate | 27 | 98 | 19,151,023 | 2,381,394 | 431,139 | 525,975 | 80,095 | 73,405 | 138,259 | 126,065 |
| Services | 12 | 32 | 844,883 | 613,362 | 79,432 | 89,211 | 27,256 | 27,139 | 10,754 | 1,657 |
| **Finance, insurance and real estate (U.S. parent)** | 119 | 871 | 179,847,139 | 25,555,032 | 3,603,201 | 4,142,392 | 866,010 | 843,291 | 578,365 | 362,347 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | - | - | - | - | - | - | - | - | - | - |
| Mining | - | - | - | - | - | - | - | - | - | - |
| Construction | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 3 | 12 | 444,581 | 454,198 | 111,745 | 115,193 | 22,030 | 22,035 | - | - |
| Transportation and public utilities | 3 | 3 | 86,607 | 2,104 | 991 | 1,016 | -37 | -37 | - | 111 |
| Wholesale and retail trade | 4 | 5 | 411,264 | 1,613,114 | 59,270 | 62,437 | 23,966 | 23,966 | - | - |
| Finance, insurance and real estate | 118 | 803 | 176,735,216 | 23,122,709 | 3,325,115 | 3,839,553 | 777,181 | 754,614 | 542,869 | 359,621 |
| Services | 13 | 44 | 2,035,107 | 267,253 | 101,629 | 119,237 | 42,564 | 42,407 | 26,292 | - |
| **Banking (U.S. parent)** | 41 | 444 | 114,681,555 | 11,785,996 | 1,752,667 | 1,972,616 | 489,544 | 485,777 | 218,286 | 197,270 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | - | - | - | - | - | - | - | - | - | - |
| Mining | - | - | - | - | - | - | - | - | - | - |
| Construction | - | - | - | - | - | - | - | - | - | - |
| Manufacturing | - | - | - | - | - | - | - | - | - | - |
| Transportation and public utilities | 3 | 3 | 86,607 | 2,104 | 991 | 1,016 | -37 | -37 | - | 111 |
| Wholesale and retail trade | - | - | - | - | - | - | - | - | - | - |
| Finance, insurance and real estate | 41 | 418 | 113,154,525 | 11,769,634 | 1,671,341 | 1,882,853 | 458,899 | 455,243 | 203,626 | 197,159 |
| Services | 6 | 23 | 1,440,423 | 14,259 | 80,335 | 88,746 | 30,681 | 30,570 | 14,660 | - |
| **Insurance (U.S. parent)** | 39 | 176 | 23,506,769 | 4,497,431 | 394,687 | 557,106 | 68,321 | 67,863 | 158,573 | 53,791 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | - | - | - | - | - | - | - | - | - | - |
| Mining | - | - | - | - | - | - | - | - | - | - |
| Construction | - | - | - | - | - | - | - | - | - | - |
| Manufacturing | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Transportation and public utilities | - | - | - | - | - | - | - | - | - | - |
| Wholesale and retail trade | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Finance, insurance and real estate | 39 | 167 | 23,329,245 | 4,400,876 | 389,747 | 545,639 | 68,321 | 67,858 | 147,948 | 53,791 |
| Services | 3 | 4 | 74,562 | 65,576 | 5,288 | 7,901 | - | - | 10,625 | - |
| **Services (U.S. parent)** | 38 | 193 | 6,506,722 | 3,442,382 | 534,595 | 619,133 | 142,617 | 143,970 | 175,254 | 51,399 |
| Industry of Controlled Foreign Corporations | | | | | | | | | | |
| Agriculture, forestry and fishing | - | - | - | - | - | - | - | - | - | - |
| Mining | - | - | - | - | - | - | - | - | - | - |
| Construction | 3 | 4 | 68,295 | 645 | 2,271 | 2,271 | - | - | - | 12,794 |
| Manufacturing | 3 | 5 | 79,719 | 64,232 | -2,033 | 1,533 | 543 | -351 | - | - |
| Transportation and public utilities | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | 3 | 3 | 174,494 | 123,800 | 23,162 | 23,687 | 4,212 | 4,212 | - | - |
| Finance, insurance and real estate | 14 | 23 | 1,554,099 | 304,285 | 47,924 | 54,051 | 7,796 | 10,517 | 31,768 | 34,478 |
| Services | 30 | 145 | 3,978,610 | 2,751,733 | 429,401 | 500,257 | 122,336 | 121,861 | 143,039 | 4,127 |

** Data deleted to avoid disclosure of information for specific corporations.
Note: Detail may not add to total because of rounding and because agriculture, forestry, and fishing is not shown for the U.S. parent corporations.



**Table 2.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign income taxes (net) | Actual distributions in current year | Subpart F income | Selected receipts by foreign corporations from: All related persons |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| All industries, total | 714 | 7,500 | 740,395,679 | 589,884,940 | 56,590,619 | 19,034,715 | 21,730,762 | 4,223,316 | 122,306,380 |
| Agriculture, forestry and fishing | 11 | 25 | 597,029 | 560,406 | 48,313 | 15,029 | 16,250 | 15,500 | 210,124 |
| Mining | 76 | 217 | 27,005,021 | 14,791,221 | 3,558,046 | 2,011,736 | 1,879,584 | 141,476 | 2,980,952 |
| Construction | 24 | 95 | 3,903,366 | 4,398,397 | 327,143 | 117,962 | 229,429 | 58,427 | 444,154 |
| Manufacturing | 389 | 3,341 | 270,161,948 | 357,502,549 | 32,025,748 | 12,094,770 | 10,766,142 | 1,018,525 | 84,527,850 |
| Food and kindred products | 47 | 311 | 17,185,364 | 26,470,998 | 2,627,818 | 936,441 | 1,024,557 | 107,847 | 3,162,292 |
| Chemicals and allied products | 102 | 882 | 51,072,534 | 55,665,989 | 6,899,543 | 2,110,799 | 1,866,665 | 240,731 | 10,609,785 |
| Petroleum (including integrated) and coal products | 16 | 65 | 29,355,602 | 47,129,756 | 3,956,133 | 1,796,729 | 1,495,544 | 343,415 | 4,881,681 |
| Fabricated metal products | 70 | 198 | 6,816,474 | 8,839,174 | 674,193 | 248,188 | 256,527 | 2,592 | 936,644 |
| Machinery, except electrical | 81 | 376 | 45,549,803 | 39,879,010 | 7,596,140 | 3,130,022 | 2,817,613 | 57,184 | 17,958,353 |
| Electrical and electronic equipment | 77 | 472 | 32,460,602 | 45,116,200 | 3,290,764 | 963,562 | 799,157 | 137,315 | 10,724,537 |
| Motor vehicles and equipment | 32 | 183 | 42,379,654 | 76,686,833 | 2,667,141 | 1,221,866 | 1,240,967 | 17,118 | 25,338,879 |
| Transportation and public utilities | 77 | 226 | 17,155,030 | 7,098,494 | 1,049,350 | 259,133 | 511,034 | 141,716 | 2,243,454 |
| Water transportation | 43 | 124 | 7,723,082 | 2,944,164 | 237,147 | 5,356 | 134,089 | 126,490 | 2,004,928 |
| Wholesale and retail trade | 230 | 1,156 | 76,133,502 | 151,984,251 | 8,642,700 | 2,705,759 | 3,970,485 | 391,691 | 17,522,992 |
| Wholesale trade | 196 | 980 | 64,226,156 | 128,391,269 | 7,809,692 | 2,351,031 | 3,590,384 | 362,113 | 16,431,908 |
| Finance, insurance and real estate | 452 | 1,911 | 322,820,276 | 41,286,203 | 9,465,673 | 1,427,045 | 3,820,279 | 2,321,621 | 11,670,001 |
| Banking | 48 | 253 | 90,773,446 | 8,526,009 | 1,223,140 | 282,024 | 115,865 | 60,982 | 1,076,725 |
| Credit agencies other than banks | 147 | 460 | 88,244,909 | 10,591,737 | 1,941,087 | 479,283 | 686,930 | 771,684 | 2,886,233 |
| Insurance | 180 | 332 | 39,003,026 | 9,737,589 | 1,460,814 | 120,131 | 555,964 | 355,918 | 2,056,526 |
| Holding and other investment companies, except bank holding companies | 263 | 629 | 75,477,434 | 8,417,323 | 4,231,159 | 341,996 | 2,342,811 | 1,087,261 | 4,919,798 |
| Services | 165 | 519 | 22,386,413 | 12,217,752 | 1,478,715 | 398,413 | 535,745 | 134,360 | 2,694,383 |
| Business services | 98 | 253 | 10,535,242 | 4,270,406 | 576,533 | 150,290 | 270,533 | 66,151 | 1,832,132 |

| Selected industry of 7,500 Largest Controlled Foreign Corporations | 7,500 Largest Controlled Foreign Corporations--Continued: Selected receipts by foreign corporations from:--Continued: U.S. corporation filing return and its domestic subsidiaries: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received | Any foreign corporation controlled by U.S. corporation filing return: Total | Sales of stock in trade | Compensation received for certain services | Interest, rents, and royalties received | Selected payments by foreign corporations to: All related persons |
|---|---|---|---|---|---|---|---|---|---|
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) |
| All industries, total | 60,110,117 | 46,749,756 | 4,115,133 | 5,787,938 | 61,523,955 | 46,913,101 | 3,862,593 | 4,514,627 | 150,042,967 |
| Agriculture, forestry and fishing | 20,028 | 16,919 | 3,003 | 8 | 190,095 | 173,799 | 136 | 16,160 | 63,965 |
| Mining | 1,590,109 | 1,441,187 | 25,045 | 99,791 | 1,390,616 | 824,075 | 63,079 | 98,693 | 3,181,927 |
| Construction | 172,590 | 101,360 | 61,583 | 9,645 | 270,440 | 135,607 | 92,210 | 35,231 | 640,209 |
| Manufacturing | 41,025,339 | 37,349,841 | 2,699,375 | 510,406 | 43,202,639 | 37,662,402 | 2,132,310 | 1,727,731 | 101,434,535 |
| Food and kindred products | 718,880 | 676,165 | 14,842 | 23,553 | 2,443,412 | 2,277,669 | 46,690 | 56,288 | 3,607,880 |
| Chemicals and allied products | 1,680,192 | 1,395,542 | 150,778 | 81,458 | 8,912,884 | 7,238,853 | 190,240 | 1,054,383 | 12,885,003 |
| Petroleum (including integrated) and coal products | 2,797,544 | 2,628,098 | 128,985 | 37,608 | 2,084,133 | 1,224,788 | 192,500 | 192,796 | 9,769,534 |
| Fabricated metal products | 180,379 | 162,398 | 4,877 | 7,758 | 756,266 | 720,157 | 7,230 | 20,567 | 1,005,602 |
| Machinery, except electrical | 6,194,273 | 4,510,097 | 1,423,352 | 102,668 | 11,750,684 | 10,852,881 | 671,028 | 45,593 | 21,901,444 |
| Electrical and electronic equipment | 5,282,748 | 4,677,936 | 405,012 | 50,872 | 5,441,644 | 4,918,721 | 317,975 | 88,583 | 10,226,379 |
| Motor vehicles and equipment | 19,866,401 | 19,432,492 | 267,097 | 152,652 | 5,265,269 | 4,444,371 | 597,234 | 147,090 | 30,973,342 |
| Transportation and public utilities | 1,373,428 | 350,970 | 322,652 | 374,294 | 628,040 | 294,173 | 51,438 | 214,354 | 1,101,122 |
| Water transportation | 1,270,336 | 288,902 | 296,397 | 361,057 | 492,606 | 207,400 | 24,023 | 204,903 | 561,830 |
| Wholesale and retail trade | 8,131,170 | 7,222,095 | 283,239 | 62,133 | 9,330,616 | 6,904,881 | 491,847 | 410,544 | 31,166,260 |
| Wholesale trade | 7,813,912 | 6,958,897 | 271,871 | 58,521 | 8,561,083 | 6,352,492 | 386,187 | 331,124 | 29,101,073 |
| Finance, insurance and real estate | 6,843,257 | 94,352 | 149,575 | 4,591,596 | 4,777,554 | 329,587 | 303,429 | 1,735,876 | 9,533,026 |
| Banking | 788,376 | - | 37,129 | 685,105 | 277,678 | - | 6,825 | 262,588 | 1,510,037 |
| Credit agencies other than banks | 1,900,497 | 6,960 | 5,395 | 1,845,028 | 972,301 | 143,588 | 157,378 | 548,388 | 2,586,216 |
| Insurance | 1,638,328 | - | 5,720 | 38,044 | 417,851 | 411 | 7,748 | 50,590 | 831,487 |
| Holding and other investment companies, except bank holding companies | 2,071,042 | 67,832 | 15,944 | 1,861,361 | 2,824,021 | 124,977 | 122,040 | 784,390 | 3,739,603 |
| Services | 949,659 | 168,943 | 570,462 | 139,617 | 1,726,019 | 587,603 | 723,389 | 275,330 | 2,910,435 |
| Business services | 747,427 | 100,765 | 508,697 | 95,851 | 1,066,000 | 139,142 | 598,504 | 202,059 | 1,261,114 |

Footnotes at end of table

**Table 2.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of 7,500 Largest Controlled Foreign Corporations | 7,500 Largest Controlled Foreign Corporations--Continued | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Selected payments by foreign corporations to:--Continued | | | | | | | | | |
| | U.S. corporation filing return and its domestic subsidiaries | | | | | Any foreign corporation controlled by U.S. corporation filing return | | | | |
| | Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid | Interest, rents, and royalties paid | Total | Purchases of stock in trade | Compensation paid for certain services | Dividends paid | Interest, rents, and royalties paid |
| | (19) | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| All industries, total | 92,450,687 | 60,644,292 | 4,187,446 | 15,490,666 | 10,394,797 | 56,122,819 | 40,885,436 | 4,331,497 | 5,602,344 | 3,793,785 |
| Agriculture, forestry and fishing | 59,460 | 29,971 | 451 | 15,793 | 6,066 | 4,505 | 2,495 | 188 | 253 | 1,511 |
| Mining | 2,242,820 | 482,519 | 82,025 | 1,347,192 | 244,378 | 938,987 | 172,064 | 78,281 | 522,431 | 138,871 |
| Construction | 340,383 | 86,072 | 34,516 | 195,512 | 17,548 | 270,636 | 106,650 | 81,455 | 28,379 | 51,424 |
| Manufacturing | 65,205,035 | 44,902,791 | 3,456,801 | 8,379,853 | 7,179,352 | 35,221,588 | 28,061,896 | 3,197,319 | 1,933,479 | 1,209,636 |
| Food and kindred products | 1,525,544 | 546,599 | 90,782 | 605,875 | 226,905 | 2,082,335 | 1,594,768 | 67,461 | 273,575 | 110,202 |
| Chemicals and allied products | 6,937,022 | 4,229,711 | 278,645 | 1,382,346 | 926,786 | 5,917,495 | 4,479,228 | 456,804 | 448,118 | 275,222 |
| Petroleum (including integrated) and coal products | 6,388,540 | 5,090,758 | 95,278 | 1,144,438 | 55,525 | 2,534,908 | 1,774,349 | 253,950 | 254,285 | 208,043 |
| Fabricated metal products | 656,302 | 323,126 | 25,201 | 225,983 | 69,726 | 349,159 | 274,090 | 10,907 | 23,263 | 35,604 |
| Machinery, except electrical | 10,797,283 | 5,030,477 | 427,729 | 2,512,518 | 2,726,024 | 11,066,025 | 9,693,307 | 858,064 | 291,813 | 123,054 |
| Electrical and electronic equipment | 6,476,810 | 4,904,062 | 354,949 | 487,072 | 339,923 | 3,749,569 | 3,050,561 | 116,319 | 294,647 | 137,990 |
| Motor vehicles and equipment | 26,200,235 | 20,714,252 | 1,946,256 | 1,132,811 | 2,225,240 | 4,741,818 | 3,146,377 | 1,283,920 | 93,763 | 187,584 |
| Transportation and public utilities | 367,741 | 136,355 | 36,187 | 141,202 | 32,447 | 708,330 | 120,415 | 81,862 | 286,186 | 199,542 |
| Water transportation | 186,192 | 84,564 | 10,420 | 67,109 | 20,263 | 352,594 | 59,135 | 41,714 | 66,979 | 182,014 |
| Wholesale and retail trade | 17,354,919 | 14,377,551 | 242,225 | 2,209,786 | 365,454 | 13,441,172 | 10,703,428 | 323,024 | 1,718,859 | 459,020 |
| Wholesale trade | 16,094,130 | 13,454,720 | 235,208 | 2,027,390 | 254,626 | 12,658,832 | 10,217,918 | 315,092 | 1,536,844 | 363,821 |
| Finance, insurance and real estate | 5,637,734 | 220,310 | 186,930 | 2,852,959 | 2,272,756 | 3,860,014 | 837,164 | 267,267 | 934,424 | 1,471,604 |
| Banking | 1,134,013 | – | 39,849 | 100,716 | 979,573 | 344,673 | – | 6,257 | 10,161 | 320,278 |
| Credit agencies other than banks | 1,198,053 | – | 34,323 | 475,400 | 682,163 | 1,387,568 | 305,010 | 104,984 | 210,635 | 624,045 |
| Insurance | 570,593 | 3,109 | 40,200 | 439,902 | 10,976 | 260,894 | – | 49,643 | 116,048 | 14,183 |
| Holding and other investment companies, except bank holding companies | 2,329,513 | 64,814 | 11,401 | 1,799,199 | 451,573 | 1,406,757 | 375,205 | 10,759 | 524,255 | 406,543 |
| Services | 1,232,315 | 407,978 | 146,267 | 346,556 | 271,114 | 1,676,380 | 881,325 | 302,100 | 178,332 | 260,971 |
| Business services | 597,478 | 278,468 | 66,633 | 150,661 | 70,334 | 661,906 | 201,760 | 173,458 | 114,074 | 137,739 |

Note: Detail may not add to total because of rounding.



**Table 3.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All geographic areas, total | 714 | 7,500 | 740,395,679 | 589,864,940 | 56,590,619 | 19,034,715 | 21,730,762 | 4,223,316 |
| Canada | 432 | 840 | 112,056,545 | 103,143,181 | 8,793,748 | 3,419,265 | 3,411,443 | 170,847 |
| Latin America, total | 289 | 959 | 62,768,032 | 45,957,256 | 5,121,667 | 1,388,833 | 2,286,426 | 535,888 |
| Mexico | 97 | 150 | 6,229,438 | 6,667,206 | 152,932 | 124,603 | 139,066 | 11,614 |
| Central America, total | 95 | 194 | 21,611,538 | 8,447,431 | 1,517,506 | 147,154 | 845,314 | 402,013 |
| Costa Rica | 8 | 12 | 212,170 | 298,179 | 21,431 | 7,102 | 2,607 | – |
| El Salvador | 4 | 4 | 66,352 | 168,824 | 18,834 | 6,168 | 6,450 | – |
| Guatemala | 10 | 10 | 148,700 | 154,288 | 5,804 | 5,613 | 7,418 | 5 |
| Honduras | 5 | 9 | 255,988 | 371,302 | 36,301 | 14,332 | 13,727 | – |
| Panama | 86 | 156 | 20,881,082 | 7,401,268 | 1,419,962 | 103,213 | 815,114 | 402,008 |
| Caribbean countries, total | 66 | 85 | 6,545,285 | 1,222,215 | 402,131 | 46,785 | 40,430 | 65,876 |
| Cayman Islands (British) | 52 | 69 | 5,750,474 | 981,767 | 328,959 | 32,452 | 14,714 | 53,363 |
| Dominican Republic | 4 | 4 | 250,471 | 110,637 | 37,454 | 6,179 | 19,565 | – |
| South America, total | 190 | 530 | 28,381,771 | 29,620,404 | 3,049,099 | 1,070,291 | 1,261,615 | 56,385 |
| Argentina | 59 | 79 | 4,219,492 | 3,808,174 | 243,847 | 49,646 | 108,572 | 12,804 |
| Bolivia | – | – | – | – | – | – | – | – |
| Brazil | 157 | 279 | 19,104,216 | 21,047,487 | 2,388,146 | 860,282 | 981,442 | 41,708 |
| Chile | 23 | 35 | 1,487,954 | 1,030,428 | 94,004 | 13,826 | 46,145 | 413 |
| Colombia | 35 | 39 | 1,084,648 | 1,715,863 | 159,693 | 66,301 | 53,559 | 12 |
| Ecuador | 9 | 9 | 258,915 | 88,868 | 20,045 | 3,801 | 7,198 | – |
| Peru | 10 | 11 | 193,362 | 196,523 | 40,493 | 19,509 | 9,942 | – |
| Uruguay | 7 | 8 | 220,606 | 85,167 | 2,119 | 1,409 | 4,765 | – |
| Venezuela | 56 | 69 | 1,782,997 | 1,645,730 | 101,946 | 55,464 | 49,992 | 1,448 |
| Other Western Hemisphere, total | 329 | 623 | 85,135,354 | 24,219,911 | 3,366,919 | 336,392 | 1,862,388 | 1,792,742 |
| Bahamas | 39 | 59 | 7,400,370 | 7,173,147 | 423,881 | 121,487 | 307,889 | 69,053 |
| Bermuda | 202 | 311 | 25,679,727 | 10,300,485 | 1,408,581 | 54,269 | 761,854 | 510,069 |
| Netherlands Antilles | 186 | 250 | 51,886,232 | 6,745,540 | 1,552,260 | 160,637 | 792,646 | 1,213,621 |
| Europe, total | 490 | 3,696 | 383,735,353 | 328,082,275 | 30,411,912 | 10,608,741 | 11,374,996 | 1,444,519 |
| European Economic Community, total | 480 | 3,277 | 343,827,575 | 293,002,486 | 26,854,921 | 9,840,846 | 9,892,212 | 728,040 |
| Belgium | 128 | 205 | 17,675,089 | 15,293,609 | 1,498,992 | 521,992 | 436,424 | 203,430 |
| Denmark | 41 | 50 | 2,088,266 | 2,804,282 | 330,293 | 137,153 | 143,041 | 4 |
| France (including Andorra) | 236 | 447 | 30,325,388 | 41,244,103 | 2,632,199 | 1,154,536 | 760,910 | 3,221 |
| Greece | 18 | 18 | 383,227 | 1,082,558 | 115,400 | 23,031 | 1,355 | 15 |
| Ireland | 59 | 81 | 4,389,585 | 2,583,429 | 516,208 | 24,015 | 188,757 | 11,211 |
| Italy (including San Marino) | 181 | 332 | 31,187,410 | 26,799,899 | 2,833,505 | 1,056,900 | 581,115 | 11,108 |
| Luxembourg | 23 | 29 | 4,648,678 | 1,077,087 | 100,828 | 47,864 | 45,813 | 4,427 |
| Netherlands | 188 | 338 | 28,515,126 | 23,648,159 | 2,441,280 | 404,975 | 513,341 | 70,937 |
| Portugal | 26 | 30 | 695,551 | 1,275,205 | 134,802 | 32,284 | 31,490 | 19 |
| Spain | 124 | 177 | 12,636,103 | 11,287,678 | 945,225 | 311,363 | 376,638 | 2,818 |
| United Kingdom | 381 | 1,058 | 146,804,566 | 97,260,938 | 9,798,051 | 3,496,719 | 4,905,081 | 238,214 |
| West Germany | 244 | 512 | 64,478,587 | 68,645,539 | 5,508,139 | 2,630,013 | 1,908,247 | 182,636 |
| Other West European countries, total | 177 | 418 | 39,758,165 | 35,072,394 | 3,556,202 | 767,896 | 1,482,785 | 716,479 |
| Austria | 37 | 48 | 3,534,008 | 3,616,766 | 347,267 | 77,603 | 210,467 | 52,480 |
| Finland | 22 | 24 | 1,280,341 | 1,650,227 | 153,933 | 56,497 | 72,820 | 1 |
| Liechtenstein | 5 | 6 | 257,283 | 108,241 | 49,499 | 6,286 | 74,339 | 20,963 |
| Norway | 33 | 39 | 2,062,359 | 3,167,047 | 262,610 | 112,663 | 51,166 | 2,861 |
| Sweden | 57 | 69 | 3,086,842 | 3,922,891 | 381,429 | 216,254 | 119,332 | 15,948 |
| Switzerland | 135 | 225 | 29,238,465 | 21,754,231 | 2,325,876 | 285,423 | 933,387 | 624,226 |
| Turkey | 5 | 5 | 259,318 | 767,115 | 26,547 | 12,855 | 10,508 | – |
| Africa, total | 124 | 251 | 12,872,138 | 10,594,605 | 1,104,119 | 373,877 | 405,383 | 45,701 |
| Egypt | 8 | 8 | 151,443 | 231,543 | 22,856 | 7,460 | 8,922 | – |
| Kenya | 6 | 8 | 192,681 | 247,376 | 57,168 | 22,880 | 18,118 | – |
| Liberia | 46 | 89 | 6,815,184 | 2,052,434 | 163,842 | 6,196 | 41,936 | 45,343 |
| Morocco | 4 | 4 | 85,901 | 72,597 | 10,679 | 4,866 | 1,618 | – |
| Nigeria | 11 | 12 | 1,494,724 | 1,705,998 | 441,349 | 171,492 | 149,812 | – |
| South Africa (including Namibia) | 70 | 88 | 2,882,167 | 4,572,014 | 291,814 | 103,101 | 151,727 | 24 |
| Zaire | 5 | 6 | 129,042 | 166,121 | 21,375 | 9,936 | 6,497 | – |
| Zimbabwe | 6 | 10 | 291,229 | 387,664 | 52,720 | 18,813 | 17,315 | 334 |
| Asia, total | 228 | 671 | 51,810,343 | 52,443,853 | 5,751,421 | 2,246,048 | 1,804,528 | 181,278 |
| Hong Kong | 97 | 145 | 16,135,149 | 6,086,086 | 920,778 | 150,334 | 406,895 | 90,521 |
| India | 11 | 12 | 472,592 | 651,801 | 69,937 | 31,484 | 6,429 | 15 |
| Indonesia | 13 | 16 | 742,012 | 2,735,798 | 505,394 | 286,661 | 6,300 | – |
| Israel | 9 | 16 | 511,856 | 252,038 | 14,927 | 9,420 | 7,596 | – |
| Japan | 129 | 195 | 19,762,444 | 27,987,988 | 2,779,352 | 1,484,065 | 989,180 | 9,135 |
| Malaysia | 25 | 37 | 1,627,324 | 2,729,729 | 182,590 | 65,896 | 38,226 | 8,777 |
| Philippines | 30 | 34 | 1,261,361 | 1,741,794 | 141,773 | 65,555 | 56,693 | 8,563 |
| Saudi Arabia | 9 | 11 | 1,081,039 | 165,051 | -47,299 | 6,121 | 42,156 | 100 |
| Singapore | 56 | 80 | 5,917,988 | 4,988,852 | 670,897 | 36,088 | 100,494 | 59,648 |
| South Korea | 22 | 24 | 661,004 | 675,096 | 61,995 | 22,703 | 51,626 | 4 |
| Taiwan | 45 | 52 | 2,028,061 | 2,153,244 | 213,502 | 26,645 | 53,662 | 8 |
| Thailand | 27 | 31 | 1,201,673 | 2,012,266 | 169,361 | 49,820 | 40,343 | 17 |
| Oceania, total | 199 | 374 | 26,785,963 | 19,849,060 | 1,556,018 | 550,144 | 440,587 | 49,204 |
| Australia | 195 | 321 | 24,644,794 | 17,964,722 | 1,411,112 | 485,091 | 396,144 | 49,120 |
| New Zealand | 34 | 48 | 2,051,992 | 1,787,700 | 149,713 | 63,265 | 39,324 | 13 |
| Puerto Rico and U.S. Possessions, total | 53 | 86 | 5,231,952 | 5,594,799 | 484,815 | 111,414 | 145,010 | 3,137 |
| Puerto Rico | 42 | 70 | 3,839,540 | 1,144,514 | 194,741 | 53,901 | 28,499 | 725 |
| U.S. Virgin Islands | 8 | 10 | 1,088,326 | 3,094,879 | 116,081 | 25,940 | 23,578 | 2,412 |

Footnotes at end of table.

**Table 3.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations | 7,500 Largest Controlled Foreign Corporations--Continued: Selected receipts by foreign corporations from: All related persons | U.S. corporation filing return and its domestic subsidiaries: Total | U.S. corporation: Sales of stock in trade | U.S. corporation: Compensation received for certain services | U.S. corporation: Interest, rents, and royalties received | Any foreign corporation controlled by U.S. corporation filing return: Total | Any foreign corporation: Sales of stock in trade | Any foreign corporation: Compensation received for certain services | Any foreign corporation: Interest, rents, and royalties received |
|---|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| All geographic areas, total | 122,306,380 | 60,110,117 | 46,749,756 | 4,115,133 | 5,787,938 | 61,523,955 | 46,913,101 | 3,862,593 | 4,514,627 |
| Canada | 28,356,810 | 24,181,676 | 23,666,434 | 232,507 | 132,810 | 3,927,645 | 2,034,695 | 452,202 | 516,634 |
| Latin America, total | 7,474,594 | 3,792,102 | 3,042,329 | 143,253 | 465,781 | 3,648,566 | 2,532,209 | 81,910 | 434,166 |
| Mexico | 1,289,230 | 1,137,353 | 1,037,557 | 65,640 | 13,130 | 151,342 | 107,679 | 6,767 | 25,062 |
| Central America, total | 2,603,072 | 1,252,101 | 774,895 | 50,606 | 396,965 | 1,339,315 | 717,808 | 20,330 | 244,061 |
| Costa Rica | 156,832 | 14,887 | 14,419 | 364 | – | 141,946 | 141,494 | – | * |
| El Salvador | 3,416 | – | – | – | – | 3,416 | 3,415 | – | 1 |
| Guatemala | 68,507 | 56,756 | 56,398 | 317 | – | 11,751 | 11,260 | 424 | 67 |
| Honduras | 77,831 | 53,080 | 53,080 | – | – | 24,751 | 24,002 | – | 23 |
| Panama | 2,296,300 | 1,127,378 | 650,997 | 49,925 | 396,965 | 1,157,265 | 537,452 | 19,907 | 243,968 |
| Caribbean countries, total | 432,054 | 253,527 | 173,362 | 12,758 | 33,938 | 157,299 | 109,815 | 1,605 | 36,452 |
| Cayman Islands (British) | 405,038 | 252,536 | 172,917 | 12,758 | 33,393 | 131,274 | 88,326 | 1,605 | 31,916 |
| Dominican Republic | – | – | – | – | – | – | – | – | – |
| South America, total | 3,150,238 | 1,149,121 | 1,056,514 | 14,248 | 21,747 | 2,000,609 | 1,596,906 | 53,207 | 128,592 |
| Argentina | 623,657 | 240,022 | 216,514 | 3,540 | 1,945 | 383,632 | 320,727 | 10,067 | 10,065 |
| Bolivia | – | – | – | – | – | – | – | – | – |
| Brazil | 2,330,897 | 827,631 | 785,451 | 6,174 | 15,385 | 1,502,762 | 1,209,697 | 38,320 | 103,527 |
| Chile | 64,251 | 19,299 | 18,685 | 36 | 9 | 44,952 | 24,550 | 163 | 2,492 |
| Colombia | 45,309 | 30,575 | 26,119 | 652 | 1,299 | 14,734 | 6,882 | 2,596 | 2,178 |
| Ecuador | 3,182 | 2,979 | 563 | – | 125 | 203 | – | 24 | 66 |
| Peru | 5,286 | 2,968 | 562 | 1,960 | – | 2,318 | 248 | 1,923 | 145 |
| Uruguay | 4,174 | 235 | 68 | – | 118 | 3,938 | 3,750 | – | 188 |
| Venezuela | 59,926 | 25,412 | 8,553 | 1,885 | 2,867 | 34,514 | 17,495 | 114 | 9,931 |
| Other Western Hemisphere, total | 9,608,875 | 8,214,166 | 2,959,564 | 38,091 | 3,657,951 | 1,360,278 | 437,075 | 76,123 | 410,632 |
| Bahamas | 454,287 | 233,104 | 173,167 | 7,052 | 30,652 | 221,184 | 60,863 | 10,727 | 68,353 |
| Bermuda | 5,056,354 | 4,237,078 | 2,658,703 | 30,948 | 64,399 | 819,260 | 327,403 | 18,479 | 138,292 |
| Netherlands Antilles | 4,098,233 | 3,743,984 | 127,695 | 91 | 3,562,901 | 319,835 | 48,809 | 46,917 | 203,987 |
| Europe, total | 58,564,986 | 12,931,567 | 8,468,759 | 2,429,261 | 1,270,723 | 45,575,115 | 36,061,462 | 2,931,363 | 2,744,630 |
| European Economic Community, total | 53,021,252 | 11,381,770 | 7,355,208 | 2,203,833 | 1,175,757 | 41,588,255 | 33,130,625 | 2,500,876 | 2,493,837 |
| Belgium | 3,306,392 | 618,400 | 425,568 | 118,291 | 56,100 | 2,679,914 | 2,282,188 | 175,356 | 135,588 |
| Denmark | 240,035 | 90,226 | 74,736 | 11,040 | 3,987 | 149,809 | 94,175 | 14,545 | 14,855 |
| France (including Andorra) | 7,686,420 | 1,676,611 | 983,854 | 606,209 | 59,287 | 6,003,430 | 5,301,659 | 415,745 | 67,790 |
| Greece | 23,855 | 2,447 | 3 | 938 | – | 21,408 | 20,074 | 1,206 | 101 |
| Ireland | 747,317 | 134,476 | 117,917 | 13,463 | 998 | 612,841 | 535,254 | 12,256 | 10,827 |
| Italy (including San Marino) | 3,593,936 | 569,299 | 433,986 | 73,532 | 8,007 | 3,024,416 | 1,999,249 | 119,378 | 859,051 |
| Luxembourg | 564,584 | 233,587 | 35,385 | 90,391 | 106,729 | 330,997 | 276,649 | 6,130 | 42,275 |
| Netherlands | 5,733,946 | 649,516 | 407,395 | 42,380 | 188,041 | 5,080,825 | 4,308,231 | 223,533 | 331,021 |
| Portugal | 102,851 | 12,748 | 11,534 | 902 | – | 90,103 | 88,565 | 1,153 | 153 |
| Spain | 1,179,682 | 163,501 | 138,473 | 13,406 | 10,071 | 1,016,181 | 919,796 | 15,071 | 57,309 |
| United Kingdom | 16,728,760 | 5,581,195 | 3,771,159 | 724,726 | 591,626 | 11,131,824 | 7,092,611 | 980,974 | 754,347 |
| West Germany | 13,113,473 | 1,649,765 | 955,199 | 508,556 | 150,911 | 11,446,505 | 10,212,175 | 535,529 | 220,520 |
| Other West European countries, total | 5,543,662 | 1,549,726 | 1,113,551 | 225,428 | 94,895 | 3,986,860 | 2,930,837 | 430,487 | 250,793 |
| Austria | 220,913 | 61,279 | 12,265 | 45,908 | 2,843 | 159,521 | 70,690 | 24,224 | 3,949 |
| Finland | 23,373 | 4,773 | 458 | 2,538 | 1,765 | 18,600 | 11,158 | 4,193 | 1,578 |
| Liechtenstein | 87,740 | 654 | 36 | – | – | 87,086 | 18,336 | 9 | 7,115 |
| Norway | 290,591 | 236,908 | 211,433 | 9,152 | 12,454 | 53,683 | 38,607 | 5,481 | 4,528 |
| Sweden | 745,661 | 260,493 | 227,004 | 28,080 | 1,728 | 481,323 | 448,752 | 12,369 | 2,088 |
| Switzerland | 4,147,607 | 962,189 | 662,247 | 139,732 | 76,104 | 3,182,299 | 2,339,913 | 383,738 | 231,314 |
| Turkey | 24,048 | 23,328 | * | 4 | – | 720 | 375 | 71 | 1 |
| Africa, total | 2,550,287 | 1,238,970 | 630,346 | 259,766 | 23,856 | 1,059,887 | 840,131 | 16,680 | 127,168 |
| Egypt | 189 | 189 | – | 87 | – | – | – | – | – |
| Kenya | 23,371 | 13,272 | 13,239 | 33 | – | 10,098 | 6,779 | 236 | 167 |
| Liberia | 1,795,874 | 976,087 | 373,117 | 257,456 | 22,576 | 577,802 | 378,055 | 10,389 | 123,239 |
| Morocco | 1,381 | – | – | – | – | 1,381 | 1,381 | – | – |
| Nigeria | 142,356 | 137,453 | 136,247 | – | 299 | 4,903 | 4,903 | – | – |
| South Africa (including Namibia) | 479,758 | 19,220 | 16,138 | 1,663 | 371 | 460,441 | 448,932 | 5,578 | 2,847 |
| Zaire | 1,263 | 1,198 | 757 | – | 441 | 65 | 2 | 63 | * |
| Zimbabwe | 4,734 | – | – | – | – | 4,734 | – | 53 | 911 |
| Asia, total | 12,123,198 | 7,509,266 | 6,169,320 | 808,668 | 208,082 | 4,567,268 | 4,080,552 | 129,750 | 127,632 |
| Hong Kong | 1,591,046 | 897,531 | 600,006 | 47,805 | 143,194 | 656,595 | 444,202 | 29,246 | 50,743 |
| India | 13,352 | 8,067 | 7,709 | – | 5 | 5,286 | 3,932 | 450 | 301 |
| Indonesia | 32,770 | 921 | 2 | 183 | 714 | 31,849 | 19,032 | 7,624 | 5,178 |
| Israel | 107,901 | 99,312 | 39,388 | 6,408 | – | 8,590 | 2,944 | 2,088 | 2,509 |
| Japan | 3,479,723 | 1,734,408 | 1,097,220 | 554,690 | 48,754 | 1,736,138 | 1,610,662 | 37,213 | 51,062 |
| Malaysia | 1,596,809 | 1,093,603 | 981,255 | 24,302 | 391 | 503,207 | 463,006 | 27,653 | 3,016 |
| Philippines | 384,061 | 148,926 | 137,264 | 8,684 | 2,165 | 235,135 | 228,941 | 2,936 | 814 |
| Saudi Arabia | 23,879 | 16,256 | 849 | 15,310 | 11 | 7,623 | 58 | 2,320 | – |
| Singapore | 2,867,695 | 2,301,658 | 2,224,171 | 63,087 | 11,539 | 565,615 | 538,428 | 14,696 | 8,805 |
| South Korea | 345,945 | 259,174 | 219,526 | 38,452 | – | 86,770 | 80,177 | 584 | – |
| Taiwan | 963,654 | 738,398 | 684,747 | 17,235 | 10 | 225,255 | 202,359 | 2,000 | 1,906 |
| Thailand | 642,871 | 162,038 | 130,170 | 30,352 | 1,300 | 480,687 | 480,008 | 455 | 190 |
| Oceania, total | 1,341,802 | 362,884 | 152,645 | 163,814 | 9,579 | 978,853 | 527,128 | 169,308 | 152,774 |
| Australia | 1,289,982 | 339,768 | 133,271 | 160,808 | 9,264 | 950,149 | 512,363 | 168,407 | 148,830 |
| New Zealand | 47,508 | 20,083 | 16,651 | 3,006 | 6 | 27,425 | 13,700 | 687 | 3,944 |
| Puerto Rico and U.S. Possessions, total | 2,285,829 | 1,679,486 | 1,660,359 | 39,773 | 19,155 | 406,343 | 399,850 | 5,257 | 990 |
| Puerto Rico | 102,599 | 96,026 | 26,343 | 39,773 | 18,617 | 6,573 | 159 | 5,178 | 990 |
| U.S. Virgin Islands | 2,046,635 | 1,666,165 | 1,634,016 | – | 240 | 380,470 | 380,391 | 79 | – |

Footnotes at end of table.



**Table 3.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations | 7,500 Largest Controlled Foreign Corporations--Continued: Selected payments by foreign corporations to: All related persons | U.S. corporation filing return and its domestic subsidiaries: Total | U.S. corporation: Purchases of stock in trade | U.S. corporation: Compensation paid for certain services | U.S. corporation: Dividends paid | U.S. corporation: Interest, rents, and royalties paid | Any foreign corporation controlled by U.S. corporation filing return: Total | Any foreign corporation: Purchases of stock in trade | Any foreign corporation: Compensation paid for certain services | Any foreign corporation: Dividends paid | Any foreign corporation: Interest, rents, and royalties paid |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| All geographic areas, total | 150,042,967 | 92,450,687 | 60,644,292 | 4,187,446 | 15,490,666 | 10,394,797 | 56,122,819 | 40,885,436 | 4,331,497 | 5,602,344 | 3,793,785 |
| Canada | 31,993,664 | 27,696,460 | 22,731,347 | 1,465,860 | 2,384,697 | 701,081 | 4,166,930 | 1,969,197 | 446,373 | 844,556 | 522,866 |
| Latin America, total | 12,996,965 | 10,276,286 | 4,953,030 | 648,560 | 1,734,636 | 2,645,878 | 2,556,058 | 1,487,977 | 91,627 | 513,127 | 365,338 |
| Mexico | 6,257,082 | 6,073,598 | 3,123,632 | 549,062 | 122,194 | 2,219,514 | 182,348 | 123,415 | 5,599 | 16,005 | 27,476 |
| Central America, total | 2,196,945 | 1,323,505 | 438,963 | 57,548 | 576,969 | 190,425 | 721,288 | 249,581 | 48,926 | 265,198 | 119,000 |
| Costa Rica | 83,411 | 28,244 | 21,407 | 1,645 | 1,751 | 2,220 | 55,167 | 49,781 | 2,617 | 687 | 1,824 |
| El Salvador | 9,034 | 974 | – | 426 | – | 548 | 8,060 | 352 | 696 | 6,450 | – |
| Guatemala | 19,661 | 15,758 | 6,727 | 834 | 5,994 | 2,130 | 3,903 | 2,379 | 194 | 1,279 | 51 |
| Honduras | 88,973 | 66,105 | 54,448 | 504 | 10,767 | 213 | 22,869 | 22,198 | 433 | 125 | 112 |
| Panama | 1,995,632 | 1,212,191 | 356,147 | 54,139 | 558,457 | 185,314 | 631,289 | 174,871 | 44,787 | 256,657 | 117,012 |
| Caribbean countries, total | 311,310 | 251,107 | 123,877 | 9,044 | 13,289 | 61,049 | 53,452 | 7,963 | 4,678 | 25,030 | 11,376 |
| Cayman Islands (British) | 225,569 | 191,673 | 106,424 | 8,005 | 8,869 | 60,274 | 29,153 | 4,967 | 4,678 | 5,845 | 11,339 |
| Dominican Republic | 27,333 | 8,148 | – | 369 | 380 | 623 | 19,185 | – | – | 19,185 | – |
| South America, total | 4,231,628 | 2,628,075 | 1,266,558 | 32,906 | 1,022,184 | 174,891 | 1,598,970 | 1,107,018 | 32,422 | 206,895 | 207,487 |
| Argentina | 485,315 | 361,421 | 220,587 | 11,043 | 81,298 | 37,950 | 123,295 | 63,512 | 8,180 | 25,370 | 22,873 |
| Bolivia | – | – | – | – | – | – | – | – | – | – | – |
| Brazil | 2,882,655 | 1,640,504 | 677,136 | 4,163 | 795,235 | 104,362 | 1,238,985 | 903,724 | 15,024 | 167,322 | 128,316 |
| Chile | 163,320 | 90,556 | 37,264 | 1,401 | 40,568 | 8,723 | 72,764 | 21,176 | 362 | 4,457 | 45,743 |
| Colombia | 187,279 | 121,216 | 54,761 | 9,184 | 46,032 | 3,255 | 66,062 | 60,070 | 1,688 | 655 | 1,318 |
| Ecuador | 23,399 | 18,121 | 8,628 | 599 | 6,572 | 755 | 5,267 | 4,319 | 18 | 302 | 92 |
| Peru | 35,660 | 29,677 | 11,666 | 3,708 | 9,767 | 1,665 | 5,983 | 4,667 | 461 | – | – |
| Uruguay | 14,620 | 13,547 | 5,928 | 951 | 4,650 | 1,596 | 1,072 | 952 | 107 | – | 14 |
| Venezuela | 435,963 | 353,032 | 250,588 | 1,856 | 38,062 | 16,585 | 82,124 | 45,266 | 6,383 | 8,790 | 9,046 |
| Other Western Hemisphere, total | 4,651,044 | 3,703,302 | 1,544,465 | 35,942 | 1,608,234 | 454,157 | 944,334 | 342,195 | 65,457 | 246,526 | 262,170 |
| Bahamas | 1,190,023 | 918,817 | 563,263 | 20,960 | 264,532 | 69,216 | 271,206 | 91,401 | 39,731 | 38,153 | 97,985 |
| Bermuda | 2,081,612 | 1,752,584 | 968,225 | 10,680 | 596,910 | 119,815 | 325,620 | 83,621 | 18,634 | 164,912 | 34,982 |
| Netherlands Antilles | 1,379,409 | 1,031,902 | 12,977 | 4,301 | 746,792 | 265,126 | 347,507 | 167,173 | 7,093 | 43,461 | 129,202 |
| Europe, total | 80,214,812 | 37,751,522 | 22,189,297 | 1,647,758 | 7,648,578 | 5,574,738 | 41,527,285 | 31,586,861 | 3,390,702 | 3,611,192 | 2,154,970 |
| European Economic Community, total | 70,545,491 | 32,507,912 | 18,598,766 | 1,529,267 | 6,610,090 | 5,103,058 | 37,104,500 | 28,179,941 | 3,148,009 | 3,173,790 | 1,920,852 |
| Belgium | 4,519,466 | 1,846,859 | 1,122,709 | 102,179 | 358,356 | 249,041 | 2,113,509 | 1,685,571 | 166,542 | 75,224 | 114,725 |
| Denmark | 855,590 | 271,819 | 38,205 | 17,942 | 121,798 | 91,457 | 583,771 | 539,863 | 16,535 | 15,967 | 6,573 |
| France (including Andorra) | 9,771,964 | 3,986,409 | 2,377,032 | 168,423 | 618,923 | 754,303 | 5,758,447 | 4,992,580 | 435,145 | 111,443 | 156,262 |
| Greece | 47,291 | 18,882 | 11,742 | 1,972 | 1,217 | 3,226 | 28,409 | 24,399 | 1,340 | 139 | 454 |
| Ireland | 657,773 | 415,900 | 171,532 | 19,970 | 120,969 | 47,941 | 241,873 | 113,215 | 24,604 | 67,061 | 12,145 |
| Italy (including San Marino) | 6,589,343 | 2,915,780 | 1,893,846 | 91,976 | 497,918 | 408,773 | 3,671,716 | 3,283,486 | 183,711 | 78,491 | 65,983 |
| Luxembourg | 337,486 | 177,802 | 44,620 | 23,952 | 44,799 | 31,893 | 159,683 | 92,609 | 48,079 | 1,014 | 12,853 |
| Netherlands | 7,231,386 | 2,910,036 | 1,847,013 | 88,463 | 314,525 | 484,945 | 4,006,202 | 3,138,845 | 188,442 | 188,400 | 350,425 |
| Portugal | 249,130 | 108,657 | 56,105 | 5,641 | 14,851 | 29,631 | 140,473 | 119,011 | 3,144 | 16,050 | 850 |
| Spain | 2,470,713 | 851,382 | 314,029 | 43,760 | 281,483 | 188,317 | 1,619,331 | 1,336,517 | 131,377 | 88,273 | 17,601 |
| United Kingdom | 21,355,530 | 9,858,066 | 4,388,631 | 529,869 | 2,907,939 | 1,864,234 | 11,480,194 | 7,632,994 | 846,188 | 1,979,159 | 629,448 |
| West Germany | 16,459,819 | 9,146,320 | 6,333,301 | 435,118 | 1,327,311 | 949,298 | 7,300,892 | 5,220,852 | 1,102,902 | 552,570 | 353,533 |
| Other West European countries, total | 9,669,321 | 5,243,610 | 3,590,531 | 118,491 | 1,038,488 | 471,680 | 4,422,785 | 3,406,920 | 242,692 | 437,403 | 234,118 |
| Austria | 921,623 | 317,284 | 140,210 | 16,768 | 101,289 | 56,961 | 603,016 | 444,060 | 41,591 | 108,611 | 6,719 |
| Finland | 401,049 | 122,623 | 13,505 | 5,408 | 64,322 | 39,143 | 278,426 | 256,311 | 12,749 | 7,739 | 1,619 |
| Liechtenstein | 111,007 | 44,186 | 17,206 | 26 | 26,485 | 441 | 66,822 | 15,098 | 427 | 47,854 | 2,823 |
| Norway | 1,086,169 | 591,386 | 491,053 | 14,119 | 33,974 | 50,227 | 494,782 | 448,998 | 21,175 | 16,973 | 6,409 |
| Sweden | 1,553,714 | 540,328 | 333,550 | 22,809 | 83,846 | 96,023 | 1,013,386 | 898,899 | 46,373 | 35,469 | 13,693 |
| Switzerland | 5,424,577 | 3,604,514 | 2,594,334 | 58,432 | 710,103 | 225,670 | 1,818,459 | 1,197,155 | 120,103 | 220,755 | 202,696 |
| Turkey | 158,292 | 11,983 | 675 | 389 | 7,703 | 3,216 | 146,310 | 146,149 | – | 1 | 159 |
| Africa, total | 1,712,713 | 754,141 | 258,370 | 34,035 | 337,291 | 72,180 | 935,504 | 717,248 | 44,072 | 51,971 | 105,522 |
| Egypt | 25,934 | 16,262 | 6,615 | 780 | 8,672 | 196 | 9,671 | 8,657 | – | 250 | 764 |
| Kenya | 72,291 | 27,805 | 14,604 | 781 | 12,105 | 315 | 44,486 | 38,002 | 3 | 6,013 | 468 |
| Liberia | 267,348 | 58,903 | 3,821 | 4,161 | 29,660 | 13,864 | 185,376 | 60,796 | 14,642 | 12,142 | 94,060 |
| Morocco | 11,037 | 2,869 | 956 | 689 | 902 | 46 | 8,167 | 6,442 | – | 716 | 319 |
| Nigeria | 160,005 | 153,067 | 9,843 | 3,790 | 139,023 | 284 | 6,939 | 3,311 | 233 | 3,377 | 17 |
| South Africa (including Namibia) | 1,039,428 | 396,859 | 191,919 | 18,883 | 128,492 | 55,035 | 642,569 | 579,836 | 27,513 | 20,109 | 8,676 |
| Zaire | 20,685 | 12,298 | 7,263 | 519 | 4,041 | 85 | 8,387 | 7,122 | 74 | 955 | * |
| Zimbabwe | 23,425 | 7,433 | 78 | 56 | 7,298 | – | 15,992 | 2,376 | 94 | 7,450 | 1,164 |
| Asia, total | 13,820,125 | 9,205,362 | 6,666,423 | 203,617 | 1,456,735 | 677,726 | 4,407,939 | 3,796,608 | 117,782 | 230,419 | 135,145 |
| Hong Kong | 2,806,352 | 1,611,018 | 1,201,043 | 19,264 | 180,597 | 201,529 | 1,138,263 | 862,308 | 24,388 | 156,812 | 52,035 |
| India | 13,172 | 9,720 | 3,864 | 93 | 4,711 | 810 | 3,452 | 2,321 | – | 1,110 | 20 |
| Indonesia | 32,378 | 25,116 | 12,347 | 3,657 | 5,944 | 2,082 | 7,262 | 6,805 | 72 | – | 385 |
| Israel | 60,754 | 51,684 | 16,040 | 3,220 | 3,362 | 29,036 | 9,070 | 2,366 | 4,429 | – | 2,275 |
| Japan | 5,122,654 | 3,659,076 | 2,292,980 | 92,173 | 944,206 | 303,301 | 1,332,085 | 1,209,448 | 35,233 | 27,462 | 55,992 |
| Malaysia | 1,245,750 | 846,998 | 772,310 | 7,000 | 19,168 | 8,255 | 398,683 | 369,198 | 3,939 | 11,388 | 1,129 |
| Philippines | 482,889 | 418,921 | 340,932 | 9,505 | 48,258 | 11,066 | 63,968 | 54,805 | 1,324 | 5,261 | 1,412 |
| Saudi Arabia | 52,467 | 27,159 | 4,946 | 1,019 | 18,899 | 1,333 | 25,308 | 3,157 | 1,862 | 17,663 | 2,229 |
| Singapore | 2,096,748 | 1,305,448 | 1,095,736 | 17,135 | 93,365 | 59,338 | 774,615 | 713,677 | 8,191 | 7,110 | 11,882 |
| South Korea | 414,376 | 282,209 | 168,288 | 18,398 | 50,164 | 25,284 | 132,168 | 106,406 | 25,511 | – | 19 |
| Taiwan | 550,131 | 416,939 | 284,877 | 20,432 | 44,972 | 22,205 | 133,192 | 102,026 | 8,041 | 2,770 | 1,543 |
| Thailand | 902,042 | 522,365 | 453,770 | 10,044 | 39,773 | 9,714 | 378,173 | 354,510 | 4,061 | 253 | 5,435 |
| Oceania, total | 3,599,995 | 2,088,801 | 1,528,919 | 129,181 | 196,630 | 219,182 | 1,505,935 | 967,529 | 172,863 | 94,552 | 244,792 |
| Australia | 3,115,063 | 1,752,424 | 1,248,588 | 119,481 | 175,668 | 195,106 | 1,357,936 | 855,791 | 166,054 | 71,667 | 240,020 |
| New Zealand | 429,587 | 287,637 | 232,201 | 9,091 | 20,962 | 24,076 | 141,393 | 110,751 | 6,289 | 17,785 | 4,772 |
| Puerto Rico and U.S. Possessions, total | 1,053,649 | 974,814 | 772,442 | 22,494 | 123,866 | 49,851 | 78,835 | 17,822 | 2,620 | 10,000 | 2,983 |
| Puerto Rico | 292,490 | 258,744 | 177,031 | 9,919 | 18,499 | 48,169 | 33,746 | 17,822 | 2,620 | 10,000 | 2,983 |
| U.S. Virgin Islands | 544,052 | 531,026 | 513,707 | 4,372 | 12,434 | 356 | 13,026 | – | – | – | – |

*Less than $500.

Note: Detail may not add to total because of rounding.

**Table 4.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All industries, total | 714 | 7,500 | 740,395,679 | 589,884,940 | 56,590,619 | 62,966,595 | 19,229,025 | 19,034,715 | 21,730,762 | 4,223,316 |
| Under $10,000,000 | 352 | 887 | 7,793,298 | 10,200,320 | 651,887 | 926,652 | 259,899 | 256,002 | 344,725 | 91,067 |
| $10,000,000 under $25,000,000 | 549 | 2,738 | 44,045,998 | 52,633,902 | 3,939,958 | 5,294,879 | 1,535,949 | 1,489,371 | 1,873,635 | 309,055 |
| $25,000,000 under $50,000,000 | 438 | 1,500 | 52,969,572 | 57,438,364 | 4,967,773 | 5,921,927 | 1,731,094 | 1,700,101 | 1,812,836 | 360,469 |
| $50,000,000 under $100,000,000 | 348 | 1,031 | 72,729,298 | 72,135,123 | 6,539,315 | 7,450,341 | 2,046,042 | 1,997,114 | 2,686,558 | 501,575 |
| $100,000,000 or more | 304 | 1,344 | 562,857,514 | 397,477,232 | 40,491,685 | 43,372,997 | 13,656,040 | 13,592,129 | 15,013,007 | 2,961,150 |
| Mining | 26 | 118 | 6,545,122 | 3,472,424 | 850,714 | 1,036,677 | 500,499 | 483,043 | 553,954 | 107,026 |
| Under $10,000,000 | 8 | 9 | 77,156 | 63,805 | 4,303 | 6,348 | 172 | 76 | 22,076 | 3,542 |
| $10,000,000 under $25,000,000 | 16 | 51 | 791,745 | 514,239 | 27,768 | 80,071 | 17,489 | 15,242 | 90,675 | 4,110 |
| $25,000,000 under $50,000,000 | 13 | 24 | 797,098 | 401,292 | -27,976 | 42,085 | 10,134 | -2,428 | 10,511 | 2,038 |
| $50,000,000 under $100,000,000 | 10 | 17 | 1,279,346 | 656,324 | 57,372 | 79,094 | 10,537 | 10,426 | 44,018 | 23,822 |
| $100,000,000 or more | 10 | 17 | 3,599,776 | 1,836,763 | 789,247 | 829,079 | 462,167 | 459,728 | 386,675 | 73,514 |
| Construction | 11 | 61 | 2,714,072 | 2,166,376 | 181,484 | 219,067 | 50,275 | 39,800 | 91,461 | 28,163 |
| Under $10,000,000 | 7 | 13 | 114,447 | 96,323 | 3,201 | 6,419 | 1,699 | 562 | 352 | 5,835 |
| $10,000,000 under $25,000,000 | 8 | 21 | 330,669 | 244,005 | 18,412 | 29,719 | 5,859 | 4,404 | 7,043 | 3,727 |
| $25,000,000 under $50,000,000 | 6 | 14 | 492,380 | 201,868 | 76,426 | 81,181 | 23,949 | 29,891 | 46,694 | 3,875 |
| $50,000,000 under $100,000,000 | 5 | 8 | 523,878 | 577,654 | 42,279 | 44,112 | 9,798 | 9,798 | 17,185 | 6,532 |
| $100,000,000 or more | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Manufacturing | 391 | 5,519 | 480,905,879 | 498,581,337 | 48,577,456 | 53,532,633 | 16,916,946 | 16,776,485 | 19,419,131 | 3,254,710 |
| Under $10,000,000 | 245 | 687 | 6,023,750 | 8,819,757 | 559,630 | 776,123 | 227,964 | 225,890 | 307,374 | 77,223 |
| $10,000,000 under $25,000,000 | 347 | 2,081 | 33,535,226 | 43,372,983 | 3,475,338 | 4,477,030 | 1,313,289 | 1,273,636 | 1,572,469 | 246,235 |
| $25,000,000 under $50,000,000 | 290 | 1,112 | 39,020,932 | 47,003,253 | 4,198,030 | 4,890,789 | 1,479,458 | 1,454,476 | 1,608,626 | 295,672 |
| $50,000,000 under $100,000,000 | 216 | 754 | 52,853,245 | 62,111,346 | 5,957,140 | 6,583,457 | 1,874,344 | 1,829,397 | 2,365,082 | 408,418 |
| $100,000,000 or more | 186 | 885 | 349,472,725 | 337,273,998 | 34,387,318 | 36,805,233 | 12,021,891 | 11,993,085 | 13,565,581 | 2,227,161 |
| Food and kindred products | 28 | 465 | 27,896,849 | 30,572,937 | 3,158,393 | 3,348,388 | 1,026,919 | 1,012,356 | 1,157,341 | 169,057 |
| Under $10,000,000 | 18 | 55 | 476,724 | 815,567 | 41,692 | 56,104 | 14,229 | 14,005 | 28,006 | 16,723 |
| $10,000,000 under $25,000,000 | 24 | 174 | 2,811,289 | 4,121,915 | 266,942 | 317,182 | 97,817 | 88,549 | 102,888 | 7,667 |
| $25,000,000 under $50,000,000 | 19 | 103 | 3,610,387 | 5,505,375 | 328,870 | 381,199 | 118,231 | 114,182 | 119,056 | 9,318 |
| $50,000,000 under $100,000,000 | 20 | 67 | 4,632,882 | 5,489,571 | 668,058 | 680,273 | 222,752 | 222,771 | 253,810 | 12,429 |
| $100,000,000 or more | 17 | 66 | 16,365,567 | 14,640,508 | 1,852,831 | 1,913,631 | 573,890 | 572,849 | 653,582 | 122,920 |
| Chemicals and allied products | 66 | 1,219 | 83,333,756 | 69,913,558 | 8,981,140 | 9,630,212 | 2,947,215 | 2,946,716 | 3,567,805 | 885,057 |
| Under $10,000,000 | 51 | 164 | 1,440,907 | 1,948,440 | 179,314 | 240,275 | 68,590 | 69,421 | 144,747 | 32,686 |
| $10,000,000 under $25,000,000 | 59 | 502 | 8,076,884 | 9,492,814 | 1,056,853 | 1,268,476 | 376,806 | 371,879 | 489,419 | 79,303 |
| $25,000,000 under $50,000,000 | 53 | 223 | 7,694,747 | 10,160,342 | 1,016,689 | 1,114,417 | 371,507 | 373,475 | 407,329 | 81,261 |
| $50,000,000 under $100,000,000 | 40 | 166 | 11,857,119 | 11,553,170 | 1,452,378 | 1,575,194 | 459,245 | 461,558 | 478,248 | 98,651 |
| $100,000,000 or more | 37 | 164 | 54,264,099 | 36,758,792 | 5,275,905 | 5,431,850 | 1,671,067 | 1,670,383 | 2,048,061 | 593,156 |
| Petroleum (including integrated) and coal products | 24 | 478 | 104,965,557 | 122,047,928 | 12,336,432 | 13,365,794 | 4,308,326 | 4,239,572 | 5,971,961 | 1,086,261 |
| Under $10,000,000 | 10 | 27 | 239,937 | 404,258 | 29,030 | 33,180 | 12,472 | 12,473 | 3,023 | 187 |
| $10,000,000 under $25,000,000 | 21 | 145 | 2,366,218 | 4,182,901 | 169,923 | 340,970 | 100,410 | 97,510 | 142,415 | 45,480 |
| $25,000,000 under $50,000,000 | 19 | 89 | 3,142,811 | 4,086,309 | 481,179 | 543,221 | 121,865 | 127,016 | 261,320 | 71,580 |
| $50,000,000 under $100,000,000 | 16 | 67 | 4,713,216 | 8,217,164 | 592,152 | 697,741 | 198,695 | 198,803 | 688,200 | 111,951 |
| $100,000,000 or more | 19 | 150 | 94,503,374 | 105,157,297 | 11,064,148 | 11,750,682 | 3,674,883 | 3,803,769 | 4,877,001 | 857,063 |
| Fabricated metal products | 21 | 200 | 6,250,780 | 6,727,735 | 798,808 | 848,042 | 264,700 | 258,937 | 350,807 | 7,589 |
| Under $10,000,000 | 11 | 31 | 269,264 | 287,718 | 29,205 | 32,581 | 9,209 | 7,037 | 6,519 | – |
| $10,000,000 under $25,000,000 | 21 | 88 | 1,422,443 | 1,763,340 | 242,118 | 253,221 | 72,326 | 67,980 | 131,706 | 580 |
| $25,000,000 under $50,000,000 | 17 | 49 | 1,713,721 | 1,613,202 | 182,858 | 196,134 | 69,709 | 70,378 | 68,182 | 5,540 |
| $50,000,000 under $100,000,000 | 11 | 24 | 1,635,774 | 1,829,104 | 202,312 | 223,793 | 65,172 | 65,259 | 46,542 | 1,312 |
| $100,000,000 or more | 5 | 8 | 1,209,578 | 1,234,372 | 142,314 | 142,314 | 48,283 | 48,283 | 97,857 | 157 |

Footnotes at end of table.



**Table 4.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
| | | | | | | Current earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Manufacturing--Continued | | | | | | | | | | |
| Machinery, except electrical | 45 | 725 | 69,531,377 | 58,664,442 | 8,821,770 | 9,625,964 | 3,600,264 | 3,523,516 | 3,747,000 | 198,933 |
| Under $10,000,000 | 33 | 87 | 763,702 | 967,028 | 50,845 | 76,234 | 21,030 | 22,452 | 26,978 | 5,842 |
| $10,000,000 under $25,000,000 | 43 | 261 | 4,193,162 | 4,825,489 | 337,297 | 491,292 | 151,144 | 148,309 | 197,650 | 29,971 |
| $25,000,000 under $50,000,000 | 39 | 141 | 4,985,212 | 4,843,420 | 341,914 | 474,729 | 150,365 | 144,184 | 288,964 | 33,229 |
| $50,000,000 under $100,000,000 | 32 | 103 | 7,301,774 | 6,559,976 | 569,435 | 728,834 | 199,939 | 160,244 | 224,425 | 33,740 |
| $100,000,000 or more | 22 | 133 | 52,287,527 | 41,468,529 | 7,522,279 | 7,854,875 | 3,077,785 | 3,048,328 | 3,008,984 | 96,151 |
| Electrical and electronic equipment | 44 | 713 | 48,874,023 | 46,842,782 | 4,112,571 | 4,713,012 | 1,037,296 | 1,023,698 | 1,143,683 | 269,031 |
| Under $10,000,000 | 26 | 96 | 838,766 | 1,207,404 | 45,593 | 96,399 | 34,867 | 33,635 | 25,808 | 8,631 |
| $10,000,000 under $25,000,000 | 39 | 281 | 4,451,867 | 5,727,146 | 479,871 | 586,740 | 137,824 | 135,111 | 234,405 | 36,456 |
| $25,000,000 under $50,000,000 | 30 | 148 | 5,118,197 | 6,061,365 | 388,825 | 540,963 | 151,138 | 143,870 | 144,444 | 18,560 |
| $50,000,000 under $100,000,000 | 26 | 89 | 6,262,734 | 7,201,875 | 812,548 | 881,459 | 178,632 | 175,431 | 244,356 | 38,575 |
| $100,000,000 or more | 19 | 99 | 32,202,458 | 26,644,992 | 2,385,734 | 2,607,451 | 534,835 | 535,651 | 494,671 | 166,809 |
| Motor vehicles and equipment | 14 | 268 | 63,075,879 | 81,901,610 | 3,279,031 | 3,854,659 | 1,294,430 | 1,364,034 | 1,437,032 | 166,616 |
| Under $10,000,000 | 6 | 18 | 154,762 | 237,468 | -538 | 14,307 | 4,158 | 2,995 | 3,268 | 691 |
| $10,000,000 under $25,000,000 | 13 | 80 | 1,269,813 | 2,365,113 | -19,603 | 96,937 | 31,972 | 23,383 | 13,852 | 1,031 |
| $25,000,000 under $50,000,000 | 13 | 41 | 1,422,391 | 1,616,114 | 113,299 | 160,126 | 46,261 | 44,445 | 19,285 | 17,481 |
| $50,000,000 under $100,000,000 | 8 | 42 | 3,013,443 | 4,003,070 | 201,419 | 238,510 | 62,174 | 66,759 | 31,258 | 11,529 |
| $100,000,000 or more | 10 | 87 | 57,215,469 | 73,679,845 | 2,984,454 | 3,344,778 | 1,149,865 | 1,226,452 | 1,369,369 | 155,885 |
| Transportation and public utilities | 66 | 381 | 24,873,374 | 9,964,847 | 1,110,436 | 1,398,410 | 301,793 | 305,100 | 421,004 | 248,194 |
| Under $10,000,000 | 20 | 43 | 386,853 | 326,892 | 14,856 | 23,789 | 5,534 | 6,047 | 6,012 | 163 |
| $10,000,000 under $25,000,000 | 42 | 147 | 2,367,210 | 1,672,635 | 79,588 | 189,662 | 46,357 | 47,539 | 69,371 | 24,530 |
| $25,000,000 under $50,000,000 | 32 | 98 | 3,537,039 | 3,127,326 | 212,800 | 277,791 | 86,376 | 86,985 | 59,478 | 18,231 |
| $50,000,000 under $100,000,000 | 27 | 50 | 3,534,456 | 1,103,461 | 92,320 | 156,402 | 19,545 | 19,680 | 84,129 | 30,728 |
| $100,000,000 or more | 20 | 43 | 15,047,816 | 3,734,532 | 710,872 | 750,765 | 143,981 | 144,849 | 202,015 | 174,542 |
| Water transportation | 5 | 51 | 1,467,742 | 60,788 | 631 | 49,041 | 528 | 1,044 | – | 608 |
| Under $10,000,000 | 4 | 8 | 71,364 | 6,518 | 1,632 | 4,423 | – | – | – | – |
| $10,000,000 under $25,000,000 | 4 | 31 | 480,716 | 33,988 | -38,131 | 6,965 | 528 | 1,044 | – | 608 |
| $25,000,000 under $50,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $50,000,000 under $100,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $100,000,000 or more | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| Wholesale and retail trade | 61 | 333 | 38,306,449 | 46,138,962 | 1,669,317 | 1,949,026 | 435,009 | 426,855 | 489,011 | 170,747 |
| Under $10,000,000 | 21 | 33 | 291,920 | 405,896 | 14,386 | 34,528 | 3,692 | 3,325 | 2,795 | 3,715 |
| $10,000,000 under $25,000,000 | 41 | 124 | 1,902,837 | 4,705,744 | 132,205 | 189,950 | 67,194 | 66,602 | 72,277 | 4,628 |
| $25,000,000 under $50,000,000 | 28 | 70 | 2,707,017 | 4,292,147 | 191,836 | 235,022 | 49,546 | 47,286 | 57,167 | 27,791 |
| $50,000,000 under $100,000,000 | 21 | 47 | 3,238,655 | 4,996,561 | 74,016 | 175,368 | 43,721 | 40,536 | 21,000 | 9,958 |
| $100,000,000 or more | 15 | 59 | 30,166,021 | 31,738,616 | 1,256,875 | 1,314,158 | 270,856 | 269,107 | 335,772 | 124,655 |
| Wholesale trade | 32 | 169 | 22,156,407 | 31,993,822 | 826,487 | 1,026,916 | 164,491 | 161,186 | 244,187 | 32,280 |
| Under $10,000,000 | 10 | 15 | 131,632 | 207,338 | -3,725 | 6,981 | 583 | 528 | 1,102 | 3,715 |
| $10,000,000 under $25,000,000 | 21 | 67 | 1,051,780 | 3,580,582 | 59,211 | 91,459 | 31,503 | 30,286 | 25,966 | 3,636 |
| $25,000,000 under $50,000,000 | 14 | 33 | 1,295,587 | 3,345,790 | 74,687 | 98,969 | 23,648 | 23,680 | 20,441 | 1,665 |
| $50,000,000 under $100,000,000 | 11 | 24 | 1,663,448 | 3,905,263 | 14,176 | 95,415 | 23,406 | 21,679 | 9,581 | 2,659 |
| $100,000,000 or more | 6 | 30 | 18,013,959 | 20,954,850 | 682,138 | 734,091 | 85,350 | 85,013 | 187,097 | 20,605 |
| Finance, insurance, and real estate | 119 | 871 | 179,847,139 | 25,555,032 | 3,603,201 | 4,142,392 | 866,010 | 843,291 | 578,365 | 362,347 |
| Under $10,000,000 | 33 | 66 | 579,887 | 346,919 | 36,592 | 50,208 | 13,465 | 13,036 | 3,145 | 586 |
| $10,000,000 under $25,000,000 | 69 | 211 | 3,464,283 | 1,133,056 | 88,047 | 175,125 | 40,332 | 38,028 | 35,571 | 5,420 |
| $25,000,000 under $50,000,000 | 46 | 140 | 4,937,956 | 1,211,123 | 193,473 | 264,369 | 45,150 | 47,109 | 28,627 | 10,905 |
| $50,000,000 under $100,000,000 | 56 | 131 | 9,527,007 | 1,586,375 | 182,463 | 246,773 | 45,734 | 44,914 | 31,800 | 12,153 |
| $100,000,000 or more | 63 | 323 | 161,338,006 | 21,277,559 | 3,102,626 | 3,405,916 | 721,330 | 700,203 | 479,222 | 333,282 |
| Banking | 41 | 444 | 114,681,555 | 11,785,996 | 1,752,667 | 1,972,616 | 489,544 | 485,777 | 218,286 | 197,270 |
| Under $10,000,000 | 12 | 25 | 219,945 | 59,573 | 7,758 | 12,458 | 2,527 | 2,690 | 1,449 | 588 |
| $10,000,000 under $25,000,000 | 23 | 88 | 1,444,902 | 359,255 | 7,564 | 46,998 | 12,720 | 14,246 | 7,044 | 8 |
| $25,000,000 under $50,000,000 | 15 | 61 | 2,151,353 | 253,828 | 64,080 | 75,905 | 11,846 | 11,885 | 9,174 | 548 |
| $50,000,000 under $100,000,000 | 25 | 73 | 5,256,765 | 638,228 | 94,157 | 121,999 | 16,060 | 15,393 | 20,825 | 801 |
| $100,000,000 or more | 25 | 197 | 105,608,590 | 10,475,111 | 1,579,108 | 1,715,256 | 446,391 | 441,562 | 179,793 | 195,325 |

Footnotes at end of table.

**Table 4.--U.S. Corporation Returns with Total Assets of $500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation--Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations | Number of U.S. corporation returns | 7,500 Largest Controlled Foreign Corporations: Number of foreign corporations | Total assets | Business receipts | Current earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Current earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Actual distributions in current year | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Finance, insurance, and real estate --Continued** | | | | | | | | | | |
| **Credit agencies other than banks** | 14 | 62 | 14,454,208 | 1,799,863 | 295,778 | 335,253 | 44,878 | 46,791 | 118,299 | 88,042 |
| Under $10,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $10,000,000 under $25,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $25,000,000 under $50,000,000 | 4 | 13 | 474,735 | 85,452 | -9,798 | 5,650 | 1,733 | 3,174 | 186 | 371 |
| $50,000,000 under $100,000,000 | 3 | 9 | 741,226 | 142,913 | 24,192 | 24,192 | 9,269 | 9,269 | 2,318 | 4,689 |
| $100,000,000 or more | 9 | 27 | 13,038,327 | 1,426,138 | 274,149 | 292,872 | 27,886 | 28,503 | 115,795 | 82,107 |
| **Insurance** | 39 | 176 | 23,506,769 | 4,497,431 | 394,687 | 557,106 | 68,321 | 67,863 | 158,573 | 53,791 |
| Under $10,000,000 | 9 | 9 | 80,957 | 30,714 | -1,089 | 729 | 153 | 173 | – | – |
| $10,000,000 under $25,000,000 | 24 | 51 | 853,555 | 207,943 | 36,149 | 48,903 | 3,535 | 2,846 | 8,994 | 1,779 |
| $25,000,000 under $50,000,000 | 15 | 31 | 1,114,286 | 372,826 | 41,422 | 74,213 | 11,454 | 11,548 | 13,591 | 4,717 |
| $50,000,000 under $100,000,000 | 19 | 32 | 2,335,711 | 400,357 | 29,115 | 51,020 | 10,150 | 9,579 | 2,701 | 2,162 |
| $100,000,000 or more | 16 | 53 | 19,122,259 | 3,485,592 | 289,089 | 382,240 | 43,028 | 43,716 | 133,287 | 45,133 |
| **Holding and other investment companies, except bank holding companies** | 4 | 19 | 1,073,292 | 2,005,361 | 184,213 | 188,789 | 44,794 | 44,790 | 9,204 | 5,416 |
| Under $10,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $10,000,000 under $25,000,000 | 3 | 7 | 112,983 | 115,576 | 3,047 | 7,584 | 1,471 | 1,466 | 7,235 | – |
| $25,000,000 under $50,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $50,000,000 under $100,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $100,000,000 or more | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| **Services** | 38 | 193 | 6,506,722 | 3,442,382 | 534,595 | 619,133 | 142,617 | 143,970 | 175,254 | 51,399 |
| Under $10,000,000 | 16 | 33 | 293,427 | 126,588 | 17,414 | 27,249 | 7,374 | 6,973 | 2,972 | – |
| $10,000,000 under $25,000,000 | 24 | 90 | 1,446,157 | 749,175 | 97,994 | 131,837 | 36,826 | 35,313 | 23,648 | 19,676 |
| $25,000,000 under $50,000,000 | 21 | 37 | 1,301,320 | 1,051,015 | 93,748 | 100,766 | 29,331 | 29,631 | 1,733 | 1,956 |
| $50,000,000 under $100,000,000 | 12 | 22 | 1,595,307 | 946,365 | 117,662 | 149,072 | 42,241 | 42,241 | 123,345 | 9,964 |
| $100,000,000 or more | 7 | 11 | 1,870,512 | 569,239 | 207,777 | 210,209 | 26,846 | 29,812 | 23,555 | 19,803 |
| **Business services** | 10 | 64 | 1,487,140 | 993,290 | 82,710 | 93,343 | 35,895 | 36,917 | 15,534 | 12,794 |
| Under $10,000,000 | 4 | 12 | 104,102 | 50,966 | 15,603 | 16,262 | 3,475 | 3,726 | 847 | – |
| $10,000,000 under $25,000,000 | 8 | 41 | 668,198 | 197,212 | 43,718 | 53,692 | 19,667 | 20,438 | 10,633 | 12,794 |
| $25,000,000 under $50,000,000 | 4 | 7 | 238,316 | 531,566 | 14,624 | 14,624 | 6,211 | 6,211 | 1,733 | – |
| $50,000,000 under $100,000,000 | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |
| $100,000,000 or more | ** | ** | ** | ** | ** | ** | ** | ** | ** | ** |

**Data deleted to avoid disclosure of information for specific corporations.

Note: Detail may not add to total because of rounding and because agriculture, forestry, and fishing is not shown for U.S. parent corporations.

**Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All industries, total** | | | | | | | | | | |
| All geographic areas, total | 714 | 7,500 | 740,395,679 | 589,884,940 | 56,590,619 | 62,966,595 | 19,229,025 | 19,034,715 | 21,730,762 | 4,223,316 |
| Canada | 432 | 840 | 112,056,545 | 103,143,181 | 8,793,748 | 9,295,667 | 3,470,221 | 3,419,265 | 3,411,443 | 170,847 |
| Latin America, total | 289 | 959 | 62,768,032 | 45,957,256 | 5,121,667 | 6,372,419 | 1,389,464 | 1,388,833 | 2,286,426 | 535,888 |
| Brazil | 157 | 279 | 19,104,216 | 21,047,487 | 2,388,146 | 2,911,436 | 856,325 | 860,282 | 981,442 | 41,708 |
| Ecuador | 9 | "9 | 258,915 | 88,868 | 20,045 | 20,572 | 3,817 | 3,801 | 7,198 | – |
| Mexico | 97 | 150 | 6,229,438 | 6,667,206 | 152,932 | 470,143 | 136,412 | 124,603 | 139,066 | 11,614 |
| Panama (including Canal Zone) | 86 | 156 | 20,881,082 | 7,401,268 | 1,419,962 | 1,549,980 | 104,714 | 103,213 | 815,114 | 402,008 |
| Venezuela | 56 | 69 | 1,782,997 | 1,645,730 | 101,946 | 162,156 | 54,739 | 55,464 | 49,992 | 1,448 |
| Other Western Hemisphere, total | 329 | 623 | 85,135,354 | 24,219,911 | 3,366,919 | 4,140,277 | 337,651 | 336,392 | 1,862,388 | 1,792,742 |
| The Bahamas | 39 | 59 | 7,400,370 | 7,173,147 | 423,881 | 651,985 | 121,316 | 121,487 | 307,889 | 69,053 |
| Bermuda | 202 | 311 | 25,679,727 | 10,300,485 | 1,408,581 | 1,737,363 | 57,986 | 54,269 | 761,854 | 510,069 |
| Netherlands Antilles | 186 | 250 | 51,886,232 | 6,745,540 | 1,552,260 | 1,750,929 | 158,349 | 160,637 | 792,646 | 1,213,621 |
| Europe, total | 490 | 3,696 | 383,735,353 | 328,082,275 | 30,411,912 | 33,066,332 | 10,750,527 | 10,608,741 | 11,374,996 | 1,444,519 |
| Austria | 37 | 48 | 3,534,008 | 3,616,766 | 347,267 | 359,364 | 77,664 | 77,603 | 210,467 | 52,480 |
| Belgium | 128 | 205 | 17,675,089 | 15,293,609 | 1,498,992 | 1,546,741 | 518,273 | 521,992 | 436,424 | 203,430 |
| Denmark | 41 | 50 | 2,088,266 | 2,804,282 | 330,293 | 345,431 | 137,242 | 137,153 | 143,041 | 4 |
| France (including Andorra) | 236 | 447 | 30,325,388 | 41,244,103 | 2,632,199 | 2,966,605 | 1,185,480 | 1,154,536 | 760,910 | 3,221 |
| Italy (including San Marino) | 181 | 332 | 31,187,410 | 26,799,899 | 2,833,505 | 2,941,872 | 1,054,561 | 1,056,900 | 581,115 | 11,108 |
| Luxembourg | 23 | 29 | 4,648,678 | 1,077,087 | 100,828 | 129,295 | 45,312 | 47,864 | 45,813 | 4,427 |
| Netherlands | 188 | 338 | 28,515,126 | 23,648,159 | 2,441,280 | 2,692,462 | 434,528 | 404,975 | 513,341 | 70,937 |
| Norway | 33 | 39 | 2,062,359 | 3,167,047 | 262,610 | 316,436 | 116,240 | 112,663 | 51,166 | 2,861 |
| Spain | 124 | 177 | 12,636,103 | 11,287,678 | 945,225 | 1,169,126 | 312,251 | 311,363 | 376,638 | 2,818 |
| Sweden | 57 | 69 | 3,086,842 | 3,922,891 | 381,429 | 405,195 | 220,936 | 216,254 | 119,332 | 15,948 |
| Switzerland | 135 | 225 | 29,238,465 | 21,754,231 | 2,325,876 | 2,390,760 | 281,419 | 285,423 | 933,387 | 624,226 |
| United Kingdom | 381 | 1,058 | 146,804,566 | 97,260,938 | 9,798,051 | 10,885,116 | 3,564,157 | 3,496,719 | 4,905,081 | 238,214 |
| West Germany | 244 | 512 | 64,478,587 | 68,645,539 | 5,508,139 | 5,850,534 | 2,647,352 | 2,630,013 | 1,908,247 | 182,636 |
| Africa, total | 124 | 251 | 12,872,138 | 10,594,605 | 1,104,119 | 1,394,050 | 361,295 | 373,877 | 405,383 | 45,701 |
| Liberia | 46 | 69 | 6,815,184 | 2,052,434 | 163,842 | 336,708 | 6,023 | 6,196 | 41,936 | 45,343 |
| South Africa (including Namibia) | 70 | 88 | 2,882,167 | 4,572,014 | 291,814 | 356,861 | 96,468 | 103,101 | 151,727 | 24 |
| OPEC countries | 11 | 14 | 1,531,707 | 1,761,971 | 448,084 | 457,285 | 171,108 | 174,346 | 151,831 | – |
| Asia, total | 228 | 671 | 51,810,343 | 52,443,853 | 5,751,421 | 6,330,512 | 2,245,480 | 2,246,048 | 1,804,528 | 181,278 |
| Hong Kong | 97 | 145 | 16,135,149 | 6,086,086 | 920,778 | 1,037,828 | 150,187 | 150,334 | 406,895 | 90,521 |
| Indonesia | 13 | 16 | 742,012 | 2,735,798 | 505,394 | 519,157 | 286,400 | 286,661 | 6,300 | -- |
| Japan (including Okinawa and Ryukyu) | 129 | 195 | 19,762,444 | 27,987,988 | 2,779,352 | 2,947,163 | 1,491,637 | 1,484,065 | 989,180 | 9,135 |
| Middle East countries (excluding OPEC) | 16 | 23 | 691,150 | 400,624 | 60,417 | 85,550 | 10,317 | 12,084 | 7,596 | 4,491 |
| OPEC countries (excluding Indonesia) | 10 | 12 | 1,098,155 | 179,065 | -46,316 | 19,688 | 127 | 6,121 | 42,156 | 100 |
| Philippines | 30 | 34 | 1,261,361 | 1,741,794 | 141,773 | 148,752 | 63,729 | 65,555 | 56,693 | 8,563 |
| Oceania, total | 199 | 374 | 26,785,963 | 19,849,060 | 1,556,018 | 1,857,595 | 562,972 | 550,144 | 440,587 | 49,204 |
| Australia | 195 | 321 | 24,644,794 | 17,964,722 | 1,411,112 | 1,689,413 | 498,157 | 485,091 | 396,144 | 49,120 |
| Puerto Rico and U.S. Possessions, total | 53 | 86 | 5,231,952 | 5,594,799 | 484,815 | 509,743 | 111,414 | 111,414 | 145,010 | 3,137 |
| OPEC countries, total (included above) | 75 | 120 | 5,413,786 | 6,411,432 | 1,029,152 | 1,178,860 | 516,190 | 526,392 | 257,477 | 1,548 |
| Tax haven countries, total (included above) | 485 | 1,829 | 207,460,924 | 96,447,277 | 12,225,729 | 13,916,413 | 1,521,881 | 1,497,262 | 5,033,452 | 3,229,172 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Mining** | | | | | | | | | | |
| All geographic areas, total | 26 | 118 | 6,545,122 | 3,472,424 | 850,714 | 1,036,677 | 500,499 | 483,043 | 553,954 | 107,026 |
| Canada | 8 | 11 | 595,668 | 171,623 | 5,842 | 25,429 | 3,803 | 1,947 | 10,976 | – |
| Latin America, total | 11 | 29 | 1,224,757 | 513,756 | -1,676 | 69,452 | 16,657 | 12,072 | 213,133 | 17,508 |
| Brazil | 3 | 5 | 363,596 | 177,556 | 27,818 | 27,831 | 9,397 | 9,397 | – | 10,000 |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 8 | 15 | 711,283 | 205,045 | -32,099 | 30,808 | 2,687 | -871 | 208,832 | 7,417 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 13 | 22 | 1,625,572 | 397,419 | 224,242 | 227,962 | 64,985 | 65,151 | 151,274 | 30,425 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 10 | 11 | 480,409 | 62,119 | 34,845 | 38,272 | 3,525 | 3,525 | 28,012 | 21,112 |
| Netherlands Antilles | 7 | 9 | 641,579 | 55,622 | 19,872 | 20,164 | 2,272 | 2,438 | 1,762 | 9,313 |
| Europe, total | 15 | 39 | 2,362,519 | 2,112,755 | 586,282 | 667,051 | 414,775 | 403,413 | 170,139 | 56,938 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 3 | 6 | 194,426 | 171,486 | 10,391 | 19,778 | 5,188 | 5,160 | – | 7,792 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | 13 | 25 | 2,039,541 | 1,835,817 | 557,812 | 627,599 | 406,663 | 395,331 | 167,771 | 49,147 |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | 3 | 11 | 606,397 | 215,863 | 26,122 | 30,532 | 297 | 304 | – | 2,155 |
| Liberia | 3 | 10 | 589,053 | 215,863 | 26,528 | 30,532 | 297 | 304 | – | 2,155 |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | * | * | * | * | * | * | * | * | * | * |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 3 | 3 | 100,071 | 52,685 | 11,941 | 16,244 | – | 270 | 8,433 | – |
| Australia | 3 | 3 | 100,071 | 52,685 | 11,941 | 16,244 | – | 270 | 8,433 | – |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 19 | 56 | 3,159,861 | 1,023,662 | 230,087 | 310,242 | 73,190 | 69,777 | 360,105 | 47,879 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Metal mining | | | | | | | | | | |
| All geographic areas, total | 3 | 18 | 637,713 | 324,631 | 38,415 | 58,669 | 9,619 | 9,530 | 22,970 | 12,553 |
| Canada | * | * | * | * | * | * | * | * | * | * |
| Latin America, total | – | – | – | – | – | – | – | – | – | – |
| Brazil | – | – | – | – | – | – | – | – | – | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | – | – | – | – | – | – | – | – | – | – |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | * | * | * | * | * | * | * | * | * | * |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | * | * | * | * | * | * | * | * | * | * |
| Netherlands Antilles | * | * | * | * | * | * | * | * | * | * |
| Europe, total | 3 | 10 | 234,262 | 204,045 | 23,155 | 27,770 | 6,830 | 6,741 | 5,596 | 7,792 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | – | – | – | – | – | – | – | – | – | – |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | – | – | – | – | – | – | – | – | – | – |
| Italy (including San Marino) | – | – | – | – | – | – | – | – | – | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | * | * | * | * | * | * | * | * | * | * |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | * | * | * | * | * | * | * | * | * | * |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | – | – | – | – | – | – | – | – | – | – |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | – | – | – | – | – | – | – | – | – | – |
| Tax haven countries, total (included above) | 3 | 7 | 265,975 | 148,740 | 20,090 | 24,290 | 4,459 | 4,348 | 1,697 | 12,553 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Oil and gas extraction** | | | | | | | | | | |
| All geographic areas, total | 17 | 87 | 5,213,453 | 2,909,780 | 769,976 | 933,851 | 487,356 | 471,253 | 530,984 | 75,221 |
| Canada | 4 | 5 | 183,785 | 73,568 | 4,697 | 7,231 | 1,154 | 562 | 3,731 | – |
| Latin America, total | 10 | 27 | 947,634 | 436,269 | -21,096 | 50,032 | 14,261 | 9,676 | 213,133 | 7,508 |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 7 | 14 | 622,593 | 127,559 | -37,434 | 25,472 | 2,594 | -963 | 208,832 | 7,417 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 10 | 18 | 1,431,792 | 370,388 | 211,240 | 214,960 | 64,846 | 65,012 | 149,577 | 17,952 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 7 | 8 | 353,046 | 40,484 | 24,023 | 27,451 | 3,525 | 3,525 | 28,012 | 10,679 |
| Netherlands Antilles | 6 | 8 | 575,163 | 50,226 | 17,692 | 17,984 | 2,132 | 2,298 | 65 | 7,273 |
| Europe, total | 9 | 26 | 2,087,157 | 1,831,559 | 558,489 | 634,644 | 407,114 | 395,841 | 164,544 | 49,147 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | * | * | * | * | * | * | * | * | * | * |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | 8 | 17 | 1,930,032 | 1,693,612 | 545,536 | 614,908 | 403,369 | 392,015 | 162,175 | 49,147 |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | * | * | * | * | * | * | * | * | * | * |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | * | * | * | * | * | * | * | * | * | * |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 14 | 44 | 2,645,881 | 755,280 | 193,394 | 269,350 | 68,341 | 65,040 | 358,409 | 26,075 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All other mining** | | | | | | | | | | |
| All geographic areas, total | 6 | 13 | 693,956 | 238,012 | 42,322 | 44,157 | 3,524 | 2,260 | – | 19,252 |
| Canada | * | * | * | * | * | * | * | * | * | * |
| Latin America, total | * | * | * | * | * | * | * | * | * | * |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | * | * | * | * | * | * | * | * | * | * |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | * | * | * | * | * | * | * | * | * | * |
| Netherlands Antilles | – | – | – | – | – | – | – | – | – | – |
| Europe, total | 3 | 3 | 41,100 | 77,151 | 4,638 | 4,638 | 831 | 831 | – | – |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | – | – | – | – | – | – | – | – | – | – |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | – | – | – | – | – | – | – | – | – | – |
| Italy (including San Marino) | – | – | – | – | – | – | – | – | – | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | – | – | – | – | – | – | – | – | – | – |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | 3 | 3 | 41,100 | 77,151 | 4,638 | 4,638 | 831 | 831 | – | – |
| West Germany | – | – | – | – | – | – | – | – | – | – |
| Africa, total | * | * | * | * | * | * | * | * | * | * |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | – | – | – | – | – | – | – | – | – | – |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | – | – | – | – | – | – | – | – | – | – |
| Tax haven countries, total (included above) | * | * | * | * | * | * | * | * | * | * |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Construction** | | | | | | | | | | |
| All geographic areas, total | 11 | 61 | 2,714,072 | 2,166,376 | 181,484 | 219,067 | 50,275 | 39,800 | 91,461 | 28,163 |
| Canada | 7 | 12 | 283,844 | 276,794 | 52,294 | 56,240 | 20,080 | 18,944 | 32,790 | 4,291 |
| Latin America, total | 4 | 15 | 545,894 | 176,667 | 64,942 | 65,350 | 11,411 | 11,411 | 16,238 | – |
| Brazil | 3 | 9 | 146,707 | 68,382 | 7,346 | 7,753 | 1,145 | 1,145 | 1,735 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | 6 | 10 | 640,293 | 81,317 | 33,121 | 35,869 | 5,200 | 5,253 | – | 18,251 |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | 5 | 7 | 215,137 | 37,448 | 13,098 | 15,846 | – | 53 | – | 7,484 |
| Netherlands Antilles | 3 | 3 | 425,157 | 43,869 | 20,023 | 20,023 | 5,200 | 5,200 | – | 10,767 |
| Europe, total | 7 | 15 | 1,030,553 | 1,573,017 | 31,502 | 56,721 | 12,088 | -3,245 | 40,561 | 5,622 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | – | – | – | – | – | – | – | – | – | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 3 | 3 | 303,342 | 591,690 | -6,303 | 10,167 | 3,411 | -10,414 | 10,211 | 202 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | * | * | * | * | * | * | * | * | * | * |
| United Kingdom | 3 | 3 | 79,884 | 74,323 | 1,355 | 10,103 | 398 | -1,110 | – | – |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 4 | 5 | 132,792 | 15,322 | -1,351 | 1,607 | 91 | 6,033 | 1,025 | – |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 3 | 4 | 80,696 | 43,258 | 976 | 3,280 | 1,405 | 1,405 | 846 | – |
| Australia | 3 | 4 | 80,696 | 43,258 | 976 | 3,280 | 1,405 | 1,405 | 846 | – |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 10 | 19 | 1,132,770 | 703,904 | 44,867 | 64,381 | 14,025 | 252 | 10,211 | 23,873 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Manufacturing** | | | | | | | | | | |
| All geographic areas, total | 391 | 5,519 | 480,905,879 | 498,581,337 | 48,577,456 | 53,532,633 | 16,916,946 | 16,776,485 | 19,419,131 | 3,254,710 |
| Canada | 301 | 586 | 80,630,364 | 83,647,467 | 7,440,371 | 7,846,023 | 2,977,900 | 2,933,198 | 3,106,143 | 147,788 |
| Latin America, total | 199 | 704 | 43,650,012 | 37,429,661 | 4,425,078 | 5,435,346 | 1,204,039 | 1,202,129 | 1,915,248 | 467,194 |
| Brazil | 127 | 217 | 16,366,745 | 19,525,923 | 2,248,274 | 2,692,952 | 789,901 | 792,147 | 941,625 | 31,708 |
| Ecuador | 8 | 8 | 240,769 | 88,799 | 16,821 | 17,349 | 3,817 | 3,801 | 7,198 | – |
| Mexico | 87 | 136 | 5,155,379 | 5,784,089 | 113,612 | 402,968 | 119,645 | 108,517 | 124,685 | 11,614 |
| Panama (including Canal Zone) | 50 | 85 | 11,749,289 | 3,168,319 | 1,231,379 | 1,262,126 | 72,800 | 74,459 | 569,273 | 360,807 |
| Venezuela | 49 | 59 | 1,614,447 | 1,563,960 | 90,417 | 150,508 | 48,307 | 49,032 | 46,206 | 1,448 |
| Other Western Hemisphere, total | 176 | 365 | 45,800,950 | 14,135,307 | 1,799,821 | 2,309,752 | 156,213 | 155,885 | 1,073,175 | 1,099,217 |
| The Bahamas | 15 | 25 | 3,408,669 | 2,776,588 | 3,366 | 223,065 | 30,697 | 30,779 | 61,477 | 56,464 |
| Bermuda | 127 | 196 | 14,435,583 | 7,482,640 | 914,717 | 1,085,619 | 41,318 | 40,665 | 624,271 | 403,619 |
| Netherlands Antilles | 96 | 142 | 27,798,886 | 3,876,078 | 899,290 | 1,001,068 | 84,199 | 84,442 | 387,427 | 639,135 |
| Europe, total | 317 | 2,859 | 249,672,425 | 285,957,572 | 27,141,169 | 29,193,943 | 9,611,254 | 9,525,924 | 10,702,705 | 1,300,816 |
| Austria | 29 | 39 | 2,483,529 | 3,414,943 | 333,635 | 344,360 | 72,322 | 72,260 | 208,007 | 52,480 |
| Belgium | 99 | 160 | 11,943,365 | 13,821,068 | 1,385,426 | 1,424,574 | 493,034 | 496,276 | 416,180 | 203,315 |
| Denmark | 35 | 42 | 1,881,777 | 2,175,351 | 321,698 | 336,422 | 135,623 | 135,534 | 139,210 | 4 |
| France (including Andorra) | 196 | 379 | 23,863,778 | 37,656,084 | 2,530,654 | 2,837,584 | 1,141,046 | 1,111,114 | 741,553 | 3,221 |
| Italy (including San Marino) | 144 | 278 | 19,016,182 | 23,449,179 | 2,602,332 | 2,688,210 | 929,992 | 933,301 | 560,443 | 11,108 |
| Luxembourg | 14 | 19 | 964,530 | 794,538 | 77,026 | 105,274 | 34,653 | 37,064 | 45,813 | 3,779 |
| Netherlands | 150 | 272 | 23,710,640 | 20,663,322 | 2,264,075 | 2,427,741 | 399,522 | 383,416 | 473,998 | 60,590 |
| Norway | 27 | 33 | 1,790,749 | 3,103,774 | 266,946 | 315,818 | 116,210 | 112,613 | 51,166 | 2,861 |
| Spain | 101 | 146 | 8,925,046 | 10,611,554 | 905,949 | 1,094,271 | 297,822 | 298,041 | 371,350 | 2,818 |
| Sweden | 49 | 60 | 2,718,828 | 3,805,227 | 383,064 | 398,843 | 219,074 | 214,388 | 118,869 | 15,948 |
| Switzerland | 99 | 162 | 15,744,314 | 14,516,737 | 1,901,539 | 1,944,854 | 253,201 | 257,058 | 909,436 | 585,781 |
| United Kingdom | 247 | 687 | 82,545,474 | 80,845,617 | 8,182,422 | 8,906,758 | 2,878,024 | 2,851,478 | 4,470,997 | 184,533 |
| West Germany | 198 | 435 | 47,734,963 | 63,800,677 | 5,004,121 | 5,333,383 | 2,488,724 | 2,471,225 | 1,818,602 | 142,168 |
| Africa, total | 91 | 174 | 9,495,192 | 9,011,021 | 1,004,194 | 1,219,364 | 323,669 | 333,213 | 342,226 | 37,491 |
| Liberia | 24 | 38 | 4,765,321 | 1,759,332 | 135,439 | 250,353 | 2,967 | 3,014 | 39,424 | 37,467 |
| South Africa (including Namibia) | 62 | 80 | 2,068,842 | 3,760,254 | 240,359 | 304,999 | 76,377 | 83,010 | 107,580 | 24 |
| OPEC countries | 10 | 13 | 1,471,725 | 1,754,703 | 448,094 | 457,285 | 171,108 | 174,115 | 151,545 | – |
| Asia, total | 159 | 526 | 35,919,537 | 47,925,223 | 5,237,867 | 5,724,175 | 2,088,342 | 2,083,260 | 1,730,844 | 160,255 |
| Hong Kong | 52 | 77 | 5,095,228 | 4,053,252 | 534,053 | 638,670 | 80,811 | 80,996 | 364,465 | 69,498 |
| Indonesia | 9 | 11 | 659,841 | 2,722,175 | 504,055 | 515,554 | 285,982 | 285,744 | 5,858 | – |
| Japan (including Okinawa and Ryukyu) | 108 | 168 | 17,897,588 | 26,932,443 | 2,717,458 | 2,851,511 | 1,437,307 | 1,429,623 | 977,155 | 9,135 |
| Middle East countries (excluding OPEC) | 13 | 19 | 597,098 | 349,490 | 56,071 | 76,999 | 8,398 | 10,165 | 3,362 | 4,491 |
| OPEC countries (excluding Indonesia) | 6 | 8 | 965,345 | 145,648 | -30,191 | 18,387 | – | 52 | 42,156 | 100 |
| Philippines | 28 | 30 | 614,333 | 932,234 | 111,446 | 118,067 | 41,723 | 43,318 | 47,105 | 8,563 |
| Oceania, total | 144 | 250 | 13,282,834 | 15,273,878 | 1,102,563 | 1,353,610 | 455,800 | 443,149 | 404,280 | 39,380 |
| Australia | 140 | 213 | 12,328,747 | 13,684,977 | 982,710 | 1,212,088 | 406,959 | 394,216 | 361,699 | 39,304 |
| Puerto Rico and U.S. Possessions, total | 28 | 55 | 2,454,565 | 5,201,209 | 426,393 | 450,420 | 99,727 | 99,727 | 144,510 | 2,569 |
| OPEC countries, total (included above) | 61 | 99 | 4,952,128 | 6,275,286 | 1,029,196 | 1,159,083 | 509,214 | 512,744 | 252,963 | 1,548 |
| Tax haven countries, total (included above) | 272 | 1,173 | 118,326,079 | 68,237,381 | 9,261,830 | 10,374,169 | 1,122,506 | 1,112,889 | 3,869,515 | 2,411,408 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Food and kindred products | | | | | | | | | | |
| All geographic areas, total | 28 | 465 | 27,896,849 | 30,572,937 | 3,158,393 | 3,348,388 | 1,026,919 | 1,012,356 | 1,157,341 | 169,057 |
| Canada | 21 | 48 | 3,532,318 | 4,864,709 | 317,260 | 367,284 | 137,852 | 131,630 | 61,197 | 730 |
| Latin America, total | 19 | *71 | 1,946,731 | 2,074,224 | 256,097 | 277,241 | 61,850 | 63,286 | 105,559 | 28,237 |
| Brazil | 7 | 18 | 409,351 | 558,084 | 76,088 | 81,662 | 17,648 | 19,101 | 46,099 | – |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | 6 | 8 | 264,006 | 328,370 | 48,584 | 50,734 | 15,949 | 15,949 | 1,445 | 3,605 |
| Panama (including Canal Zone) | 6 | 8 | 317,349 | 89,601 | 36,702 | 37,993 | 231 | 1,134 | 18,744 | 18,171 |
| Venezuela | 7 | 10 | 218,286 | 254,698 | 20,326 | 22,892 | 4,778 | 3,777 | 13,712 | – |
| Other Western Hemisphere, total | 12 | 27 | 4,968,927 | 466,506 | 112,252 | 141,720 | 18,705 | 19,062 | 120,242 | 46,402 |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | 6 | 10 | 456,968 | 224,722 | 57,058 | 57,763 | 4,101 | 4,101 | 111,444 | 30,361 |
| Netherlands Antilles | 9 | 17 | 4,511,959 | 241,783 | 55,194 | 83,957 | 14,604 | 14,961 | 8,798 | 16,040 |
| Europe, total | 24 | 258 | 13,873,028 | 19,294,426 | 1,720,646 | 1,798,556 | 509,483 | 499,263 | 530,137 | 48,802 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 8 | 24 | 677,701 | 1,224,009 | 77,075 | 78,851 | 24,921 | 24,913 | 13,093 | – |
| Denmark | 5 | 6 | 175,669 | 251,395 | 17,743 | 17,743 | 6,993 | 6,993 | 5,277 | 4 |
| France (including Andorra) | 15 | 39 | 1,875,296 | 3,559,584 | 172,729 | 179,902 | 81,860 | 81,863 | 11,589 | – |
| Italy (including San Marino) | 8 | 18 | 966,184 | 1,628,042 | 154,245 | 157,405 | 55,172 | 55,988 | 35,059 | – |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | 13 | 35 | 2,243,769 | 2,145,969 | 231,208 | 237,250 | 59,462 | 61,089 | 100,345 | 545 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 12 | 20 | 509,782 | 781,526 | 83,964 | 94,743 | 23,432 | 23,350 | 28,643 | 3 |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 6 | 7 | 371,354 | 803,691 | 74,441 | 74,441 | 7,652 | 7,652 | 5,871 | 3,453 |
| United Kingdom | 16 | 51 | 4,659,203 | 5,096,499 | 570,224 | 580,745 | 128,730 | 126,622 | 140,601 | 44,078 |
| West Germany | 15 | 37 | 1,523,772 | 2,946,944 | 191,301 | 224,367 | 113,556 | 103,087 | 95,883 | 25 |
| Africa, total | 5 | 11 | 293,788 | 172,816 | 45,729 | 47,579 | 8,642 | 8,642 | 11,276 | 2 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 11 | 24 | 1,173,302 | 2,492,549 | 359,184 | 364,577 | 146,979 | 147,063 | 178,803 | 38,122 |
| Hong Kong | 3 | 4 | 243,112 | 297,982 | 83,622 | 83,622 | 113 | 113 | 46,548 | 38,116 |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 7 | 9 | 743,609 | 1,911,912 | 246,352 | 249,593 | 134,991 | 134,991 | 117,261 | 6 |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | 4 | 5 | 80,990 | 134,122 | 10,251 | 10,251 | 3,339 | 3,339 | 1,692 | – |
| Oceania, total | 10 | 25 | 2,096,724 | 1,175,567 | 344,933 | 349,138 | 142,398 | 142,398 | 150,127 | 6,762 |
| Australia | 10 | 25 | 2,096,724 | 1,175,567 | 344,933 | 349,138 | 142,398 | 142,398 | 150,127 | 6,762 |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | 7 | 11 | 234,353 | 259,396 | 21,207 | 23,773 | 4,863 | 3,861 | 13,712 | – |
| Tax haven countries, total (included above) | 20 | 93 | 8,601,709 | 4,162,306 | 558,521 | 599,693 | 88,248 | 91,219 | 300,852 | 113,671 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Chemicals and allied products | | | | | | | | | | |
| All geographic areas, total | 66 | 1,219 | 83,333,756 | 69,913,558 | 8,981,140 | 9,630,212 | 2,947,215 | 2,946,716 | 3,567,805 | 885,057 |
| Canada | 55 | 99 | 7,810,629 | 7,848,832 | 882,052 | 942,602 | 321,448 | 320,117 | 506,770 | 20,718 |
| Latin America, total | 44 | 187 | 9,427,173 | 6,466,935 | 1,161,963 | 1,301,211 | 266,657 | 269,141 | 378,099 | 146,164 |
| Brazil | 36 | 58 | 3,510,811 | 3,142,354 | 513,154 | 558,365 | 126,215 | 125,580 | 149,253 | 2,001 |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | 26 | 37 | 1,004,806 | 1,178,156 | 97,125 | 127,828 | 57,422 | 56,652 | 60,280 | 8,000 |
| Panama (including Canal Zone) | 14 | 24 | 2,325,000 | 825,322 | 404,632 | 410,053 | 38,225 | 38,009 | 120,463 | 126,485 |
| Venezuela | 15 | 17 | 282,995 | 280,125 | 22,814 | 36,799 | 12,830 | 14,245 | 11,607 | 708 |
| Other Western Hemisphere, total | 33 | 63 | 6,662,866 | 1,034,981 | 390,958 | 425,131 | 9,164 | 9,597 | 105,479 | 154,855 |
| The Bahamas | 3 | 3 | 260,812 | 315,326 | 40,081 | 40,081 | 265 | 265 | 7,300 | 1,306 |
| Bermuda | 25 | 39 | 3,122,451 | 504,743 | 235,042 | 269,215 | 1,962 | 2,395 | 26,644 | 65,491 |
| Netherlands Antilles | 15 | 21 | 3,279,604 | 214,912 | 115,834 | 115,834 | 6,937 | 6,937 | 71,534 | 88,058 |
| Europe, total | 56 | 632 | 50,557,254 | 44,702,171 | 5,414,694 | 5,738,650 | 1,995,344 | 1,989,035 | 2,238,016 | 535,161 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 33 | 52 | 2,973,748 | 3,402,369 | 303,931 | 313,929 | 110,838 | 114,319 | 78,183 | 38,682 |
| Denmark | 4 | 4 | 147,913 | 176,927 | 25,528 | 25,528 | 8,845 | 8,845 | 3,274 | – |
| France (including Andorra) | 47 | 96 | 4,332,917 | 6,623,731 | 648,869 | 698,056 | 304,423 | 306,198 | 151,542 | 12 |
| Italy (including San Marino) | 39 | 74 | 3,700,407 | 3,972,446 | 469,828 | 505,496 | 148,766 | 149,777 | 78,752 | 1,179 |
| Luxembourg | 3 | 5 | 351,157 | 213,335 | 38,098 | 49,168 | 17,726 | 19,443 | 36,907 | 1,374 |
| Netherlands | 31 | 48 | 3,909,619 | 3,487,227 | 390,429 | 399,863 | 89,934 | 91,148 | 47,056 | 3,461 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 30 | 39 | 1,383,077 | 1,649,552 | 129,057 | 138,532 | 31,682 | 31,682 | 52,503 | 210 |
| Sweden | 10 | 12 | 375,589 | 742,539 | 16,010 | 17,879 | 9,798 | 10,326 | 4,208 | 2 |
| Switzerland | 26 | 55 | 6,192,550 | 4,976,601 | 939,033 | 941,538 | 62,481 | 62,888 | 562,226 | 402,487 |
| United Kingdom | 46 | 126 | 20,567,121 | 11,073,999 | 1,452,727 | 1,597,065 | 864,065 | 848,219 | 759,548 | 75,290 |
| West Germany | 41 | 85 | 5,026,923 | 7,578,335 | 768,453 | 812,105 | 322,044 | 321,375 | 423,637 | 4,520 |
| Africa, total | 23 | 36 | 972,999 | 925,389 | 115,767 | 127,375 | 38,341 | 38,604 | 26,270 | 3 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | 19 | 23 | 440,178 | 614,929 | 41,333 | 46,142 | 12,410 | 12,673 | 10,837 | 3 |
| OPEC countries | * | * | * | * | * | * | * | * | * | * |
| Asia, total | 40 | 140 | 6,234,023 | 6,205,971 | 751,243 | 793,756 | 249,667 | 252,996 | 245,446 | 23,515 |
| Hong Kong | 14 | 18 | 588,498 | 663,293 | 73,511 | 77,700 | 13,917 | 13,917 | 75,507 | 9,161 |
| Indonesia | 3 | 4 | 57,677 | 50,074 | -5,619 | 927 | 15 | 401 | 600 | – |
| Japan (including Okinawa and Ryukyu) | 31 | 52 | 4,172,606 | 3,928,215 | 514,092 | 533,109 | 189,474 | 190,973 | 100,430 | 9,016 |
| Middle East countries (excluding OPEC) | 4 | 4 | 67,792 | 57,589 | 22,931 | 22,931 | 4,568 | 4,568 | 3,362 | 4,491 |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | 8 | 9 | 189,821 | 325,940 | 39,785 | 40,446 | 14,602 | 15,156 | 20,333 | – |
| Oceania, total | 33 | 53 | 1,335,924 | 1,591,086 | 132,819 | 169,842 | 43,818 | 44,451 | 57,649 | 2,229 |
| Australia | 33 | 43 | 1,208,838 | 1,417,369 | 119,487 | 155,851 | 39,514 | 39,866 | 54,471 | 2,229 |
| Puerto Rico and U.S. Possessions, total | 8 | 9 | 332,889 | 1,138,192 | 131,644 | 131,644 | 22,776 | 22,776 | 10,076 | 2,412 |
| OPEC countries, total (included above) | 17 | 26 | 552,616 | 473,562 | 48,056 | 68,801 | 21,950 | 23,735 | 34,594 | 708 |
| Tax haven countries, total (included above) | 49 | 235 | 21,895,479 | 11,507,267 | 2,321,733 | 2,398,543 | 235,724 | 239,280 | 958,411 | 707,221 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Petroleum (including integrated) and coal products | | | | | | | | | | |
| All geographic areas, total | 24 | 478 | 104,965,557 | 122,047,928 | 12,336,432 | 13,365,794 | 4,308,326 | 4,239,572 | 5,971,961 | 1,086,261 |
| Canada | 19 | 54 | 25,105,014 | 14,709,739 | 2,498,938 | 2,520,571 | 918,141 | 917,179 | 1,387,664 | 87,005 |
| Latin America, total | 13 | 49 | 10,118,569 | 9,116,658 | 920,833 | 976,675 | 103,486 | 104,526 | 375,487 | 185,225 |
| Brazil | 9 | 15 | 1,240,416 | 5,073,694 | 187,059 | 187,238 | 63,660 | 63,955 | 44,347 | 1,235 |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 5 | 14 | 7,824,987 | 1,848,876 | 707,381 | 707,408 | 19,477 | 19,477 | 292,934 | 179,557 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 21 | 78 | 14,689,954 | 8,966,272 | 416,865 | 767,988 | 78,156 | 77,147 | 521,380 | 360,997 |
| The Bahamas | 5 | 15 | 2,942,474 | 2,383,955 | -98,497 | 121,201 | 29,656 | 29,738 | 14,597 | 53,879 |
| Bermuda | 19 | 44 | 5,835,595 | 5,768,337 | 271,682 | 383,429 | 20,908 | 19,818 | 375,036 | 155,161 |
| Netherlands Antilles | 12 | 17 | 5,754,073 | 813,980 | 261,234 | 263,358 | 27,592 | 27,592 | 131,747 | 151,957 |
| Europe, total | 20 | 181 | 37,873,629 | 63,567,004 | 6,118,206 | 6,461,804 | 2,241,272 | 2,172,003 | 2,918,289 | 397,603 |
| Austria | 3 | 6 | 461,807 | 1,236,738 | 138,742 | 138,742 | 21,463 | 21,463 | 163,157 | 51,285 |
| Belgium | 6 | 8 | 1,255,421 | 2,615,055 | 303,374 | 304,855 | 113,937 | 113,605 | 169,017 | 119,654 |
| Denmark | 4 | 5 | 215,222 | 301,066 | 25,270 | 30,700 | 1,056 | 1,056 | – | – |
| France (including Andorra) | 6 | 15 | 3,174,873 | 8,913,728 | 308,981 | 354,868 | 110,603 | 74,664 | 96,825 | 150 |
| Italy (including San Marino) | 4 | 8 | 1,664,498 | 6,930,069 | 188,850 | 188,850 | 24,760 | 24,760 | 3,631 | 126 |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | 9 | 19 | 5,144,381 | 3,801,276 | 110,664 | 145,577 | -23,358 | -20,377 | 1,200 | 15,583 |
| Norway | 7 | 9 | 606,049 | 1,331,566 | 98,947 | 139,608 | 49,688 | 49,688 | 1,470 | 2,861 |
| Spain | 4 | 6 | 193,815 | 417,379 | 25,849 | 25,849 | 6,824 | 6,824 | 1,783 | – |
| Sweden | 3 | 3 | 342,665 | 355,946 | 54,660 | 54,660 | 28,343 | 28,343 | 7,018 | 15,925 |
| Switzerland | 4 | 6 | 631,071 | 819,129 | 76,508 | 76,988 | 11,592 | 11,592 | 6,359 | 32,075 |
| United Kingdom | 17 | 63 | 15,400,837 | 20,125,953 | 3,430,306 | 3,599,431 | 1,035,858 | 999,891 | 2,076,399 | 32,042 |
| West Germany | 9 | 21 | 8,213,093 | 14,038,534 | 1,236,900 | 1,282,520 | 819,933 | 819,920 | 363,926 | 127,900 |
| Africa, total | 13 | 55 | 6,211,097 | 5,827,313 | 648,320 | 787,947 | 194,093 | 203,042 | 242,151 | 29,618 |
| Liberia | 11 | 22 | 3,770,521 | 1,396,568 | 68,295 | 173,286 | 2,908 | 2,887 | 26,874 | 29,618 |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | 5 | 7 | 1,371,097 | 1,843,941 | 423,913 | 431,093 | 159,396 | 161,929 | 143,288 | – |
| Asia, total | 9 | 40 | 8,378,137 | 14,419,964 | 1,572,355 | 1,648,261 | 717,700 | 710,196 | 475,266 | 25,606 |
| Hong Kong | 4 | 13 | 2,969,503 | 1,540,613 | 285,348 | 340,331 | 50,152 | 50,170 | 203,691 | 2,579 |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | 3 | 7 | 3,274,951 | 7,353,125 | 513,733 | 528,060 | 289,716 | 282,181 | 155,339 | – |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 5 | 14 | 1,295,509 | 2,986,425 | 101,981 | 121,141 | 28,650 | 28,650 | 18,935 | 207 |
| Australia | 3 | 8 | 1,022,614 | 2,423,886 | 87,084 | 87,084 | 25,924 | 25,924 | – | 207 |
| Puerto Rico and U.S. Possessions, total | 5 | 7 | 1,293,647 | 2,454,552 | 58,933 | 81,406 | 26,828 | 26,828 | 32,789 | – |
| OPEC countries, total (included above) | 6 | 12 | 1,954,251 | 4,284,828 | 936,713 | 945,087 | 443,491 | 446,023 | 147,538 | – |
| Tax haven countries, total (included above) | 23 | 172 | 36,691,963 | 20,987,011 | 1,900,772 | 2,449,807 | 179,398 | 181,382 | 1,278,862 | 699,154 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Primary metal industries | | | | | | | | | | |
| All geographic areas, total | 23 | 208 | 11,490,847 | 11,366,312 | 391,450 | 821,587 | 168,758 | 172,463 | 190,393 | 100,219 |
| Canada | 15 | 37 | 2,021,273 | 1,391,974 | 139,370 | 143,671 | 54,806 | 56,143 | 14,952 | – |
| Latin America, total | 10 | 22 | 908,900 | 713,558 | -288,477 | 79,106 | 7,227 | 7,227 | 5,352 | 13,742 |
| Brazil | 4 | 5 | 397,993 | 402,348 | -336,462 | 23,816 | 201 | 201 | 872 | 64 |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 4 | 6 | 316,617 | 102,130 | 18,875 | 19,920 | 842 | 842 | – | 11,835 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 12 | 28 | 1,631,323 | 156,277 | 75,461 | 80,767 | 390 | 390 | 4,700 | 62,663 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 12 | 16 | 437,358 | 54,559 | 20,102 | 24,866 | – | – | 1,200 | 12,898 |
| Netherlands Antilles | 4 | 11 | 1,097,308 | 94,624 | 53,641 | 54,182 | 390 | 390 | 3,500 | 48,486 |
| Europe, total | 16 | 94 | 4,530,858 | 7,681,888 | 283,701 | 325,592 | 70,966 | 72,560 | 138,968 | 16,327 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | 5 | 6 | 258,069 | 556,464 | 14,713 | 16,050 | 4,232 | 4,232 | – | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 9 | 10 | 298,253 | 690,023 | 20,542 | 22,331 | 8,977 | 8,976 | 836 | – |
| Italy (including San Marino) | 5 | 10 | 286,326 | 349,033 | 34,631 | 34,631 | 8,133 | 8,133 | 703 | – |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | 4 | 11 | 1,075,271 | 631,878 | 70,287 | 74,569 | 11,724 | 11,724 | 99,579 | 8,945 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | 3 | 3 | 47,276 | 51,223 | 2,520 | 2,991 | 321 | 321 | – | – |
| United Kingdom | 10 | 33 | 1,728,387 | 4,765,593 | 89,014 | 97,340 | 27,241 | 29,110 | 11,575 | 850 |
| West Germany | 7 | 16 | 572,350 | 425,338 | 37,511 | 47,740 | 2,510 | 2,236 | 19,928 | 6,533 |
| Africa, total | 6 | 8 | 250,179 | 213,336 | 14,882 | 16,219 | 5,713 | 5,781 | 1,565 | 850 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | 3 | 3 | 31,337 | 86,617 | 2,145 | 2,314 | 223 | 223 | 1,565 | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 7 | 13 | 534,169 | 320,363 | 57,966 | 67,685 | 8,144 | 8,850 | 9,890 | 3,518 |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 4 | 7 | 407,853 | 202,128 | 18,587 | 24,426 | 5,634 | 6,339 | 167 | – |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 4 | 5 | 1,558,179 | 874,389 | 106,399 | 106,399 | 20,856 | 20,856 | 14,969 | 3,119 |
| Australia | 3 | 4 | 1,545,272 | 874,298 | 106,328 | 106,328 | 20,856 | 20,856 | 14,969 | 3,048 |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 17 | 59 | 3,365,300 | 1,134,988 | 207,038 | 236,068 | 14,651 | 14,719 | 113,358 | 89,654 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Machinery, except electrical | | | | | | | | | | |
| All geographic areas, total | 45 | 725 | 69,531,377 | 58,664,442 | 8,821,770 | 9,625,964 | 3,600,264 | 3,523,516 | 3,747,000 | 198,933 |
| Canada | 37 | 63 | 5,810,257 | 5,213,130 | 649,018 | 705,940 | 304,510 | 293,483 | 246,128 | 10,080 |
| Latin America, total | 26 | 92 | 5,283,302 | 3,126,239 | 699,749 | 810,552 | 333,310 | 334,298 | 403,944 | 17,562 |
| Brazil | 18 | 25 | 2,881,852 | 1,807,939 | 551,870 | 577,941 | 263,762 | 264,396 | 161,209 | 204 |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | 13 | 19 | 771,285 | 588,479 | 11,867 | 46,991 | 14,330 | 13,554 | 45,826 | – |
| Panama (including Canal Zone) | 7 | 13 | 304,617 | 74,002 | -9,756 | 13,207 | 4,952 | 5,924 | 117,302 | 2,726 |
| Venezuela | 8 | 10 | 272,755 | 99,618 | 11,788 | 23,387 | 9,151 | 9,308 | 4,395 | -- |
| Other Western Hemisphere, total | 22 | 44 | 3,242,832 | 695,833 | 123,598 | 185,797 | 18,367 | 18,367 | 85,445 | 103,489 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 16 | 24 | 1,009,739 | 395,296 | 102,015 | 106,874 | 8,743 | 8,743 | 46,416 | 39,390 |
| Netherlands Antilles | 15 | 19 | 2,224,496 | 277,236 | 15,224 | 72,563 | 8,721 | 8,721 | 33,029 | 64,099 |
| Europe, total | 43 | 407 | 45,880,141 | 38,246,590 | 5,939,167 | 6,394,521 | 2,246,105 | 2,177,064 | 2,335,383 | 57,164 |
| Austria | 9 | 10 | 614,211 | 477,118 | 70,796 | 70,796 | 34,417 | 34,417 | 26,893 | -- |
| Belgium | 13 | 21 | 1,870,314 | 1,926,541 | 200,812 | 211,005 | 58,813 | 59,439 | 77,999 | 16,764 |
| Denmark | 7 | 9 | 712,259 | 609,292 | 193,687 | 193,697 | 93,865 | 93,865 | 124,571 | – |
| France (including Andorra) | 29 | 53 | 6,223,172 | 5,926,516 | 777,202 | 900,592 | 353,215 | 351,605 | 369,839 | 461 |
| Italy (including San Marino) | 19 | 34 | 4,617,198 | 3,414,754 | 1,066,825 | 1,074,282 | 427,498 | 427,543 | 325,825 | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 26 | 44 | 3,247,982 | 2,169,361 | 414,014 | 469,228 | 107,419 | 89,903 | 59,439 | 3,682 |
| Norway | 7 | 8 | 423,312 | 430,427 | 86,180 | 87,813 | 35,650 | 35,041 | 25,487 | – |
| Spain | 12 | 17 | 1,465,430 | 1,498,254 | 385,742 | 386,359 | 117,437 | 117,393 | 166,364 | 1,495 |
| Sweden | 15 | 17 | 1,051,518 | 990,782 | 220,970 | 225,553 | 127,155 | 126,680 | 81,266 | – |
| Switzerland | 17 | 27 | 3,404,646 | 2,664,549 | 268,146 | 295,498 | 75,602 | 78,857 | 186,375 | 13,492 |
| United Kingdom | 37 | 94 | 11,046,801 | 10,595,518 | 938,732 | 1,125,965 | 295,654 | 248,043 | 373,081 | 308 |
| West Germany | 31 | 53 | 9,990,653 | 6,776,082 | 1,090,498 | 1,128,170 | 464,370 | 459,267 | 392,057 | – |
| Africa, total | 13 | 17 | 493,698 | 578,773 | 81,731 | 84,795 | 40,990 | 40,767 | 10,554 | – |
| Liberia | – | -- | -- | – | -- | – | – | – | – | – |
| South Africa (including Namibia) | 11 | 12 | 395,085 | 535,947 | 73,916 | 74,969 | 36,569 | 35,872 | 7,372 | – |
| OPEC countries | 3 | 3 | 63,054 | 34,875 | 4,356 | 6,367 | 2,607 | 3,081 | 3,182 | – |
| Asia, total | 24 | 66 | 7,205,248 | 8,784,616 | 1,128,703 | 1,220,660 | 572,798 | 576,394 | 601,135 | 8,338 |
| Hong Kong | 8 | 9 | 457,436 | 324,120 | 37,760 | 39,232 | 3,195 | 3,195 | 11,750 | 6,567 |
| Indonesia | 3 | 3 | 38,650 | 30,361 | -159 | 1,155 | – | 965 | 785 | – |
| Japan (including Okinawa and Ryukyu) | 15 | 17 | 4,498,756 | 7,358,847 | 959,726 | 978,433 | 532,146 | 532,266 | 512,173 | 2 |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 23 | 31 | 1,532,335 | 1,897,940 | 169,851 | 192,193 | 78,622 | 77,581 | 49,744 | 2,301 |
| Australia | 23 | 26 | 1,376,674 | 1,715,630 | 122,300 | 144,641 | 56,048 | 55,007 | 36,674 | 2,301 |
| Puerto Rico and U.S. Possessions, total | 5 | 5 | 83,563 | 121,320 | 29,953 | 31,507 | 5,561 | 5,561 | 14,668 | – |
| OPEC countries, total (included above) | 11 | 19 | 1,225,516 | 184,785 | -21,069 | 37,290 | 13,810 | 15,458 | 15,874 | – |
| Tax haven countries, total (included above) | 38 | 170 | 11,930,984 | 6,811,091 | 988,371 | 1,174,960 | 257,271 | 243,989 | 553,704 | 167,320 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Electrical and electronic equipment | | | | | | | | | | |
| All geographic areas, total | 44 | 713 | 48,674,023 | 46,842,782 | 4,112,571 | 4,713,012 | 1,037,296 | 1,023,698 | 1,143,683 | 269,031 |
| Canada | 33 | 62 | 5,346,156 | 5,079,079 | 460,258 | 488,766 | 138,712 | 136,355 | 88,334 | 3,312 |
| Latin America, total | 21 | 63 | 2,499,861 | 1,964,891 | 365,050 | 396,384 | 59,817 | 62,321 | 65,575 | 21,795 |
| Brazil | 10 | 18 | 1,137,289 | 1,206,019 | 233,336 | 233,597 | 49,359 | 49,573 | 41,575 | 6,856 |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | 14 | 21 | 408,823 | 380,175 | 17,939 | 36,017 | 7,456 | 9,599 | 6,499 | – |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 14 | 31 | 4,871,983 | 598,236 | 226,457 | 227,031 | 3,776 | 3,780 | 89,341 | 118,324 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 11 | 16 | 1,397,622 | 234,934 | 127,692 | 128,266 | 2,236 | 2,240 | 26,000 | 26,943 |
| Netherlands Antilles | 8 | 14 | 3,463,372 | 359,025 | 97,084 | 97,084 | 1,666 | 1,666 | 63,341 | 91,381 |
| Europe, total | 35 | 393 | 29,146,505 | 29,580,289 | 2,324,320 | 2,699,084 | 621,664 | 621,060 | 775,294 | 106,742 |
| Austria | 4 | 5 | 252,511 | 314,829 | 7,725 | 16,952 | 4,144 | 4,144 | 3,040 | – |
| Belgium | 7 | 10 | 970,436 | 1,102,912 | 72,982 | 72,993 | 21,385 | 20,924 | 4,951 | – |
| Denmark | 5 | 7 | 319,392 | 311,694 | 5,585 | 14,869 | 6,631 | 6,542 | 424 | -- |
| France (including Andorra) | 25 | 46 | 1,459,135 | 2,375,317 | 48,572 | 86,818 | 32,340 | 33,622 | 8,230 | 2,474 |
| Italy (including San Marino) | 18 | 46 | 2,700,832 | 2,440,575 | 200,733 | 221,851 | 70,598 | 72,314 | 37,144 | 9,084 |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | 17 | 40 | 3,877,503 | 5,009,418 | 689,890 | 706,066 | 104,314 | 102,134 | 81,910 | 22,025 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 7 | 14 | 895,244 | 826,005 | -92,619 | 25,990 | 3,903 | 4,242 | 20,155 | 1,010 |
| Sweden | 5 | 8 | 288,774 | 449,960 | 38,018 | 45,039 | 23,998 | 20,290 | 12,327 | – |
| Switzerland | 13 | 17 | 2,178,622 | 1,205,433 | 270,381 | 270,938 | 30,279 | 30,279 | 68,783 | 62,301 |
| United Kingdom | 29 | 87 | 8,470,317 | 5,918,835 | 429,116 | 494,623 | 101,331 | 109,148 | 199,084 | 7,211 |
| West Germany | 27 | 83 | 6,656,944 | 8,425,485 | 528,384 | 608,475 | 210,239 | 208,342 | 280,540 | 112 |
| Africa, total | 5 | 8 | 101,956 | 115,779 | 15,271 | 15,271 | 6,016 | 6,016 | 10,574 | – |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | 5 | 7 | 87,982 | 115,779 | 14,576 | 14,576 | 6,009 | 6,009 | 9,574 | -- |
| OPEC countries | – | -- | – | -- | – | -- | – | – | – | – |
| Asia, total | 24 | 101 | 5,780,743 | 8,309,022 | 649,213 | 784,903 | 166,179 | 159,077 | 90,974 | 18,857 |
| Hong Kong | 6 | 8 | 238,070 | 455,935 | 16,756 | 28,386 | 3,259 | 3,426 | 5,409 | 387 |
| Indonesia | – | -- | -- | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 16 | 24 | 1,747,981 | 2,361,271 | 198,917 | 240,297 | 127,930 | 122,030 | 65,065 | -- |
| Middle East countries (excluding OPEC) | 4 | 6 | 197,243 | 134,889 | -5,306 | 8,433 | 3,414 | 2,727 | – | -- |
| OPEC countries (excluding Indonesia) | 3 | 5 | 91,175 | 64,191 | 1,604 | 6,748 | – | -- | 8,516 | 100 |
| Philippines | 6 | 6 | 114,778 | 188,279 | -2,657 | 3,042 | 722 | 1,806 | 483 | – |
| Oceania, total | 15 | 30 | 774,296 | 1,004,876 | 30,034 | 59,605 | 22,842 | 16,800 | 21,880 | – |
| Australia | 15 | 27 | 733,293 | 940,045 | 22,389 | 51,960 | 19,654 | 13,611 | 20,826 | – |
| Puerto Rico and U.S. Possessions, total | 3 | 25 | 352,522 | 190,610 | 41,967 | 41,967 | 18,290 | 18,290 | 1,710 | – |
| OPEC countries, total (included above) | 3 | 9 | 235,561 | 119,926 | -8,607 | 8,608 | 666 | 813 | 11,516 | 100 |
| Tax haven countries, total (included above) | 30 | 129 | 13,404,136 | 9,678,815 | 1,599,908 | 1,656,597 | 153,353 | 149,989 | 258,618 | 227,571 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Motor vehicles and equipment | | | | | | | | | | |
| **All geographic areas, total** | 14 | 268 | 63,075,879 | 81,901,610 | 3,279,031 | 3,854,659 | 1,294,430 | 1,364,034 | 1,437,032 | 186,616 |
| **Canada** | 14 | 42 | 18,725,407 | 31,822,655 | 1,299,547 | 1,331,152 | 602,207 | 602,128 | 295,838 | 10,873 |
| **Latin America, total** | 9 | 54 | 7,220,273 | 7,988,675 | 435,622 | 641,749 | 84,849 | 77,153 | 304,668 | 18,790 |
| Brazil | 6 | 21 | 3,789,715 | 4,414,422 | 435,431 | 438,194 | 89,366 | 89,651 | 302,881 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | 7 | 22 | 2,002,325 | 2,589,639 | -91,099 | 79,453 | -7,989 | -17,367 | 1,786 | – |
| Panama (including Canal Zone) | – | – | – | – | – | – | – | – | – | – |
| Venezuela | 3 | 3 | 355,729 | 508,827 | 573 | 13,330 | – | 1 | – | – |
| **Other Western Hemisphere, total** | 8 | 15 | 4,501,865 | 1,482,161 | 207,358 | 220,293 | 9,158 | 9,158 | 16,825 | 149,531 |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | 7 | 8 | 653,843 | 63,562 | 48,982 | 49,158 | 156 | 156 | 16,825 | 38,459 |
| Netherlands Antilles | 3 | 7 | 3,848,023 | 1,418,598 | 158,376 | 171,135 | 9,002 | 9,002 | – | 111,072 |
| **Europe, total** | 12 | 123 | 29,006,299 | 36,101,532 | 1,251,174 | 1,416,537 | 552,958 | 629,089 | 814,274 | 7,422 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 8 | 19 | 1,855,375 | 3,395,542 | 118,299 | 119,494 | 54,793 | 54,639 | 42,006 | – |
| Italy (including San Marino) | 5 | 7 | 1,039,377 | 719,260 | 16,540 | 20,586 | 8,608 | 6,905 | 4,036 | – |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | 6 | 14 | 1,391,304 | 715,314 | 103,683 | 107,624 | 20,396 | 20,396 | 34,611 | 11 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 4 | 9 | 2,802,928 | 3,573,044 | 171,848 | 210,040 | 63,865 | 63,865 | 73,931 | – |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 3 | 7 | 328,201 | 394,930 | 19,010 | 19,010 | 2,698 | 2,698 | 5,303 | 1,165 |
| United Kingdom | 8 | 20 | 8,649,519 | 7,342,097 | 125,587 | 191,485 | 49,566 | 128,171 | 592,111 | 6,246 |
| West Germany | 6 | 17 | 9,603,030 | 15,853,682 | 460,489 | 477,443 | 267,594 | 266,532 | 15,662 | – |
| **Africa, total** | 4 | 4 | 150,938 | 231,347 | -46,466 | 6,073 | 2,965 | 2,971 | 569 | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | 4 | 4 | 150,938 | 231,347 | -46,466 | 6,073 | 2,965 | 2,971 | 569 | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| **Asia, total** | 4 | 8 | 1,022,046 | 1,251,069 | 116,175 | 125,650 | 8,764 | 10,917 | – | – |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 3 | 5 | 429,659 | 594,612 | 6,864 | 15,583 | 8,065 | 10,206 | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| **Oceania, total** | 7 | 21 | 2,424,676 | 3,014,039 | 14,991 | 112,576 | 33,378 | 32,467 | 4,856 | – |
| Australia | 7 | 16 | 2,205,753 | 2,604,722 | -5,082 | 90,654 | 22,870 | 22,148 | 106 | – |
| **Puerto Rico and U.S. Possessions, total** | * | * | * | * | * | * | * | * | * | * |
| **OPEC countries, total (included above)** | 3 | 3 | 355,729 | 508,827 | 573 | 13,330 | – | 1 | – | – |
| **Tax haven countries, total (included above)** | 10 | 45 | 7,825,259 | 3,887,435 | 544,552 | 563,707 | 32,272 | 32,207 | 56,740 | 169,498 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Transportation equipment, except motor vehicles | | | | | | | | | | |
| **All geographic areas, total** | 16 | 172 | 8,345,037 | 7,782,400 | 890,861 | 1,044,625 | 284,066 | 275,736 | 316,550 | 55,386 |
| **Canada** | 7 | 17 | 2,157,733 | 1,747,866 | 183,664 | 268,719 | 94,326 | 90,090 | 45,364 | – |
| **Latin America, total** | 5 | 8 | 288,325 | 281,212 | 37,264 | 37,264 | 19,505 | 19,505 | – | 322 |
| Brazil | 4 | 5 | 202,426 | 201,353 | 28,132 | 28,132 | 15,339 | 15,339 | – | 322 |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| **Other Western Hemisphere, total** | 11 | 12 | 790,037 | 96,238 | 17,069 | 24,017 | 1,300 | 1,300 | 4,754 | 11,364 |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | 7 | 7 | 513,952 | 63,667 | 11,122 | 18,070 | – | – | 380 | 6,920 |
| Netherlands Antilles | 5 | 5 | 276,085 | 32,571 | 5,947 | 5,947 | 1,300 | 1,300 | 4,374 | 4,444 |
| **Europe, total** | 11 | 103 | 3,553,924 | 3,501,540 | 330,116 | 381,059 | 113,599 | 109,152 | 108,036 | 17,493 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | 8 | 18 | 619,739 | 814,251 | 50,024 | 65,356 | 19,504 | 18,237 | 10,247 | – |
| Italy (including San Marino) | 4 | 20 | 814,837 | 691,087 | 83,922 | 89,837 | 30,636 | 30,637 | 7,437 | 407 |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 5 | 8 | 126,701 | 142,670 | 8,250 | 17,330 | 1,987 | 1,575 | – | 510 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 4 | 6 | 196,387 | 143,279 | 17,339 | 17,339 | 1,924 | 1,924 | 17,098 | 1,878 |
| United Kingdom | 9 | 27 | 1,076,684 | 856,015 | 95,478 | 108,633 | 34,618 | 31,849 | 22,483 | 14,648 |
| West Germany | 7 | 16 | 471,821 | 533,896 | 42,377 | 49,750 | 16,618 | 16,618 | 45,742 | – |
| **Africa, total** | 3 | 6 | 67,230 | 81,409 | 10,169 | 11,344 | 4,453 | 4,453 | 1,572 | 1,592 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| **Asia, total** | 4 | 18 | 920,610 | 689,426 | 173,537 | 174,315 | 19,835 | 19,835 | 20,654 | 24,413 |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| **Oceania, total** | 4 | 6 | 376,133 | 233,508 | 17,944 | 26,810 | 11,438 | 11,791 | 52,903 | 203 |
| Australia | 4 | 6 | 376,133 | 233,508 | 17,944 | 26,810 | 11,438 | 11,791 | 52,903 | 203 |
| **Puerto Rico and U.S. Possessions, total** | * | * | * | * | * | * | * | * | * | * |
| **OPEC countries, total (included above)** | – | – | – | – | – | – | – | – | – | – |
| **Tax haven countries, total (included above)** | 13 | 38 | 1,836,800 | 752,065 | 203,157 | 219,617 | 15,449 | 15,038 | 42,270 | 39,756 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Instruments and related products** | | | | | | | | | | |
| All geographic areas, total | 15 | 259 | 14,311,977 | 17,838,795 | 1,727,606 | 1,815,486 | 552,105 | 552,305 | 145,103 | 77,587 |
| Canada | 11 | 16 | 767,621 | 1,241,312 | 77,060 | 79,937 | 35,412 | 34,944 | 4,898 | 151 |
| Latin America, total | 8 | 30 | 1,061,742 | 1,069,085 | 145,573 | 154,590 | 40,714 | 39,412 | 10,544 | 23,539 |
| Brazil | 5 | 8 | 490,260 | 506,179 | 96,179 | 96,179 | 20,762 | 20,762 | 6,281 | 20,699 |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | 5 | 7 | 219,096 | 230,341 | 15,252 | 19,545 | 13,229 | 11,927 | 221 | 8 |
| Panama (including Canal Zone) | 3 | 3 | 81,408 | 89,833 | 7,940 | 7,940 | 2,439 | 2,439 | 2,500 | 721 |
| Venezuela | 3 | 3 | 47,248 | 78,003 | 4,694 | 4,694 | 1,137 | 1,137 | 737 | 740 |
| Other Western Hemisphere, total | 7 | 11 | 536,717 | 33,833 | 28,634 | 29,566 | 367 | 367 | 1,333 | 8,619 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 4 | 5 | 158,681 | 5,162 | 4,077 | 5,009 | – | – | 1,333 | 4,325 |
| Netherlands Antilles | 4 | 5 | 369,576 | 27,610 | 24,335 | 24,335 | 367 | 367 | – | 4,295 |
| Europe, total | 13 | 140 | 9,168,969 | 12,435,154 | 1,204,555 | 1,241,083 | 394,107 | 393,811 | 119,960 | 37,833 |
| Austria | 4 | 4 | 103,309 | 190,327 | 15,398 | 15,398 | 4,862 | 4,862 | 2,785 | 1,195 |
| Belgium | 5 | 6 | 712,277 | 526,430 | 173,336 | 174,682 | 54,186 | 54,186 | 11,054 | 1,669 |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 10 | 16 | 1,217,587 | 1,622,138 | 118,358 | 121,663 | 54,280 | 60,079 | 9,989 | 125 |
| Italy (including San Marino) | 8 | 12 | 557,419 | 695,640 | 115,311 | 115,311 | 44,701 | 44,701 | 17,321 | 312 |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 8 | 10 | 665,878 | 759,235 | 74,512 | 75,805 | -432 | -742 | 21,887 | 5,656 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 6 | 6 | 232,863 | 279,456 | 45,775 | 45,775 | 11,490 | 11,490 | – | 51 |
| Sweden | 4 | 4 | 141,321 | 257,695 | 17,103 | 17,103 | 9,159 | 9,159 | 2,878 | 21 |
| Switzerland | 7 | 13 | 834,520 | 2,291,563 | 92,472 | 97,226 | 23,696 | 23,891 | 25,153 | 27,127 |
| United Kingdom | 11 | 26 | 1,956,459 | 2,805,648 | 159,076 | 172,257 | 72,055 | 66,622 | 5,422 | 661 |
| West Germany | 12 | 30 | 2,112,118 | 2,505,923 | 287,324 | 299,519 | 107,957 | 107,411 | 21,994 | 643 |
| Africa, total | 3 | 5 | 124,415 | 130,012 | 3,342 | 6,307 | 810 | 1,290 | 220 | 3,543 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | 3 | 4 | 62,507 | 126,361 | -252 | 2,713 | 810 | 1,290 | 220 | 19 |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 10 | 44 | 2,078,968 | 2,224,908 | 191,167 | 215,583 | 64,180 | 65,467 | 4,973 | 3,517 |
| Hong Kong | 5 | 6 | 214,431 | 343,478 | 11,870 | 13,934 | 2,326 | 2,326 | – | 3,341 |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 10 | 22 | 1,255,732 | 1,247,373 | 89,781 | 112,134 | 49,248 | 50,535 | 1,868 | 109 |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 5 | 11 | 492,952 | 635,804 | 43,451 | 54,595 | 13,306 | 13,804 | 3,175 | 227 |
| Australia | 5 | 8 | 453,695 | 574,855 | 39,960 | 51,104 | 11,928 | 12,426 | 2,817 | 222 |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | 3 | 3 | 47,248 | 78,003 | 4,694 | 4,694 | 1,137 | 1,137 | 737 | 740 |
| Tax haven countries, total (included above) | 13 | 53 | 2,903,065 | 4,064,923 | 298,429 | 307,472 | 35,239 | 35,123 | 53,658 | 51,544 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All other manufacturing** | | | | | | | | | | |
| All geographic areas, total | 116 | 1,012 | 49,080,577 | 51,650,573 | 4,878,203 | 5,312,907 | 1,697,567 | 1,666,088 | 1,742,264 | 226,563 |
| Canada | 89 | 148 | 9,353,956 | 9,728,170 | 933,203 | 997,380 | 370,488 | 351,130 | 454,999 | 14,918 |
| Latin America, total | 44 | 128 | 4,895,136 | 4,628,183 | 691,404 | 760,575 | 226,625 | 225,259 | 266,020 | 11,817 |
| Brazil | 28 | 44 | 2,306,632 | 2,213,530 | 463,487 | 467,827 | 143,590 | 143,590 | 189,108 | 327 |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | 13 | 18 | 417,200 | 380,836 | 9,234 | 33,389 | 15,153 | 14,108 | 7,128 | – |
| Panama (including Canal Zone) | 8 | 14 | 438,919 | 102,523 | 46,916 | 46,916 | 2,856 | 2,856 | 9,664 | 10,806 |
| Venezuela | 7 | 8 | 206,825 | 231,349 | 38,389 | 44,308 | 16,504 | 15,509 | 12,755 | – |
| Other Western Hemisphere, total | 36 | 56 | 3,904,445 | 604,968 | 201,168 | 207,442 | 16,832 | 16,718 | 123,676 | 82,973 |
| The Bahamas | 3 | 3 | 80,679 | 41,573 | 51,802 | 51,802 | – | – | 33,580 | – |
| Bermuda | 20 | 27 | 849,376 | 167,658 | 36,946 | 42,967 | 3,211 | 3,211 | 18,993 | 23,672 |
| Netherlands Antilles | 21 | 26 | 2,974,391 | 395,738 | 112,421 | 112,672 | 13,621 | 13,507 | 71,103 | 59,301 |
| Europe, total | 87 | 528 | 26,081,818 | 30,846,978 | 2,554,591 | 2,737,057 | 865,755 | 862,886 | 724,350 | 76,270 |
| Austria | 3 | 3 | 63,417 | 76,306 | 7,044 | 7,044 | 3,347 | 3,347 | 5,123 | – |
| Belgium | 19 | 26 | 1,716,008 | 1,547,877 | 161,527 | 164,585 | 41,180 | 41,115 | 33,641 | 26,546 |
| Denmark | 6 | 7 | 145,926 | 174,772 | 22,361 | 22,361 | 8,888 | 8,888 | 5,664 | – |
| France (including Andorra) | 39 | 67 | 2,807,431 | 3,735,255 | 267,078 | 288,503 | 121,051 | 121,230 | 40,449 | – |
| Italy (including San Marino) | 34 | 49 | 2,669,103 | 2,608,272 | 271,447 | 279,960 | 111,118 | 112,542 | 50,533 | – |
| Luxembourg | 4 | 6 | 434,056 | 407,048 | 35,990 | 39,371 | 11,300 | 11,997 | 8,378 | 1,870 |
| Netherlands | 31 | 43 | 2,028,234 | 1,800,974 | 171,138 | 194,429 | 28,077 | 26,566 | 27,972 | 171 |
| Norway | 4 | 4 | 82,805 | 123,009 | 20,158 | 20,158 | 8,560 | 8,560 | 2,363 | – |
| Spain | 23 | 29 | 1,170,854 | 1,190,448 | 126,857 | 134,932 | 32,781 | 32,788 | 23,851 | – |
| Sweden | 7 | 10 | 292,496 | 449,068 | 27,293 | 29,601 | 17,882 | 16,851 | 10,384 | – |
| Switzerland | 16 | 21 | 1,559,686 | 1,166,338 | 141,690 | 148,885 | 36,956 | 36,956 | 32,266 | 41,803 |
| United Kingdom | 64 | 160 | 8,990,149 | 12,265,460 | 892,163 | 939,213 | 268,907 | 263,804 | 290,692 | 3,200 |
| West Germany | 43 | 77 | 3,562,258 | 4,715,457 | 360,885 | 403,294 | 163,902 | 166,437 | 159,233 | 2,435 |
| Africa, total | 16 | 24 | 828,891 | 734,846 | 115,449 | 116,454 | 21,646 | 21,646 | 37,474 | 1,883 |
| Liberia | 5 | 5 | 460,915 | 253,787 | 59,327 | 59,433 | 52 | 52 | 11,550 | 1,883 |
| South Africa (including Namibia) | 11 | 15 | 258,924 | 366,641 | 30,206 | 31,104 | 11,301 | 11,301 | 22,128 | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 26 | 72 | 2,592,291 | 3,227,334 | 238,324 | 328,784 | 134,096 | 132,464 | 103,701 | 14,370 |
| Hong Kong | 9 | 15 | 309,223 | 350,258 | 8,297 | 38,536 | 5,204 | 5,204 | 12,676 | 5,830 |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | 17 | 21 | 1,162,580 | 1,670,673 | 155,456 | 155,925 | 90,700 | 90,700 | 24,852 | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | 7 | 7 | 180,396 | 212,151 | 49,360 | 49,621 | 17,465 | 17,422 | 16,955 | 8,540 |
| Oceania, total | 38 | 54 | 1,396,106 | 1,860,243 | 140,158 | 161,310 | 60,491 | 54,350 | 30,043 | 24,332 |
| Australia | 37 | 50 | 1,309,751 | 1,725,096 | 127,367 | 148,519 | 56,329 | 50,188 | 28,807 | 24,332 |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | 9 | 13 | 303,048 | 326,752 | 43,483 | 53,355 | 19,775 | 18,191 | 28,534 | – |
| Tax haven countries, total (included above) | 59 | 179 | 9,871,385 | 5,251,479 | 639,351 | 767,704 | 110,902 | 109,944 | 253,040 | 146,020 |

Footnotes at end of table.

**Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Transportation and public utilities** | | | | | | | | | | |
| All geographic areas, total | 66 | 381 | 24,873,374 | 9,964,847 | 1,110,436 | 1,398,410 | 301,793 | 305,100 | 421,004 | 248,194 |
| Canada | 26 | 61 | 6,074,808 | 2,221,803 | 411,139 | 425,801 | 141,502 | 140,830 | 105,337 | 18,356 |
| Latin America, total | 20 | 53 | 2,370,458 | 1,070,902 | 112,642 | 163,716 | 35,773 | 39,720 | 32,730 | 21,137 |
| Brazil | 5 | 8 | 138,280 | 142,692 | 7,517 | 11,127 | 5,315 | 5,432 | -- | -- |
| Ecuador | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mexico | 4 | 5 | 119,731 | 472,178 | 6,797 | 9,552 | 3,019 | 3,365 | 3,511 | -- |
| Panama (including Canal Zone) | 8 | 27 | 1,054,209 | 118,229 | 16,953 | 47,762 | 3,421 | 3,818 | 2,366 | 19,698 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 43 | 58 | 6,473,974 | 657,417 | 178,844 | 209,564 | 18,079 | 19,084 | 156,967 | 174,217 |
| The Bahamas | 4 | 4 | 135,102 | 7,788 | 3,286 | 7,713 | -- | -- | -- | -- |
| Bermuda | 18 | 24 | 1,116,200 | 96,005 | 802 | 23,566 | -16 | -273 | 47,622 | 25,426 |
| Netherlands Antilles | 26 | 30 | 5,222,673 | 553,624 | 174,756 | 178,286 | 18,094 | 19,357 | 109,345 | 148,791 |
| Europe, total | 22 | 140 | 7,653,581 | 5,153,335 | 376,277 | 477,416 | 83,851 | 82,796 | 107,421 | 30,378 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 3 | 5 | 212,245 | 275,630 | 18,131 | 19,856 | 4,281 | 4,281 | 2,694 | -- |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 8 | 16 | 676,493 | 815,347 | 20,659 | 25,905 | 10,138 | 10,578 | 1,427 | -- |
| Italy (including San Marino) | 7 | 10 | 555,354 | 414,533 | 53,388 | 54,193 | 16,759 | 16,775 | 4,954 | -- |
| Luxembourg | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Netherlands | 7 | 13 | 1,151,003 | 453,758 | 9,816 | 46,782 | 5,052 | 5,117 | 14,197 | 290 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 4 | 8 | 220,383 | 139,869 | 9,101 | 13,869 | 750 | 750 | 1,168 | -- |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 9 | 20 | 700,316 | 282,973 | 48,007 | 54,464 | 7,231 | 7,317 | 17,681 | 30,088 |
| United Kingdom | 17 | 41 | 3,129,774 | 1,265,391 | 124,799 | 161,156 | 17,333 | 15,643 | 41,499 | -- |
| West Germany | 10 | 16 | 740,883 | 673,254 | 82,168 | 88,240 | 21,113 | 21,142 | 19,621 | -- |
| Africa, total | 10 | 29 | 1,241,972 | 72,485 | -10,056 | 39,119 | 11 | 130 | 1,805 | 3,612 |
| Liberia | 9 | 28 | 1,179,440 | 33,552 | -11,554 | 37,621 | 11 | 130 | 1,805 | 3,612 |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Asia, total | 9 | 18 | 493,265 | 328,115 | 9,244 | 39,145 | 7,986 | 8,002 | 7,709 | 474 |
| Hong Kong | 4 | 4 | 89,876 | 31,385 | 7,404 | 9,501 | 1,896 | 1,896 | 1,288 | 474 |
| Indonesia | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Japan (including Okinawa and Ryukyu) | 5 | 5 | 104,790 | 63,636 | 3,671 | 7,253 | 3,814 | 3,814 | 2,187 | -- |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Oceania, total | 8 | 16 | 363,371 | 375,924 | 21,489 | 32,791 | 11,851 | 11,797 | 9,035 | -- |
| Australia | 8 | 14 | 340,771 | 368,094 | 20,580 | 31,882 | 11,415 | 11,361 | 9,035 | -- |
| Puerto Rico and U.S. Possessions, total | 6 | 6 | 201,944 | 84,866 | 10,858 | 10,858 | 2,741 | 2,741 | -- | 19 |
| OPEC countries, total (included above) | 4 | 4 | 119,947 | 54,610 | -7,272 | 7,490 | 3,389 | 3,389 | 3,656 | -- |
| Tax haven countries, total (included above) | 49 | 160' | 11,559,987 | 1,959,504 | 281,954 | 456,802 | 49,354 | 54,113 | 194,372 | 229,818 |

Footnotes at end of table.

**Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Water transportation | | | | | | | | | | |
| All geographic areas, total | 5 | 51 | 1,467,742 | 60,788 | 631 | 49,041 | 528 | 1,044 | -- | 608 |
| Canada | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Latin America, total | 4 | 21 | 447,180 | 19,915 | 82 | 22,268 | 528 | 925 | -- | -- |
| Brazil | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Ecuador | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mexico | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Panama (including Canal Zone) | 4 | 21 | 447,180 | 19,915 | 82 | 22,268 | 528 | 925 | -- | -- |
| Venezuela | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Western Hemisphere, total | 3 | 5 | 110,592 | 23,056 | -9,481 | 281 | -- | -- | -- | 608 |
| The Bahamas | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bermuda | 3 | 5 | 110,592 | 23;056 | -9,481 | 281 | -- | -- | -- | 608 |
| Netherlands Antilles | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Europe, total | * | * | * | * | * | * | * | * | * | * |
| Austria | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Belgium | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Denmark | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| France (including Andorra) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Italy (including San Marino) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Luxembourg | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Netherlands | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Norway | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Spain | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sweden | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Switzerland | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| United Kingdom | * | * | * | * | * | * | * | * | * | * |
| West Germany | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Africa, total | 3 | 21 | 863,296 | 16,996 | 11,872 | 26,017 | -- | 119 | -- | -- |
| Liberia | 3 | 21 | 863,296 | 16,996 | 11,872 | 26,017 | -- | 119 | -- | -- |
| South Africa (including Namibia) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| OPEC countries | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Asia, total | * | * | * | * | * | * | * | * | * | * |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Japan (including Okinawa and Ryukyu) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Middle East countries (excluding OPEC) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| OPEC countries (excluding Indonesia) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Philippines | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Tax haven countries, total (included above) | 4 | 48 | 1,431,723 | 59,967 | 376 | 48,566 | 528 | 1,044 | -- | 608 |

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All other transportation and public utilities** | | | | | | | | | | |
| All geographic areas, total | 61 | 330 | 23,405,632 | 9,904,059 | 1,109,806 | 1,349,369 | 301,265 | 304,056 | 421,004 | 247,585 |
| Canada | 26 | 61 | 6,074,808 | 2,221,803 | 411,139 | 425,801 | 141,502 | 140,830 | 105,337 | 18,356 |
| Latin America, total | 16 | 32 | 1,923,279 | 1,050,987 | 112,559 | 141,448 | 35,245 | 38,795 | 32,730 | 21,137 |
| Brazil | 5 | 8 | 138,280 | 142,692 | 7,517 | 11,127 | 5,315 | 5,432 | – | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | 4 | 5 | 119,731 | 472,178 | 6,797 | 9,552 | 3,019 | 3,365 | 3,511 | – |
| Panama (including Canal Zone) | 4 | 6 | 607,029 | 98,313 | 16,870 | 25,494 | 2,893 | 2,893 | 2,366 | 19,698 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 40 | 53 | 6,363,382 | 634,361 | 188,325 | 209,283 | 18,079 | 19,084 | 156,967 | 173,608 |
| The Bahamas | 4 | 4 | 135,102 | 7,788 | 3,286 | 7,713 | – | – | – | – |
| Bermuda | 15 | 19 | 1,005,608 | 72,949 | 10,284 | 23,284 | -16 | -273 | 47,622 | 24,818 |
| Netherlands Antilles | 26 | 30 | 5,222,673 | 553,624 | 174,756 | 178,286 | 18,094 | 19,357 | 109,345 | 148,791 |
| Europe, total | 21 | 139 | 7,645,710 | 5,153,089 | 376,497 | 477,416 | 83,851 | 82,796 | 107,421 | 30,378 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 3 | 5 | 212,245 | 275,630 | 18,131 | 19,856 | 4,281 | 4,281 | 2,694 | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 8 | 16 | 676,493 | 815,347 | 20,669 | 25,905 | 10,138 | 10,578 | 1,427 | – |
| Italy (including San Marino) | 7 | 10 | 555,354 | 414,533 | 53,388 | 54,193 | 16,759 | 16,775 | 4,954 | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 7 | 13 | 1,151,003 | 453,758 | 9,816 | 46,782 | 5,052 | 5,117 | 14,197 | 290 |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | 4 | 8 | 220,383 | 139,869 | 9,101 | 13,869 | 750 | 750 | 1,168 | – |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 9 | 20 | 700,316 | 282,973 | 48,007 | 54,464 | 7,231 | 7,317 | 17,681 | 30,088 |
| United Kingdom | 16 | 40 | 3,121,902 | 1,265,145 | 125,020 | 161,156 | 17,333 | 15,643 | 41,499 | – |
| West Germany | 10 | 16 | 740,883 | 673,254 | 82,168 | 88,240 | 21,113 | 21,142 | 19,621 | – |
| Africa, total | 7 | 8 | 378,677 | 55,489 | -21,928 | 13,102 | 11 | 11 | 1,805 | 3,612 |
| Liberia | 6 | 7 | 316,145 | 16,556 | -23,425 | 11,604 | 11 | 11 | 1,805 | 3,612 |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 6 | 17 | 482,609 | 328,115 | 11,341 | 39,145 | 7,986 | 8,002 | 7,709 | 474 |
| Hong Kong | 3 | 3 | 79,220 | 31,385 | 9,501 | 9,501 | 1,896 | 1,896 | 1,288 | 474 |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 5 | 5 | 104,790 | 63,636 | 3,671 | 7,253 | 3,814 | 3,814 | 2,187 | – |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 7 | 15 | 354,348 | 375,924 | 21,028 | 32,330 | 11,851 | 11,797 | 9,035 | – |
| Australia | 7 | 13 | 331,747 | 368,094 | 20,119 | 31,421 | 11,415 | 11,361 | 9,035 | – |
| Puerto Rico and U.S. Possessions, total | 5 | 5 | 182,820 | 84,291 | 10,844 | 10,844 | 2,741 | 2,741 | – | 19 |
| OPEC countries, total (included above) | 4 | 4 | 119,947 | 54,610 | -7,272 | 7,490 | 3,389 | 3,389 | 3,656 | – |
| Tax haven countries, total (included above) | 45 | 112 | 10,128,264 | 1,899,537 | 281,578 | 408,236 | 48,826 | 53,069 | 194,372 | 229,210 |

Footnotes at end of table.

*Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued*

*[Money amounts are in thousands of dollars]*

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Wholesale and retail trade** | | | | | | | | | | |
| All geographic areas, total | 61 | 333 | 38,306,449 | 46,138,962 | 1,669,317 | 1,949,026 | 435,009 | 426,855 | 489,011 | 170,747 |
| Canada | 31 | 64 | 8,438,488 | 12,985,452 | 428,922 | 451,635 | 185,925 | 184,094 | 103,272 | 283 |
| Latin America, total | 14 | 31 | 2,924,450 | 4,677,417 | 40,225 | 87,048 | 9,339 | 9,750 | 41,374 | 12,432 |
| Brazil | 5 | 11 | 589,974 | 731,081 | -24,067 | 15,936 | 755 | 1,169 | 10,693 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 6 | 7 | 1,776,188 | 3,305,287 | 18,245 | 23,398 | 4,503 | 4,503 | 21,000 | 12,432 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 21 | 39 | 5,021,995 | 4,507,425 | 249,151 | 308,200 | 31,436 | 28,642 | 97,132 | 126,111 |
| The Bahamas | 3 | 8 | 444,183 | 3,405,189 | 93,596 | 93,596 | 14,904 | 14,904 | 14,527 | 8,210 |
| Bermuda | 15 | 20 | 874,269 | 370,250 | 34,475 | 78,140 | 2,301 | -544 | 23,084 | 21,503 |
| Netherlands Antilles | 9 | 11 | 3,703,544 | 731,987 | 121,079 | 136,463 | 14,231 | 14,282 | 59,522 | 96,399 |
| Europe, total | 29 | 133 | 16,581,129 | 18,506,495 | 554,410 | 674,365 | 85,259 | 79,173 | 141,635 | 4,169 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 6 | 7 | 249,021 | 439,035 | 12,679 | 14,701 | 1,306 | 1,308 | 3,111 | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 10 | 12 | 620,430 | 1,958,839 | 9,370 | 21,096 | 10,497 | 9,622 | 2,173 | – |
| Italy (including San Marino) | 7 | 11 | 447,202 | 1,002,645 | 3,814 | 15,735 | 7,792 | 6,732 | 2,074 | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 7 | 13 | 836,531 | 1,368,646 | 18,924 | 20,354 | 2,981 | 3,226 | 5,913 | 1,414 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | 3 | 3 | 120,799 | 76,589 | -27,042 | 2,265 | – | -1,108 | – | – |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 8 | 12 | 6,086,613 | 6,207,125 | 241,261 | 246,661 | 1,553 | 1,393 | 1,102 | 2,218 |
| United Kingdom | 18 | 51 | 6,952,119 | 5,626,265 | 210,936 | 258,689 | 36,504 | 33,287 | 105,792 | 537 |
| West Germany | 10 | 16 | 1,063,002 | 1,753,014 | 80,529 | 84,011 | 22,861 | 22,924 | 20,906 | – |
| Africa, total | 5 | 13 | 572,665 | 1,063,418 | 54,907 | 59,697 | 24,800 | 27,069 | 57,256 | 334 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 14 | 21 | 2,233,403 | 1,998,041 | 215,301 | 227,312 | 75,233 | 75,356 | 37,629 | 20,402 |
| Hong Kong | 9 | 12 | 1,272,300 | 634,682 | 176,810 | 176,810 | 35,809 | 35,809 | 25,781 | 20,402 |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 4 | 6 | 578,713 | 557,048 | 24,771 | 31,554 | 19,233 | 19,356 | 2,260 | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 10 | 26 | 2,146,142 | 2,309,323 | 115,556 | 129,925 | 19,970 | 19,724 | 10,213 | 7,016 |
| Australia | 10 | 23 | 2,007,305 | 2,061,302 | 105,101 | 117,942 | 10,226 | 9,812 | 8,712 | 7,016 |
| Puerto Rico and U.S. Possessions, total | 5 | 6 | 388,177 | 91,391 | 10,843 | 10,843 | 3,048 | 3,048 | 500 | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 36 | 90 | 15,139,194 | 16,125,121 | 699,284 | 778,690 | 76,897 | 74,187 | 150,927 | 162,578 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Wholesale trade** | | | | | | | | | | |
| All geographic areas, total | 32 | 169 | 22,156,407 | 31,993,822 | 826,487 | 1,026,916 | 164,491 | 161,186 | 244,187 | 32,280 |
| Canada | 15 | 20 | 1,389,608 | 3,291,727 | 41,040 | 50,945 | 15,813 | 15,797 | — | — |
| Latin America, total | 9 | 24 | 2,729,430 | 4,483,902 | 21,266 | 65,023 | 8,564 | 8,976 | 33,363 | 12,432 |
| Brazil | 3 | 7 | 494,083 | 680,820 | -22,958 | 13,979 | — | 414 | 9,139 | — |
| Ecuador | — | — | — | — | — | — | — | — | — | — |
| Mexico | — | — | — | — | — | — | — | — | — | — |
| Panama (including Canal Zone) | 5 | 6 | 1,766,029 | 3,292,624 | 17,825 | 22,978 | 4,483 | 4,483 | 21,000 | 12,432 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 11 | 22 | 1,097,999 | 3,920,683 | 115,649 | 157,092 | 17,338 | 14,493 | 22,627 | 15,127 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 9 | 12 | 489,302 | 278,029 | 6,909 | 48,351 | 580 | -2,266 | 15,300 | 3,518 |
| Netherlands Antilles | 4 | 4 | 200,800 | 332,294 | 28,805 | 28,805 | 1,854 | 1,854 | 3,607 | 3,400 |
| Europe, total | 13 | 63 | 13,265,485 | 15,734,773 | 403,328 | 484,516 | 32,767 | 29,061 | 103,841 | 4,169 |
| Austria | — | — | — | — | — | — | — | — | — | — |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | — | — | — | — | — | — | — | — | — | — |
| France (including Andorra) | 4 | 6 | 467,633 | 1,810,155 | 9,144 | 12,523 | 7,236 | 6,307 | — | — |
| Italy (including San Marino) | 5 | 8 | 408,107 | 959,134 | -1,994 | 9,532 | 4,391 | 3,332 | — | — |
| Luxembourg | — | — | — | — | — | — | — | — | — | — |
| Netherlands | 4 | 10 | 704,723 | 1,290,450 | 18,073 | 19,311 | 2,981 | 2,885 | 5,913 | 1,414 |
| Norway | — | — | — | — | — | — | — | — | — | — |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 5 | 9 | 6,032,581 | 6,163,270 | 239,938 | 242,230 | 51 | -120 | 1,102 | 2,218 |
| United Kingdom | 8 | 19 | 5,290,065 | 4,742,405 | 142,926 | 176,875 | 10,743 | 10,513 | 95,961 | 537 |
| West Germany | 3 | 4 | 142,844 | 653,489 | 13,397 | 13,734 | 6,663 | 6,527 | — | — |
| Africa, total | 5 | 13 | 572,665 | 1,063,418 | 54,907 | 59,697 | 24,800 | 27,069 | 57,256 | 334 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | — | — | — | — | — | — | — | — | — | — |
| Asia, total | 6 | 11 | 1,593,135 | 1,478,065 | 89,386 | 98,057 | 49,009 | 49,009 | 17,629 | 217 |
| Hong Kong | 3 | 6 | 1,041,666 | 346,320 | 59,723 | 59,723 | 17,618 | 17,618 | 5,781 | 217 |
| Indonesia | — | — | — | — | — | — | — | — | — | — |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | — | — | — | — | — | — | — | — | — | — |
| OPEC countries (excluding Indonesia) | — | — | — | — | — | — | — | — | — | — |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 4 | 14 | 1,461,434 | 2,018,207 | 100,205 | 110,880 | 16,199 | 16,782 | 9,470 | — |
| Australia | 4 | 12 | 1,352,442 | 1,781,001 | 89,624 | 98,897 | 6,455 | 6,871 | 7,969 | — |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 18 | 57 | 10,690,232 | 15,102,581 | 442,835 | 501,332 | 42,471 | 39,358 | 56,422 | 31,409 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Petroleum and petroleum products | | | | | | | | | | |
| All geographic areas, total | 5 | 40 | 4,112,392 | 11,283,177 | 299,308 | 352,957 | 81,091 | 83,823 | 113,060 | 23,091 |
| Canada | * | * | * | * | * | * | * | * | * | * |
| Latin America, total | * | * | * | * | * | * | * | * | * | * |
| Brazil | — | — | — | — | — | — | — | — | — | — |
| Ecuador | — | — | — | — | — | — | — | — | — | — |
| Mexico | — | — | — | — | — | — | — | — | — | — |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | — | — | — | — | — | — | — | — | — | — |
| Other Western Hemisphere, total | 3 | 12 | 823,897 | 3,588,699 | 90,332 | 125,457 | 15,170 | 15,170 | 21,137 | 10,667 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | * | * | * | * | * | * | * | * | * | * |
| Netherlands Antilles | * | * | * | * | * | * | * | * | * | * |
| Europe, total | 3 | 5 | 135,403 | 46,502 | 6,156 | 8,947 | 238 | 238 | — | 667 |
| Austria | — | — | — | — | — | — | — | — | — | — |
| Belgium | — | — | — | — | — | — | — | — | — | — |
| Denmark | — | — | — | — | — | — | — | — | — | — |
| France (including Andorra) | — | — | — | — | — | — | — | — | — | — |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | — | — | — | — | — | — | — | — | — | — |
| Netherlands | — | — | — | — | — | — | — | — | — | — |
| Norway | — | — | — | — | — | — | — | — | — | — |
| Spain | — | — | — | — | — | — | — | — | — | — |
| Sweden | — | — | — | — | — | — | — | — | — | — |
| Switzerland | * | * | * | * | * | * | * | * | * | * |
| United Kingdom | * | * | * | * | * | * | * | * | * | * |
| West Germany | — | — | — | — | — | — | — | — | — | — |
| Africa, total | * | * | * | * | * | * | * | * | * | * |
| Liberia | — | — | — | — | — | — | — | — | — | — |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | — | — | — | — | — | — | — | — | — | — |
| Asia, total | * | * | * | * | * | * | * | * | * | * |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | — | — | — | — | — | — | — | — | — | — |
| Japan (including Okinawa and Ryukyu) | — | — | — | — | — | — | — | — | — | — |
| Middle East countries (excluding OPEC) | — | — | — | — | — | — | — | — | — | — |
| OPEC countries (excluding Indonesia) | — | — | — | — | — | — | — | — | — | — |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | — | — | — | — | — | — | — | — | — | — |
| OPEC countries, total (included above) | — | — | — | — | — | — | — | — | — | — |
| Tax haven countries, total (included above) | 4 | 17 | 1,770,317 | 6,993,172 | 135,185 | 170,310 | 21,877 | 21,877 | 42,137 | 22,554 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All other wholesale trade** | | | | | | | | | | |
| **All geographic areas, total** | 27 | 129 | 18,044,016 | 20,710,645 | 527,180 | 673,959 | 83,400 | 77,363 | 131,127 | 9,189 |
| **Canada** | 13 | 16 | 1,225,225 | 2,445,345 | 36,545 | 41,076 | 11,273 | 11,377 | – | – |
| **Latin America, total** | 8 | 23 | 2,078,122 | 1,242,815 | -628 | 43,129 | 4,149 | 4,561 | 12,363 | 676 |
| Brazil | 3 | 7 | 494,083 | 680,820 | -22,958 | 13,979 | – | 414 | 9,139 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | 4 | 5 | 1,114,721 | 51,537 | -4,069 | 1,084 | 68 | 68 | – | 676 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| **Other Western Hemisphere, total** | 8 | 10 | 274,102 | 331,984 | 25,318 | 31,635 | 2,168 | -677 | 1,490 | 4,460 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 7 | 7 | 137,574 | 7,000 | -1,392 | 4,924 | – | -2,845 | – | 3,518 |
| Netherlands Antilles | * | * | * | * | * | * | * | * | * | * |
| **Europe, total** | 10 | 58 | 13,130,081 | 15,688,271 | 397,172 | 475,570 | 32,530 | 28,823 | 103,841 | 3,501 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | 4 | 6 | 467,633 | 1,810,155 | 9,144 | 12,523 | 7,236 | 6,307 | – | – |
| Italy (including San Marino) | 3 | 6 | 375,988 | 931,578 | -2,062 | 6,672 | 3,852 | 2,792 | – | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 4 | 10 | 704,723 | 1,290,450 | 18,073 | 19,311 | 2,981 | 2,885 | 5,913 | 1,414 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 4 | 7 | 5,941,568 | 6,157,966 | 234,634 | 236,926 | 587 | 416 | 1,102 | 2,087 |
| United Kingdom | 7 | 18 | 5,277,793 | 4,728,763 | 142,143 | 175,091 | 10,508 | 10,278 | 95,961 | – |
| West Germany | 3 | 4 | 142,844 | 653,489 | 13,397 | 13,734 | 6,663 | 6,527 | – | – |
| **Africa, total** | 4 | 8 | 115,037 | 190,144 | 9,639 | 12,965 | 3,990 | 3,990 | 3,649 | 334 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| **Asia, total** | 5 | 8 | 1,031,590 | 602,051 | 52,782 | 61,453 | 25,989 | 25,989 | 8,042 | 217 |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| **Oceania, total** | 3 | 4 | 143,406 | 206,987 | 5,444 | 7,406 | 3,301 | 3,301 | 1,542 | – |
| Australia | 3 | 4 | 143,406 | 206,987 | 5,444 | 7,406 | 3,301 | 3,301 | 1,542 | – |
| **Puerto Rico and U.S. Possessions, total** | * | * | * | * | * | * | * | * | * | * |
| **OPEC countries, total (included above)** | * | * | * | * | * | * | * | * | * | * |
| **Tax haven countries, total (included above)** | 14 | 40 | 8,919,915 | 8,109,409 | 307,650 | 331,022 | 20,593 | 17,480 | 14,286 | 8,855 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Retail trade** | | | | | | | | | | |
| **All geographic areas, total** | 29 | 164 | 16,150,042 | 14,145,140 | 842,830 | 922,110 | 270,519 | 265,669 | 244,824 | 138,467 |
| **Canada** | 16 | 44 | 7,048,680 | 9,693,725 | 387,882 | 400,690 | 170,112 | 168,297 | 103,272 | 283 |
| **Latin America, total** | 5 | 7 | 195,020 | 193,515 | 18,959 | 22,025 | 774 | 774 | 8,010 | – |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| **Other Western Hemisphere, total** | 10 | 17 | 3,923,996 | 586,742 | 133,502 | 151,109 | 14,098 | 14,149 | 74,505 | 110,984 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 6 | 8 | 384,966 | 92,221 | 27,567 | 29,790 | 1,721 | 1,721 | 7,784 | 17,985 |
| Netherlands Antilles | 5 | 7 | 3,502,744 | 399,692 | 92,275 | 107,659 | 12,377 | 12,428 | 55,915 | 92,999 |
| **Europe, total** | 16 | 70 | 3,315,645 | 2,771,722 | 151,082 | 189,849 | 52,491 | 50,112 | 37,794 | – |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | 4 | 5 | 223,704 | 415,712 | 12,709 | 14,200 | 1,160 | 1,162 | 2,811 | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 6 | 6 | 152,797 | 148,684 | 226 | 8,573 | 3,260 | 3,315 | 2,173 | – |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 3 | 3 | 131,807 | 78,195 | 851 | 1,044 | – | 341 | – | – |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 3 | 3 | 54,032 | 43,855 | 1,323 | 4,432 | 1,502 | 1,513 | – | – |
| United Kingdom | 10 | 32 | 1,662,053 | 883,860 | 68,010 | 81,815 | 25,761 | 22,774 | 9,831 | – |
| West Germany | 7 | 12 | 920,158 | 1,099,525 | 67,133 | 70,277 | 16,198 | 16,397 | 20,906 | – |
| **Africa, total** | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| **Asia, total** | 8 | 10 | 640,268 | 519,976 | 125,916 | 129,255 | 26,224 | 26,347 | 20,000 | 20,185 |
| Hong Kong | 6 | 6 | 230,634 | 288,362 | 117,087 | 117,087 | 18,191 | 18,191 | 20,000 | 20,185 |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| **Oceania, total** | 6 | 12 | 684,708 | 291,116 | 15,352 | 19,045 | 3,771 | 2,941 | 743 | 7,016 |
| Australia | 6 | 11 | 654,863 | 280,301 | 15,477 | 19,045 | 3,771 | 2,941 | 743 | 7,016 |
| **Puerto Rico and U.S. Possessions, total** | 4 | 4 | 341,726 | 88,344 | 10,137 | 10,137 | 3,048 | 3,048 | 500 | – |
| **OPEC countries, total (included above)** | – | – | – | – | – | – | – | – | – | – |
| **Tax haven countries, total (included above)** | 18 | 33 | 4,448,962 | 1,022,540 | 256,450 | 277,358 | 34,427 | 34,829 | 94,505 | 131,169 |

Footnotes at end of table.

**Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Finance, insurance, and real estate** | | | | | | | | | | |
| All geographic areas, total | 119 | 871 | 179,847,139 | 25,555,032 | 3,603,201 | 4,142,392 | 866,010 | 843,291 | 578,365 | 362,347 |
| Canada | 44 | 83 | 15,115,567 | 3,352,869 | 361,921 | 392,144 | 108,173 | 107,415 | 52,398 | – |
| Latin America, total | 33 | 102 | 11,410,291 | 1,875,121 | 443,388 | 507,091 | 105,758 | 106,968 | 65,199 | 4,822 |
| Brazil | 10 | 25 | 1,411,987 | 343,752 | 117,553 | 150,626 | 48,571 | 49,751 | 26,872 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | 3 | 6 | 836,520 | 250,319 | 17,631 | 34,661 | 13,589 | 13,589 | 3,993 | – |
| Panama (including Canal Zone) | 11 | 16 | 5,438,657 | 564,021 | 165,434 | 165,835 | 15,355 | 15,355 | 13,143 | 1,654 |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 55 | 109 | 24,285,472 | 3,880,355 | 605,895 | 939,485 | 37,985 | 38,624 | 254,112 | 308,488 |
| The Bahamas | 14 | 15 | 2,668,915 | 241,694 | 80,649 | 84,628 | -329 | -240 | 5,645 | 4,271 |
| Bermuda | 20 | 45 | 8,394,505 | 2,237,841 | 406,552 | 489,536 | 10,858 | 10,843 | 38,865 | 25,564 |
| Netherlands Antilles | 38 | 48 | 13,210,841 | 1,400,081 | 318,944 | 365,322 | 27,455 | 28,021 | 209,602 | 278,654 |
| Europe, total | 68 | 379 | 102,760,153 | 12,482,441 | 1,397,339 | 1,631,327 | 477,166 | 453,722 | 176,240 | 43,425 |
| Austria | 3 | 4 | 863,661 | 66,699 | 9,642 | 10,097 | 3,770 | 3,770 | 2,170 | – |
| Belgium | 15 | 26 | 5,102,528 | 579,615 | 66,254 | 71,108 | 14,147 | 14,622 | 6,449 | 115 |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 15 | 27 | 4,900,067 | 610,041 | 51,717 | 59,453 | 15,210 | 15,291 | 2,241 | – |
| Italy (including San Marino) | 15 | 23 | 10,973,543 | 1,672,600 | 154,298 | 158,415 | 89,528 | 89,579 | 6,895 | – |
| Luxembourg | 9 | 10 | 3,684,148 | 282,549 | 23,802 | 24,022 | 10,659 | 10,800 | – | 648 |
| Netherlands | 8 | 9 | 1,182,594 | 36,710 | -1,279 | 7,077 | 653 | 743 | 1,804 | 375 |
| Norway | 4 | 4 | 245,559 | 34,955 | -1,451 | 618 | 30 | 52 | – | – |
| Spain | 10 | 12 | 3,255,371 | 425,095 | 44,652 | 45,359 | 9,488 | 9,488 | – | – |
| Sweden | 4 | 4 | 295,516 | 23,799 | -6,378 | 586 | 341 | 345 | – | – |
| Switzerland | 15 | 24 | 6,577,658 | 701,617 | 135,345 | 142,858 | 19,344 | 19,384 | 5,168 | 719 |
| United Kingdom | 58 | 196 | 50,533,336 | 6,368,698 | 638,912 | 825,700 | 213,879 | 189,464 | 111,288 | 1,101 |
| West Germany | 13 | 26 | 14,154,309 | 1,483,716 | 259,858 | 262,726 | 96,812 | 96,880 | 27,655 | 40,468 |
| Africa, total | 15 | 24 | 955,912 | 231,818 | 28,953 | 45,338 | 12,519 | 13,163 | 4,096 | 2,109 |
| Liberia | 8 | 11 | 259,080 | 42,833 | 16,574 | 18,202 | 2,749 | 2,749 | 707 | 2,109 |
| South Africa (including Namibia) | 4 | 4 | 359,021 | 144,385 | 20,195 | 20,195 | 6,405 | 6,405 | – | – |
| OPEC countries | * | * | * | * | * | * | * | * | * | * |
| Asia, total | 34 | 91 | 12,610,364 | 1,844,076 | 232,926 | 277,413 | 49,937 | 49,602 | 18,887 | 146 |
| Hong Kong | 29 | 49 | 9,582,609 | 1,237,639 | 168,546 | 178,882 | 27,484 | 27,446 | 15,361 | 146 |
| Indonesia | 3 | 3 | 64,316 | 5,327 | 3,384 | 3,604 | 418 | 1,013 | 442 | – |
| Japan (including Okinawa and Ryukyu) | 9 | 13 | 944,739 | 244,262 | 10,358 | 33,751 | 13,229 | 13,217 | 1,189 | – |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 25 | 65 | 10,621,908 | 1,671,018 | 299,716 | 315,631 | 69,896 | 69,221 | 7,433 | 2,808 |
| Australia | 25 | 54 | 9,596,262 | 1,631,432 | 286,028 | 301,862 | 64,102 | 63,448 | 7,071 | 2,800 |
| Puerto Rico and U.S. Possessions, total | 13 | 18 | 2,087,473 | 217,334 | 33,063 | 33,964 | 4,576 | 4,576 | – | 548 |
| OPEC countries, total (included above) | 4 | 7 | 172,512 | 15,193 | 3,572 | 3,922 | 545 | 1,371 | 728 | – |
| Tax haven countries, total (included above) | 77 | 263 | 54,973,591 | 7,144,277 | 1,421,549 | 1,588,923 | 134,532 | 134,262 | 307,119 | 317,308 |

Footnotes at end of table.

**Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued**

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Banking | | | | | | | | | | |
| All geographic areas, total | 41 | 444 | 114,681,555 | 11,785,996 | 1,752,667 | 1,972,616 | 489,544 | 485,777 | 218,286 | 197,270 |
| Canada | 11 | 17 | 6,122,557 | 501,147 | 64,096 | 64,886 | 34,208 | 34,387 | 726 | – |
| Latin America, total | 18 | 66 | 6,108,939 | 1,095,240 | 300,834 | 345,100 | 79,816 | 81,026 | 57,132 | 552 |
| Brazil | 6 | 20 | 1,321,484 | 290,235 | 113,842 | 144,405 | 47,720 | 48,900 | 26,842 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 5 | 6 | 1,200,855 | 136,100 | 56,730 | 56,730 | 4,014 | 4,014 | 11,293 | – |
| Venezuela | * | * | * | * | * | * | * | * | * | * |
| Other Western Hemisphere, total | 21 | 36 | 10,978,807 | 1,083,939 | 257,130 | 302,790 | 11,368 | 11,667 | 95,782 | 154,201 |
| The Bahamas | 10 | 11 | 2,567,269 | 240,210 | 83,392 | 83,392 | -355 | -355 | 3,900 | 4,271 |
| Bermuda | 3 | 3 | 273,111 | 18,116 | 9,758 | 9,758 | – | – | – | – |
| Netherlands Antilles | 19 | 22 | 8,138,427 | 825,612 | 163,979 | 209,640 | 11,723 | 12,023 | 91,882 | 149,930 |
| Europe, total | 23 | 196 | 71,747,349 | 6,670,302 | 804,989 | 883,442 | 270,409 | 266,575 | 45,606 | 41,115 |
| Austria | 3 | 4 | 863,661 | 66,699 | 9,642 | 10,097 | 3,770 | 3,770 | 2,170 | – |
| Belgium | 7 | 12 | 3,653,936 | 399,569 | 47,598 | 47,716 | 10,730 | 10,674 | 3,969 | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 9 | 16 | 4,020,945 | 338,168 | 35,199 | 38,325 | 12,614 | 11,627 | 1,596 | – |
| Italy (including San Marino) | 11 | 18 | 10,826,930 | 1,577,226 | 133,381 | 137,498 | 81,033 | 81,084 | 5,631 | – |
| Luxembourg | 6 | 7 | 3,000,263 | 232,323 | 19,241 | 19,461 | 9,390 | 9,531 | – | 648 |
| Netherlands | 3 | 3 | 1,050,107 | 21,510 | 3,665 | 6,393 | 506 | 506 | 1,804 | – |
| Norway | 3 | 3 | 222,915 | 31,546 | -1,484 | 586 | – | 23 | – | – |
| Spain | 7 | 9 | 3,184,656 | 415,226 | 44,233 | 44,388 | 9,412 | 9,412 | – | – |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 10 | 14 | 1,932,247 | 207,771 | 40,393 | 47,906 | 6,197 | 6,237 | 2,629 | – |
| United Kingdom | 20 | 83 | 28,799,786 | 2,024,427 | 227,120 | 280,432 | 47,469 | 44,424 | 10,159 | – |
| West Germany | 7 | 19 | 13,101,316 | 1,284,981 | 245,331 | 246,362 | 88,815 | 88,815 | 16,104 | 40,468 |
| Africa, total | 9 | 18 | 708,955 | 147,242 | 9,037 | 20,847 | 7,354 | 7,917 | 3,389 | 699 |
| Liberia | 6 | 9 | 170,885 | 6,873 | 4,472 | 6,101 | – | – | – | 699 |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | * | * | * | * | * | * | * | * | * | * |
| Asia, total | 23 | 65 | 9,391,386 | 911,807 | 106,498 | 141,307 | 24,481 | 23,304 | 14,987 | 146 |
| Hong Kong | 23 | 38 | 7,168,764 | 731,890 | 76,704 | 86,798 | 17,206 | 17,169 | 14,360 | 146 |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | 5 | 8 | 706,061 | 50,565 | -12,406 | 7,634 | 67 | -39 | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 14 | 42 | 9,443,036 | 1,360,973 | 208,447 | 211,707 | 61,046 | 60,038 | 664 | 8 |
| Australia | 14 | 36 | 8,519,092 | 1,336,352 | 204,902 | 208,082 | 59,292 | 58,305 | 664 | – |
| Puerto Rico and U.S. Possessions, total | 4 | 4 | 180,527 | 15,346 | 1,637 | 2,538 | 862 | 862 | – | 548 |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 36 | 139 | 28,942,798 | 2,688,418 | 547,015 | 618,759 | 65,613 | 64,913 | 129,498 | 156,246 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Insurance** | | | | | | | | | | |
| All geographic areas, total | 39 | 176 | 23,506,769 | 4,497,431 | 394,687 | 557,106 | 68,321 | 67,863 | 158,573 | 53,791 |
| Canada | 19 | 34 | 6,706,187 | 2,106,517 | 112,046 | 138,284 | 27,322 | 26,693 | 31,897 | – |
| Latin America, total | 8 | 17 | 916,123 | 158,281 | 8,894 | 26,936 | 2,721 | 2,721 | 2,005 | 472 |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | 13 | 30 | 4,781,766 | 676,946 | 86,473 | 152,113 | 11,155 | 11,140 | 59,286 | 51,210 |
| The Bahamas | 3 | 3 | 61,312 | 1,262 | -1,390 | 1,236 | 26 | 26 | 1,745 | – |
| Bermuda | 8 | 17 | 3,334,821 | 497,641 | 40,578 | 103,103 | 1,997 | 1,982 | 27,654 | 17,385 |
| Netherlands Antilles | 6 | 9 | 1,374,422 | 177,305 | 47,535 | 47,774 | 9,131 | 9,131 | 29,887 | 33,825 |
| Europe, total | 25 | 72 | 9,536,846 | 1,099,647 | 71,288 | 109,796 | 16,995 | 16,362 | 58,209 | 2,110 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | 5 | 9 | 1,123,108 | 118,317 | 7,448 | 12,112 | 1,536 | 2,218 | 1,511 | – |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | – | – | – | – | – | – | – | – | – | – |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | * | * | * | * | * | * | * | * | * | * |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | * | * | * | * | * | * | * | * | * | * |
| United Kingdom | 20 | 49 | 7,198,619 | 735,640 | 48,126 | 77,863 | 12,811 | 11,493 | 44,573 | 1,016 |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | 3 | 3 | 136,341 | 43,649 | 15,450 | 15,450 | 4,554 | 4,554 | 707 | – |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 4 | 6 | 421,068 | 127,886 | 1,387 | 7,760 | 596 | 690 | – | – |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 5 | 11 | 808,848 | 250,119 | 86,120 | 93,738 | 4,848 | 5,573 | 6,469 | – |
| Australia | 5 | 8 | 750,858 | 242,408 | 78,426 | 86,044 | 2,155 | 2,880 | 6,108 | – |
| Puerto Rico and U.S. Possessions, total | 3 | 3 | 199,589 | 34,386 | 13,029 | 13,029 | 130 | 130 | – | – |
| OPEC countries, total (included above) | – | – | – | – | – | – | – | – | – | – |
| Tax haven countries, total (included above) | 15 | 48 | 6,365,700 | 888,892 | 120,443 | 186,735 | 16,862 | 16,847 | 72,718 | 52,776 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations: Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Holding and other investment companies, except bank holding companies** | | | | | | | | | | |
| All geographic areas, total | 4 | 19 | 1,073,292 | 2,005,361 | 184,213 | 188,789 | 44,794 | 44,790 | 9,204 | 5,416 |
| Canada | * | * | * | * | * | * | * | * | * | * |
| Latin America, total | * | * | * | * | * | * | * | * | * | * |
| Brazil | – | – | – | – | – | – | – | – | – | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | * | * | * | * | * | * | * | * | * | * |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | * | * | * | * | * | * | * | * | * | * |
| Netherlands Antilles | – | – | – | – | – | – | – | – | – | – |
| Europe, total | 3 | 10 | 529,356 | 1,720,723 | 86,063 | 90,640 | 29,017 | 29,012 | 7,235 | – |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | – | – | – | – | – | – | – | – | – | – |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | * | * | * | * | * | * | * | * | * | * |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | – | – | – | – | – | – | – | – | – | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | 3 | 4 | 413,145 | 1,579,821 | 57,786 | 62,028 | 24,021 | 24,021 | 7,235 | – |
| West Germany | * | * | * | * | * | * | * | * | * | * |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | – | – | – | – | – | – | – | – | – | – |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | – | – | – | – | – | – | – | – | – | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | * | * | * | * | * | * | * | * | * | * |
| Australia | * | * | * | * | * | * | * | * | * | * |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | – | – | – | – | – | – | – | – | – | – |
| Tax haven countries, total (included above) | * | * | * | * | * | * | * | * | * | * |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

(Money amounts are in thousands of dollars)

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| All other finance, insurance and real estate | | | | | | | | | | |
| All geographic areas, total | 35 | 232 | 40,565,523 | 7,266,244 | 1,271,634 | 1,423,882 | 263,351 | 244,862 | 192,302 | 105,870 |
| Canada | 13 | 28 | 1,920,645 | 482,358 | 95,915 | 99,109 | 30,905 | 30,598 | 19,776 | – |
| Latin America, total | 5 | 17 | 4,335,613 | 608,562 | 130,612 | 132,007 | 23,181 | 23,181 | 4,092 | 1,183 |
| Brazil | 3 | 3 | 58,609 | 49,874 | 6,221 | 6,221 | 851 | 851 | 31 | – |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | * | * | * | * | * | * | * | * | * | * |
| Panama (including Canal Zone) | 3 | 6 | 3,938,972 | 410,793 | 105,339 | 105,339 | 10,698 | 10,698 | 1,850 | 1,183 |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | 20 | 41 | 8,498,680 | 2,113,906 | 459,856 | 482,146 | 15,462 | 15,817 | 99,044 | 103,078 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 8 | 23 | 4,760,354 | 1,716,520 | 353,779 | 374,238 | 8,861 | 8,861 | 11,211 | 8,179 |
| Netherlands Antilles | 13 | 17 | 3,697,991 | 397,163 | 107,430 | 107,908 | 6,601 | 6,867 | 87,833 | 94,899 |
| Europe, total | 17 | 101 | 20,946,601 | 2,991,769 | 434,998 | 547,449 | 160,744 | 141,772 | 65,191 | 200 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | 3 | 5 | 325,485 | 61,730 | 11,208 | 11,280 | 1,879 | 1,730 | 970 | 115 |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 3 | 8 | 584,294 | 188,501 | 1,763 | 6,373 | 1,723 | 2,791 | 645 | – |
| Italy (including San Marino) | 3 | 3 | 107,274 | 46,791 | 6,723 | 6,723 | 3,508 | 3,508 | 1,264 | – |
| Luxembourg | * | * | * | * | * | * | * | * | * | * |
| Netherlands | * | * | * | * | * | * | * | * | * | * |
| Norway | * | * | * | * | * | * | * | * | * | * |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | * | * | * | * | * | * | * | * | * | * |
| Switzerland | 4 | 9 | 4,627,800 | 492,654 | 93,933 | 93,933 | 12,847 | 12,847 | 1,039 | – |
| United Kingdom | 15 | 60 | 14,121,785 | 2,028,810 | 305,880 | 405,377 | 129,579 | 109,526 | 49,321 | 85 |
| West Germany | 3 | 4 | 681,392 | 98,380 | 13,683 | 15,199 | 7,372 | 7,439 | 11,552 | – |
| Africa, total | 3 | 3 | 110,616 | 40,928 | 4,466 | 9,042 | 611 | 691 | – | 1,410 |
| Liberia | * | * | * | * | * | * | * | * | * | * |
| South Africa (including Namibia) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 7 | 20 | 2,797,910 | 804,383 | 125,041 | 128,346 | 24,861 | 25,608 | 3,900 | – |
| Hong Kong | 4 | 8 | 2,113,145 | 478,846 | 84,324 | 84,324 | 9,682 | 9,682 | 1,001 | – |
| Indonesia | * | * | * | * | * | * | * | * | * | * |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | * | * | * | * | * | * | * | * | * | * |
| OPEC countries (excluding Indonesia) | * | * | * | * | * | * | * | * | * | * |
| Philippines | * | * | * | * | * | * | * | * | * | * |
| Oceania, total | 5 | 11 | 268,102 | 56,735 | 2,349 | 7,385 | 4,002 | 3,610 | 299 | – |
| Australia | 5 | 9 | 224,391 | 49,482 | -101 | 4,935 | 2,655 | 2,263 | 299 | – |
| Puerto Rico and U.S. Possessions, total | 6 | 11 | 1,707,357 | 167,603 | 18,397 | 18,397 | 3,585 | 3,585 | – | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 24 | 71 | 19,578,682 | 3,548,365 | 748,902 | 777,945 | 52,016 | 52,466 | 102,935 | 105,670 |

Footnotes at end of table.

Table 1.–Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation – Continued

(Money amounts are in thousands of dollars)

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes | | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | | | | | | Earnings and profits before taxes | Foreign income taxes (net) | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Services** | | | | | | | | | | |
| All geographic areas, total | 38 | 193 | 6,506,722 | 3,442,382 | 534,595 | 619,133 | 142,617 | 143,970 | 175,254 | 51,399 |
| Canada | 14 | 22 | 885,166 | 447,044 | 83,348 | 88,485 | 28,164 | 28,164 | 526 | 130 |
| Latin America, total | 6 | 11 | 301,297 | 92,593 | 32,109 | 33,616 | 2,103 | 2,103 | 2,017 | 12,794 |
| Brazil | 3 | 3 | 77,280 | 51,817 | 1,718 | 3,225 | 1,241 | 1,241 | 517 | – |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | 14 | 19 | 1,276,273 | 558,932 | 75,116 | 108,715 | 23,752 | 23,752 | 129,729 | 35,303 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 6 | 7 | 152,800 | 12,442 | 3,363 | 5,655 | – | – | – | 4,632 |
| Netherlands Antilles | 7 | 7 | 883,554 | 84,279 | -1,704 | 29,602 | 6,897 | 6,897 | 24,989 | 30,562 |
| Europe, total | 30 | 124 | 3,396,207 | 1,943,798 | 289,530 | 330,106 | 59,317 | 60,140 | 34,202 | 3,172 |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | 5 | 10 | 179,080 | 101,408 | 8,854 | 11,632 | 4,279 | 3,621 | 1,119 | – |
| Italy (including San Marino) | 5 | 7 | 124,924 | 78,497 | 5,243 | 10,889 | 5,085 | 5,108 | 4,000 | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 9 | 20 | 1,028,315 | 218,735 | 144,967 | 159,874 | 17,721 | 17,728 | 7,218 | 275 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | 5 | 7 | 104,179 | 25,597 | 9,303 | 10,098 | 3,391 | 3,391 | 4,121 | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | 3 | 6 | 121,286 | 44,631 | -571 | 1,629 | 90 | 272 | – | – |
| United Kingdom | 24 | 54 | 1,444,866 | 1,231,529 | 65,937 | 79,233 | 11,235 | 12,505 | 7,735 | 2,897 |
| West Germany | 9 | 14 | 275,743 | 240,270 | 50,443 | 51,154 | 15,176 | 15,176 | 9,775 | – |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 6 | 6 | 357,045 | 277,042 | 47,058 | 48,440 | 23,909 | 23,909 | 8,433 | – |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | 3 | 3 | 236,514 | 190,598 | 23,094 | 23,094 | 18,054 | 18,054 | 6,389 | – |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 6 | 10 | 190,941 | 122,974 | 3,777 | 6,115 | 4,049 | 4,578 | 347 | – |
| Australia | 6 | 10 | 190,941 | 122,974 | 3,777 | 6,115 | 4,049 | 4,578 | 347 | – |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | * |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 20 | 55 | 2,737,172 | 952,580 | 269,762 | 321,849 | 48,405 | 48,593 | 140,713 | 35,578 |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **Business services** | | | | | | | | | | |
| All geographic areas, total | 10 | 64 | 1,487,140 | 993,290 | 82,710 | 93,343 | 35,895 | 36,917 | 15,534 | 12,794 |
| Canada | 6 | 7 | 293,410 | 82,004 | 3,576 | 6,517 | 3,369 | 3,369 | 526 | – |
| Latin America, total | 3 | 3 | 46,923 | 8,067 | 1,272 | 2,779 | 495 | 495 | 517 | 12,794 |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | – | – | – | – | – | – | – | – | – | – |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | – | – | – | – | – | – | – | – | – | – |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | – | – | – | – | – | – | – | – | – | – |
| The Bahamas | – | – | – | – | – | – | – | – | – | – |
| Bermuda | – | – | – | – | – | – | – | – | – | – |
| Netherlands Antilles | – | – | – | – | – | – | – | – | – | – |
| Europe, total | 8 | 48 | 1,008,308 | 873,901 | 77,932 | 81,105 | 26,361 | 27,343 | 11,823 | – |
| Austria | * | * | * | * | * | * | * | * | * | * |
| Belgium | * | * | * | * | * | * | * | * | * | * |
| Denmark | – | – | – | – | – | – | – | – | – | – |
| France (including Andorra) | 3 | 7 | 132,145 | 25,223 | 7,316 | 8,247 | 4,012 | 4,248 | 729 | – |
| Italy (including San Marino) | * | * | * | * | * | * | * | * | * | * |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 3 | 4 | 62,852 | 17,152 | 6,974 | 6,974 | 2,627 | 2,627 | 1,439 | – |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | 3 | 5 | 83,298 | 18,452 | 9,909 | 9,909 | 3,391 | 3,391 | 4,121 | – |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | – | – | – | – | – |
| United Kingdom | 7 | 19 | 517,392 | 737,633 | 23,382 | 25,438 | 7,037 | 7,783 | 1,699 | – |
| West Germany | 4 | 7 | 117,951 | 31,220 | 17,213 | 17,400 | 3,186 | 3,186 | 419 | – |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | * | * | * | * | * | * | * | * | * | * |
| Hong Kong | – | – | – | – | – | – | – | – | – | – |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 3 | 5 | 64,261 | 29,319 | -77 | 934 | 767 | 807 | 347 | – |
| Australia | 3 | 5 | 64,261 | 29,319 | -77 | 934 | 767 | 807 | 347 | – |
| Puerto Rico and U.S. Possessions, total | – | – | – | – | – | – | – | – | – | – |
| OPEC countries, total (included above) | – | – | – | – | – | – | – | – | – | – |
| Tax haven countries, total (included above) | 3 | 5 | 70,658 | 20,284 | 7,335 | 7,335 | 2,750 | 2,750 | 1,662 | – |

Footnotes at end of table.

Table 1.--Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued

[Money amounts are in thousands of dollars]

| Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation | Number of U.S. corporation returns | "Top 7500" Controlled Foreign Corporations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of foreign corporations | Total assets | Gross receipts | Earnings and profits (less deficit) before taxes | Foreign corporations with current earnings and profits (+) before taxes: Earnings and profits before taxes | Foreign corporations with current earnings and profits (+) before taxes: Foreign income taxes (net) | Foreign income taxes (net) | Total distributions out of earnings and profits | Subpart F income |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All other services** | | | | | | | | | | |
| All geographic areas, total | 28 | 129 | 5,019,582 | 2,449,092 | 451,885 | 525,790 | 106,721 | 107,053 | 159,720 | 38,605 |
| Canada | 8 | 15 | 591,756 | 365,040 | 79,773 | 79,968 | 24,795 | 24,795 | – | 130 |
| Latin America, total | 3 | 8 | 254,374 | 84,526 | 30,836 | 30,836 | 1,608 | 1,608 | 1,500 | – |
| Brazil | * | * | * | * | * | * | * | * | * | * |
| Ecuador | * | * | * | * | * | * | * | * | * | * |
| Mexico | – | – | – | – | – | – | – | – | – | – |
| Panama (including Canal Zone) | * | * | * | * | * | * | * | * | * | * |
| Venezuela | – | – | – | – | – | – | – | – | – | – |
| Other Western Hemisphere, total | 14 | 19 | 1,276,273 | 558,932 | 75,116 | 108,715 | 23,752 | 23,752 | 129,729 | 35,303 |
| The Bahamas | * | * | * | * | * | * | * | * | * | * |
| Bermuda | 6 | 7 | 152,800 | 12,442 | 3,363 | 5,655 | – | – | – | 4,632 |
| Netherlands Antilles | 7 | 7 | 883,554 | 84,279 | -1,704 | 29,602 | 6,897 | 6,897 | 24,989 | 30,562 |
| Europe, total | 22 | 76 | 2,387,899 | 1,069,897 | 211,598 | 249,001 | 32,955 | 32,797 | 22,379 | 3,172 |
| Austria | – | – | – | – | – | – | – | – | – | – |
| Belgium | – | – | – | – | – | – | – | – | – | – |
| Denmark | * | * | * | * | * | * | * | * | * | * |
| France (including Andorra) | * | * | * | * | * | * | * | * | * | * |
| Italy (including San Marino) | 3 | 4 | 69,613 | 37,408 | -3,508 | 2,138 | 763 | 786 | 818 | – |
| Luxembourg | – | – | – | – | – | – | – | – | – | – |
| Netherlands | 6 | 16 | 965,463 | 201,583 | 137,993 | 152,900 | 15,094 | 15,101 | 5,779 | 275 |
| Norway | – | – | – | – | – | – | – | – | – | – |
| Spain | * | * | * | * | * | * | * | * | * | * |
| Sweden | – | – | – | – | – | – | – | – | – | – |
| Switzerland | 3 | 6 | 121,286 | 44,631 | -571 | 1,629 | 90 | 272 | – | – |
| United Kingdom | 17 | 35 | 927,474 | 493,896 | 42,554 | 53,795 | 4,198 | 4,723 | 6,036 | 2,897 |
| West Germany | 5 | 7 | 157,792 | 209,049 | 33,229 | 33,753 | 11,990 | 11,990 | 9,356 | – |
| Africa, total | – | – | – | – | – | – | – | – | – | – |
| Liberia | – | – | – | – | – | – | – | – | – | – |
| South Africa (including Namibia) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries | – | – | – | – | – | – | – | – | – | – |
| Asia, total | 5 | 5 | 282,807 | 277,042 | 47,051 | 48,433 | 19,006 | 19,006 | 6,112 | – |
| Hong Kong | * | * | * | * | * | * | * | * | * | * |
| Indonesia | – | – | – | – | – | – | – | – | – | – |
| Japan (including Okinawa and Ryukyu) | * | * | * | * | * | * | * | * | * | * |
| Middle East countries (excluding OPEC) | – | – | – | – | – | – | – | – | – | – |
| OPEC countries (excluding Indonesia) | – | – | – | – | – | – | – | – | – | – |
| Philippines | – | – | – | – | – | – | – | – | – | – |
| Oceania, total | 3 | 5 | 126,680 | 93,655 | 3,854 | 5,181 | 3,282 | 3,772 | – | – |
| Australia | 3 | 5 | 126,680 | 93,655 | 3,854 | 5,181 | 3,282 | 3,772 | – | – |
| Puerto Rico and U.S. Possessions, total | * | * | * | * | * | * | * | * | * | – |
| OPEC countries, total (included above) | * | * | * | * | * | * | * | * | * | * |
| Tax haven countries, total (included above) | 17 | 50 | 2,666,514 | 932,296 | 262,427 | 314,514 | 45,655 | 45,843 | 139,052 | 35,578 |

*Data deleted to avoid disclosure of information for specific corporations.
Note: Detail may not add to total because of rounding.

U.S. corporations that control foreign corporations must file a Form 5471, Information Return with Respect to a Foreign Corporation, for each Controlled Foreign Corporation (CFC) that they own. The 1988 CFC study includes Forms 5471 attached to Forms 1120, U.S. Corporation Income Tax Return, filed by U.S. corporations with at least $500 million of total assets. Data contained in the following two tables are for the 7500 CFC's reporting the largest total assets.

Table 1 contains preliminary data for the Top 7500 CFC's classified by the industry of the CFC. These 7500 largest CFC's were controlled by 751 U.S. corporations. These CFC's had nearly $953.8 billion of total assets, up from $740.4 billion for 1986. The largest CFC's reported current earnings and profits before taxes of $78.9 billion out of gross receipts of $817.3 billion. These amounts increased from the 1986 amounts of $56.6 billion and $589.9 billion, respectively. The Top 7500 CFC's paid $23.7 billion of foreign taxes, an increase of $4.7 billion over 1986. Although reporting an increase in after-tax earnings and profits of 47.1 percent, the increase in distributions over 1986 was much greater. The Top 7500 CFC's reported distributions for 1988 of $45.4 billion, an increase of 108.9 percent from 1986.

The largest number of CFC's were involved in the manufacturing and the finance, insurance and real estate industries. The 3,060 manufacturing CFC's accounted for 35.8 percent of total assets, 58.8 percent of receipts, 59.6 percent of earnings and profits after tax, and 56.6 percent of distributions. CFC's involved in the financial industries accounted for 43.4 percent of total assets, 7.6 percent of receipts, 19.9 percent of after-tax earnings and profits, and 22.1 percent of distributions.

Table 2 contains preliminary data for the Top 7500 CFC's classified by the country of incorporation of the CFC. The largest number of CFC's were incorporated in the United Kingdom. The 1,158 CFC's incorporated in the U.K. had 21.5 percent of total assets, 16.6 percent of receipts, 15.8 percent of after-tax earnings and profits, and 20.7 percent of distributions. Canada was the country of incorporation for 881 CFC's. These CFC's accounted for 16.8 percent of total assets, 17.4 percent of receipts, 16.0 percent of after-tax earnings, and 15.3 percent of distributions. West Germany had the third largest number of CFC's, accounting for 493 of the Top 7500 CFC's. CFC's incorporated in West Germany had 8.6 percent of total assets, 11.2 percent of receipts, 7.9 percent of after-tax earnings and profits and 9.8 percent of distributions.

The data provided in Tables 1 and 2 are preliminary. These data have not been fully tested and corrected. (Final 1988 data will be published in the Statistics of Income Bulletin.) The amounts reported in column 1 are not additive because a U.S. corporation may have filed Forms 5471 for more than one of the Top 7500 CFC's. The data provided in columns 2 through 8 are reported on Form 5471, Information Return with Respect to a Foreign Corporation.

## 1988 Controlled Foreign Corporations, Preliminary Data

Table 1 -- Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

| Selected industry of "Top 7500" Controlled Foreign Corporations | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of Controlled Foreign Corporations | Total assets | Gross receipts | Current earnings and profits (less deficits) before taxes | Foreign income taxes (net) | Current earnings and profits (less deficits) after taxes | Distributions oût of earnings and profits |
|---|---|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
| All industries, total........ | 751 | 7,500 | 953,787,326 | 817,309,472 | 78,919,544 | 23,663,076 | 55,256,468 | 45,386,028 |
| Agriculture, forestry, and fishing................. | 13 | 31 | 807,867 | 1,235,993 | 78,031 | 21,385 | 56,646 | 60,051 |
| Mining...................... | 73 | 220 | 39,947,327 | 14,105,022 | 2,845,743 | 1,124,210 | 1,721,533 | 2,173,123 |
| Oil and gas extraction...... | 55 | 179 | 36,282,329 | 12,083,963 | 2,397,219 | 1,027,324 | 1,369,895 | 2,092,472 |
| Construction................ | 21 | 86 | 4,021,876 | 6,164,121 | 304,964 | 145,626 | 159,337 | 175,126 |
| Manufacturing............... | 420 | 3,060 | 341,135,366 | 480,940,232 | 48,708,120 | 15,781,628 | 32,926,493 | 25,695,364 |
| Food and kindred products... | 51 | 307 | 21,946,674 | 39,298,421 | 3,278,195 | 1,022,168 | 2,256,027 | 2,217,865 |
| Chemicals and allied product | 104 | 795 | 65,100,997 | 81,415,303 | 10,669,290 | 3,577,122 | 7,092,168 | 4,755,937 |
| Petroleum (including integrated) and coal products.......... | 18 | 63 | 41,972,843 | 55,939,805 | 3,500,814 | 941,812 | 2,559,003 | 1,814,052 |
| Electrical and electronic equipment....... | 85 | 379 | 27,643,000 | 42,127,369 | 3,540,539 | 882,995 | 2,657,544 | 2,091,728 |
| Motor vehicles and equipment | 30 | 179 | 49,080,892 | 106,802,626 | 6,846,134 | 1,903,709 | 4,942,425 | 3,179,954 |
| Transportation equipment except motor vehicles...... | 17 | 26 | 2,306,325 | 2,851,777 | 267,492 | 71,904 | 195,587 | 273,552 |
| Transportation and public utilities................. | 72 | 194 | 18,458,833 | 11,680,656 | 1,322,159 | 393,398 | 928,761 | 528,920 |
| Wholesale and retail trade... | 267 | 1,260 | 104,107,838 | 221,934,934 | 10,315,311 | 3,779,260 | 6,536,051 | 6,098,023 |
| Retail trade............... | 50 | 160 | 15,200,281 | 28,755,776 | 1,185,773 | 470,854 | 714,919 | 588,053 |
| Finance, insurance and real estate............... | 464 | 2,059 | 413,952,897 | 61,849,816 | 12,821,167 | 1,805,914 | 11,015,253 | 10,051,839 |
| Banking.................... | 42 | 231 | 95,217,918 | 10,617,964 | 984,687 | 256,910 | 727,777 | 245,651 |
| Insurance.................. | 175 | 321 | 44,493,318 | 13,762,275 | 1,597,067 | 248,907 | 1,348,160 | 727,384 |
| Services.................... | 200 | 577 | 30,655,528 | 18,792,232 | 2,312,110 | 604,863 | 1,707,246 | 602,621 |

Note: Detail may not sum to totals because all industry classifications are not shown.

## 1988 Controlled Foreign Corporations, Preliminary Data

Table 2 -- Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

| Selected country of "Top 7500" Controlled Foreign Corporations | Number of U.S. corporation returns | Controlled Foreign Corporations: Number of Controlled Foreign Corporations | Total assets | Gross receipts | Current earnings and profits (less deficits) before taxes | Foreign income taxes (net) | Current earnings and profits (less defecits) after taxes | Distributions out of earnings and profits |
|---|---|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] |
| All geographic areas, total.. | 751 | 7,500 | 953,787,326 | 817,309,472 | 78,919,544 | 23,663,076 | 55,256,468 | 45,386,028 |
| Australia.................. | 200 | 351 | 38,328,861 | 25,514,341 | 2,363,193 | 820,897 | 1,542,296 | 557,351 |
| Belgium.................... | 130 | 213 | 23,760,853 | 20,872,845 | 1,745,567 | 462,600 | 1,282,967 | 860,513 |
| Bermuda.................... | 188 | 282 | 27,156,169 | 11,235,954 | 2,175,905 | 207,197 | 1,968,708 | 1,682,114 |
| Brazil..................... | 160 | 293 | 23,590,883 | 29,553,381 | 4,206,200 | 1,189,209 | 3,016,992 | 1,019,858 |
| Canada..................... | 463 | 881 | 160,404,095 | 142,098,971 | 12,844,343 | 4,010,024 | 8,834,318 | 6,947,323 |
| France..................... | 236 | 444 | 42,501,952 | 54,276,640 | 3,360,044 | 1,344,507 | 2,015,538 | 1,495,970 |
| Italy...................... | 196 | 333 | 31,484,144 | 33,899,012 | 2,206,451 | 1,226,508 | 979,943 | 1,328,161 |
| Japan...................... | 160 | 253 | 43,408,747 | 53,754,478 | 6,116,116 | 3,487,813 | 2,628,303 | 1,840,464 |
| Liberia.................... | 30 | 62 | 4,948,327 | 1,905,549 | 93,264 | 80 | 93,184 | 45,898 |
| Mexico..................... | 79 | 115 | 7,462,827 | 9,312,762 | 1,182,024 | 406,565 | 775,459 | 257,771 |
| Netherlands................ | 187 | 368 | 41,142,624 | 35,918,924 | 4,474,173 | 976,370 | 3,497,803 | 2,494,138 |
| Singapore.................. | 66 | 88 | 6,174,502 | 6,473,076 | 509,089 | 51,595 | 457,494 | 608,241 |
| Switzerland................ | 126 | 217 | 37,823,359 | 31,494,628 | 4,459,805 | 393,527 | 4,066,278 | 4,107,314 |
| United Kingdom............. | 402 | 1,158 | 205,155,638 | 135,408,733 | 12,573,492 | 3,826,587 | 8,746,905 | 9,413,911 |
| West Germany............... | 259 | 493 | 81,699,240 | 91,214,311 | 6,597,120 | 2,255,117 | 4,342,003 | 4,440,664 |

Note: Detail may not sum to totals because all country classifications are not shown.

# Section 4 Foreign Sales Corporations

Contents



The Foreign Sales Corporation (FSC) is a corporation incorporated in certain foreign countries and U.S. possessions for the purpose of exporting U.S. products. The FSC provisions of the Internal Revenue Code were enacted in 1984 to replace the Domestic International Sales Corporation (DISC) which was subject to proceedings in the General Agreement on Tariffs and Trade regarding whether the DISC was an illegal export subsidy.

In order to become a FSC, the foreign corporation must meet several organizational and foreign presence requirements. These requirements include the maintenance of an office outside the United States and the participation of the corporation outside the United States in certain economic processes. If these requirements are met, the FSC can exempt a portion of its foreign trade income from U.S. tax. Furthermore, corporate U.S. shareholders of a FSC can exclude from U.S. tax all dividends received from the FSC that are attributable to the FSC's foreign trade income.

The reader is referred to Section 15 of this compendium for the form and the instructions listed below, which provided the basis of the FSC data.

* Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, and Instructions (p. 477)

### All Returns of Active Foreign Sales Corporations

## Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Number of returns | Total assets | Commissions and accounts receivable | Total current and long-term liabilities | Schedule P gross receipts | Total income: Administrative foreign trade | Total income: Non-administrative foreign trade | Total income: Non-foreign trade | Cost of goods sold | Direct costs: Administrative | Direct costs: Non-administrative | Total foreign trade deductions: Administrative | Total foreign trade deductions: Non-administrative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| **All products and services** | **2,613** | **5,562,757** | **4,579,930** | **3,116,065** | **84,280,131** | **17,629,033** | **2,658,229** | **206,584** | **12,264,906** | **1,787,658** | **108,169** | **3,647,521** | **337,894** |
| **Nonmanufactured products and services** | **319** | **466,881** | **362,589** | **229,810** | **10,545,810** | **943,261** | **314,629** | **2,405** | **451,184** | **227,737** | **42,060** | **370,684** | **62,459** |
| Grains and soybeans | 12 | 142,558 | 106,982 | 59,865 | 6,309,395 | 315,949 | 158,662 | 59 | 61,314 | 157,916 | 37,046 | 184,289 | 54,876 |
| Cotton | 37 | 44,074 | 30,042 | 27,006 | 760,702 | 49,037 | — | 285 | — | 23,864 | — | 29,717 | — |
| Crops, except cotton, grains and soybeans | 34 | 22,133 | 19,810 | 15,992 | 529,837 | 26,492 | — | 63 | — | 4,363 | — | 12,694 | — |
| Livestock and livestock products | 33 | 18,157 | 5,234 | 12,356 | 395,856 | 280,174 | 115,682 | 1,833 | 356,677 | 9,553 | 4,994 | 15,364 | 5,454 |
| Fishery products and services | 33 | 13,868 | 11,506 | — | 240,489 | 20,107 | — | — | — | 6,261 | — | 10,722 | — |
| Metal mining, except iron ores, products and services | 9 | 37,239 | 27,169 | 4,483 | 271,919 | 39,856 | — | — | 705 | 911 | — | 1,150 | — |
| Chemical and fertilizer mineral products and services | 33 | 9,964 | 7,635 | 3,181 | 299,123 | 19,748 | — | — | — | 8,679 | — | 10,497 | — |
| Export management services | 18 | 22,876 | 22,775 | 16,280 | 138,498 | 22,832 | — | 31 | — | 3,690 | 11 | 14,536 | 31 |
| Computer software | 20 | 99,015 | 99,291 | 73,906 | 341,802 | 97,045 | — | — | — | 6,037 | — | 68,168 | — |
| Motion picture distribution | 32 | 16,441 | 10,182 | 5,237 | 279,283 | 29,981 | 9,452 | 65 | 7,065 | 1,908 | — | 4,815 | 579 |
| Engineering and architectural services | 22 | 1,677 | 1,611 | 177 | 89,142 | 6,179 | — | — | 1,648 | 101 | — | 292 | — |
| **Manufactured products** | **2,294** | **5,095,876** | **4,217,341** | **2,886,255** | **73,734,321** | **16,685,772** | **2,343,600** | **204,179** | **11,813,722** | **1,559,922** | **66,109** | **3,276,837** | **275,435** |
| Ordnance and accessories | 4 | 15,719 | 15,680 | 3,040 | 10,069 | 837 | — | — | — | 7 | — | 7 | 44 |
| Ammunition, except for small arms | 4 | 15,719 | 15,680 | 3,040 | 10,069 | 837 | — | — | — | 7 | — | 7 | 44 |
| Food and kindred products | 147 | 136,727 | 131,701 | 79,438 | 2,500,802 | 658,588 | 80,546 | 58,504 | 540,314 | 39,609 | 735 | 124,165 | 1,427 |
| Meat products | 41 | 31,271 | 31,104 | 17,013 | 727,170 | 292,830 | 37,865 | 38,951 | 296,787 | 1,704 | 735 | 16,401 | 880 |
| Canned and preserved fruits, vegetables and seafoods | 8 | 9,108 | 9,057 | 3,662 | 264,642 | 11,195 | — | — | — | 2,417 | — | 4,504 | — |
| Grain mill products | 9 | 37,228 | 35,680 | 31,078 | 209,175 | 42,347 | — | — | — | 11,561 | — | 34,958 | — |
| Beverages | 9 | 9,473 | 9,342 | 314 | 138,988 | 40,917 | — | 1 | 16,612 | 8,035 | — | 13,871 | — |
| Tobacco manufactures | 10 | 80,718 | 79,623 | 8,220 | 2,969,015 | 305,886 | — | 70 | — | 147,729 | — | 214,939 | — |
| Cigarettes | 3 | 62,274 | 62,137 | 1,691 | 2,268,159 | 281,209 | — | — | — | 146,723 | — | 206,383 | — |
| Tobacco stemming and redrying | 6 | 17,534 | 17,430 | 5,943 | 559,985 | 17,250 | — | — | — | 906 | — | 3,707 | — |
| Textile mill products | 17 | 2,449 | 2,376 | 376 | 181,117 | 9,991 | — | 8,430 | 6,763 | 1,196 | — | 4,715 | — |
| Yarn and thread mills | 8 | 848 | 813 | 27 | 30,397 | 2,435 | — | — | — | — | — | 1,850 | — |
| Apparel and other finished products made from fabrics and similar materials | 5 | 1,641 | 1,580 | 59 | 16,182 | 2,122 | — | 139 | 115 | 328 | — | 1,098 | — |
| Lumber and wood products, except furniture | 34 | 93,567 | 62,245 | 45,751 | 930,735 | 469,191 | 100,020 | 81,872 | 399,716 | 14,680 | — | 75,124 | 682 |
| Millwork, veneer, plywood, and prefabricated structural wood products | 9 | 54,355 | 45,684 | 33,083 | 390,693 | 217,783 | 100,020 | 81,730 | 281,177 | 14,398 | — | 20,577 | 682 |
| Furniture and fixtures | 14 | 4,525 | 4,503 | 3,718 | 52,436 | 17,166 | — | — | 13,095 | 947 | — | 3,151 | — |
| Office furniture | 3 | 4,231 | 4,219 | 3,702 | 36,940 | 1,670 | — | — | — | 947 | — | 1,097 | — |
| Paper and allied products | 52 | 156,044 | 135,704 | 97,360 | 1,569,288 | 263,221 | 23,597 | 3,304 | 32,957 | 108,129 | 953 | 164,093 | 2,147 |
| Pulp mills | 8 | 53,345 | 52,938 | 43,838 | 314,995 | 63,364 | — | — | — | 33,386 | — | 39,825 | — |
| Paper mills, except building paper mills | 8 | 25,891 | 9,691 | 17,499 | 123,279 | 28,569 | 19,293 | — | 17,177 | 529 | 4 | 12,349 | 150 |
| Paperboard mills | 4 | 24,691 | 22,076 | 905 | 578,731 | 88,636 | 4,303 | 7 | 2,154 | 57,797 | 949 | 60,888 | 1,996 |
| Converted paper and paperboard products, except boxes | 15 | 41,580 | 41,135 | 29,050 | 364,218 | 49,742 | — | 3,297 | 13,626 | 9,628 | — | 22,447 | — |
| Paperboard containers and boxes | 11 | 661 | — | — | 41,882 | 5,194 | — | — | — | — | — | 4,427 | — |
| Building paper and building board mills | 6 | 9,875 | 9,865 | 6,069 | 146,182 | 27,717 | — | — | — | 6,789 | — | 24,158 | — |
| Printing, publishing, and allied products | 57 | 30,510 | 16,678 | 7,787 | 191,020 | 27,673 | 12,817 | 725 | 9,628 | 8,280 | 24 | 10,841 | 2,065 |
| Periodicals: publishing, printing | 6 | 3,147 | 2,851 | 1,482 | 16,990 | 3,301 | — | — | — | 1,295 | — | 1,389 | 11 |
| Books | 47 | 18,906 | 5,562 | 205 | 133,112 | 20,636 | — | 587 | — | 5,690 | — | 8,129 | — |
| Chemicals and allied products | 173 | 1,337,691 | 1,071,698 | 1,047,039 | 12,209,528 | 2,307,578 | 1,301,753 | 13,571 | 1,649,345 | 625,807 | 47,491 | 972,008 | 121,848 |
| Industrial inorganic and organic chemicals | 39 | 632,280 | 414,890 | 691,482 | 3,624,475 | 447,010 | 1,259,250 | 10,718 | 1,027,773 | 61,578 | 44,771 | 212,452 | 115,358 |
| Plastic materials, synthetic and other man-made fibers | 16 | 308,888 | 299,262 | 144,095 | 4,157,618 | 783,162 | — | 83 | — | 454,474 | — | 528,976 | — |
| Drugs | 50 | 173,161 | 148,235 | 98,390 | 1,898,152 | 603,776 | 3,173 | 183 | 463,970 | 24,935 | 6 | 46,547 | 779 |
| Soaps, detergents, and toilet preparations | 15 | 15,698 | 13,039 | 5,643 | 68,856 | 19,128 | — | — | — | 3,805 | — | 8,289 | — |
| Paints and allied products | 8 | 8,823 | 6,556 | 5,097 | 29,232 | 19,208 | 8 | 24 | 16,169 | 87 | — | 277 | 8 |
| Gum and wood chemicals | 3 | 43,665 | 42,189 | 33,109 | 496,774 | 92,683 | 107 | 1 | 88 | 9,979 | 1 | 55,105 | 3 |
| Agricultural chemicals | 3 | 17,508 | 17,448 | 11,346 | 214,098 | 117,809 | — | — | 98,731 | 8,086 | — | 12,022 | — |

### All Returns of Active Foreign Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Total non-foreign trade deductions | Net income: Administrative | Net income: Non-administrative | Net income: Non-foreign trade | Net income (less deficit) | Net income | Deficit | Taxable income | Net exempt income: Administrative | Net exempt income: Non-administrative | Total tax | Income tax |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) |
| **All products and services** | **190,439** | **1,188,034** | **243,749** | **18,145** | **1,294,109** | **1,294,919** | **811** | **1,291,673** | **2,006,396** | **104,534** | **507,111** | **505,028** |
| **Nonmanufactured products and services** | **1,867** | **106,870** | **47,369** | **538** | **118,746** | **118,900** | **153** | **118,897** | **199,971** | **20,355** | **45,224** | **45,115** |
| Grains and soybeans | — | 45,795 | 29,731 | 59 | 45,856 | 45,856 | — | 45,856 | 85,864 | 12,742 | 17,047 | 17,024 |
| Cotton | — | 6,720 | — | 285 | 4,614 | 4,665 | 51 | 4,665 | 12,600 | — | 1,873 | 1,873 |
| Crops, except cotton, grains and soybeans | 23 | 5,495 | — | 40 | 1,625 | 1,637 | 12 | 1,637 | 10,303 | — | 533 | 534 |
| Livestock and livestock products | 1,788 | 762 | 12,554 | 45 | 13,361 | 13,361 | — | 13,361 | 1,429 | 5,380 | 5,389 | 5,389 |
| Fishery products and services | — | 3,122 | — | — | 3,122 | 3,122 | — | 3,122 | 6,264 | — | 1,274 | 1,273 |
| Metal mining, except iron ores, products and services | — | 13,218 | — | — | 13,218 | 13,218 | — | 13,218 | 24,783 | — | 5,249 | 5,184 |
| Chemical and fertilizer mineral products and services | — | 3,218 | — | — | 3,218 | 3,218 | — | 3,218 | 6,033 | — | 1,212 | 1,212 |
| Export management services | 10 | 2,886 | -22 | 21 | 2,885 | 2,909 | 24 | 2,909 | 5,411 | -9 | 1,159 | 1,159 |
| Computer software | — | 10,070 | — | — | 10,071 | 10,071 | 1 | 10,069 | 18,043 | — | 3,664 | 3,659 |
| Motion picture distribution | — | 8,754 | 1,230 | 65 | 10,048 | 10,048 | — | 10,048 | 16,413 | 579 | 3,682 | 3,675 |
| Engineering and architectural services | 1 | 1,471 | — | -1 | 1,470 | 1,473 | 3 | 1,473 | 2,768 | — | 595 | 595 |
| **Manufactured products** | **188,571** | **1,081,164** | **196,381** | **15,607** | **1,175,362** | **1,176,020** | **657** | **1,172,776** | **1,806,424** | **84,179** | **461,887** | **459,913** |
| Ordnance and accessories | — | 562 | -31 | — | 531 | 562 | 31 | 562 | 268 | -13 | 259 | 259 |
| Ammunition, except for small arms | — | 562 | -31 | — | 531 | 562 | 31 | 562 | 268 | -13 | 259 | 259 |
| Food and kindred products | 58,712 | 23,669 | 3,780 | -208 | 24,310 | 24,330 | 20 | 21,964 | 44,379 | 1,620 | 7,913 | 7,934 |
| Meat products | 39,394 | 4,279 | 3,281 | -443 | 4,185 | 4,185 | — | 4,185 | 8,022 | 1,406 | 1,422 | 1,445 |
| Canned and preserved fruits, vegetables and seafoods | — | 2,328 | — | — | 2,328 | 2,328 | — | 2,328 | 4,364 | — | 868 | 866 |
| Grain mill products | — | 2,570 | — | — | 2,570 | 2,570 | — | 2,570 | 4,819 | — | 970 | 970 |
| Beverages | — | 3,629 | — | 1 | 3,629 | 3,629 | — | 3,629 | 6,805 | — | 1,384 | 1,380 |
| Tobacco manufactures | 6 | 31,634 | — | 65 | 31,699 | 31,699 | — | 31,699 | 59,313 | — | 12,749 | 12,733 |
| Cigarettes | — | 26,027 | — | — | 26,027 | 26,027 | — | 26,027 | 48,799 | — | 10,414 | 10,398 |
| Tobacco stemming and redrying | — | 4,711 | — | — | 4,711 | 4,711 | — | 4,711 | 8,833 | — | 2,009 | 2,009 |
| Textile mill products | 8,345 | 1,640 | — | 85 | 1,725 | 1,729 | 4 | 1,729 | 3,074 | — | 680 | 680 |
| Yarn and thread mills | — | 204 | — | — | 204 | 204 | — | 204 | 382 | — | 72 | 72 |
| Apparel and other finished products made from fabrics and similar materials | 139 | 268 | — | — | 268 | 268 | — | 267 | 502 | — | 107 | 107 |
| Lumber and wood products, except furniture | 80,718 | 30,545 | 1,261 | 1,155 | 32,960 | 32,962 | 2 | 32,962 | 57,461 | 540 | 12,900 | 12,863 |
| Millwork, veneer, plywood, and prefabricated structural wood products | 80,715 | 3,302 | 1,261 | 1,015 | 5,577 | 5,577 | — | 5,577 | 6,381 | 540 | 2,040 | 2,039 |
| Furniture and fixtures | — | 320 | — | — | 320 | 320 | — | 320 | 600 | — | 123 | 123 |
| Office furniture | — | 199 | — | — | 199 | 199 | — | 199 | 373 | — | 74 | 74 |
| Paper and allied products | 3,160 | 28,593 | 1,483 | 143 | 30,220 | 30,222 | 2 | 30,213 | 53,612 | 636 | 12,123 | 12,014 |
| Pulp mills | — | 8,188 | — | — | 8,188 | 8,189 | 2 | 8,188 | 15,352 | — | 3,282 | 3,282 |
| Paper mills, except building paper mills | — | 5,642 | 1,376 | — | 7,018 | 7,018 | — | 7,018 | 10,578 | 590 | 2,820 | 2,808 |
| Paperboard mills | — | 9,652 | 107 | 7 | 9,765 | 9,765 | — | 9,765 | 18,097 | 46 | 3,909 | 3,903 |
| Converted paper and paperboard products, except boxes | 3,160 | 3,608 | — | 137 | 3,744 | 3,744 | — | 3,738 | 6,764 | — | 1,513 | 1,486 |
| Paperboard containers and boxes | — | 267 | — | — | 267 | 267 | — | 267 | 500 | — | 107 | 107 |
| Building paper and building board mills | — | 1,238 | — | — | 1,238 | 1,238 | — | 1,238 | 2,321 | — | 492 | 429 |
| Printing, publishing, and allied products | 35 | 5,855 | 787 | 690 | 6,537 | 6,544 | 8 | 6,544 | 10,978 | 337 | 2,366 | 2,364 |
| Periodicals: publishing, printing | — | 665 | -8 | — | 657 | 665 | 8 | 665 | 1,247 | -4 | 256 | 256 |
| Books | — | 4,350 | — | 587 | 4,937 | 4,937 | — | 4,937 | 8,156 | — | 1,734 | 1,732 |
| Chemicals and allied products | 3,710 | 228,531 | 149,947 | 9,861 | 290,435 | 290,465 | 29 | 290,436 | 422,191 | 64,263 | 115,620 | 115,524 |
| Industrial inorganic and organic chemicals | 3,674 | 48,641 | 147,959 | 7,044 | 107,542 | 107,547 | 5 | 107,547 | 90,717 | 63,411 | 43,063 | 42,959 |
| Plastic materials, synthetic and other man-made fibers | — | 88,502 | — | 83 | 88,585 | 88,585 | — | 88,585 | 165,684 | — | 35,406 | 35,288 |
| Drugs | 12 | 33,249 | 44 | 171 | 33,464 | 33,474 | 10 | 33,445 | 62,340 | 19 | 13,311 | 13,276 |
| Soaps, detergents, and toilet preparations | 2 | 3,770 | — | -2 | 3,768 | 3,770 | 2 | 3,770 | 7,069 | — | 1,499 | 1,498 |
| Paints and allied products | 11 | 960 | — | 13 | 972 | 984 | 11 | 984 | 1,802 | — | 411 | 411 |
| Gum and wood chemicals | — | 13,071 | 12 | 1 | 13,083 | 13,083 | — | 13,083 | 24,507 | 5 | 5,228 | 5,228 |
| Agricultural chemicals | — | 2,455 | — | — | 2,455 | 2,455 | — | 2,455 | 4,603 | — | 963 | 968 |

### All Returns of Active Foreign Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Number of returns | Total assets | Commissions and accounts receivable | Total current and long-term liabilities | Schedule P gross receipts | Total income: Administrative foreign trade | Total income: Non-administrative foreign trade | Total income: Non-foreign trade | Cost of goods sold | Direct costs: Administrative | Direct costs: Non-administrative | Total foreign trade deductions: Administrative | Total foreign trade deductions: Non-administrative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| **Manufactured products—Continued** | | | | | | | | | | | | | |
| Rubber and miscellaneous plastic products | 65 | 28,961 | 24,315 | 14,832 | 882,387 | 68,379 | 13,307 | 380 | 26,135 | 9,355 | — | 27,418 | 1,627 |
| Tires and inner tubes | 4 | 8,735 | 4,420 | 517 | 681,004 | 36,560 | — | 341 | — | 4,375 | — | 19,456 | — |
| Leather and leather products | 23 | 60,476 | 53,566 | 49,623 | 597,755 | 244,670 | 177,348 | 99 | 390,242 | 6,473 | 5,925 | 10,645 | 9,518 |
| Footwear, except rubber | 7 | 1,591 | 1,399 | 1,125 | 5,239 | 460 | — | — | — | 134 | — | 192 | — |
| Stone, clay, glass and concrete products | 21 | 22,104 | 20,366 | 11,817 | 518,736 | 44,808 | — | — | — | 3,550 | — | 24,081 | — |
| Glass products, made or purchased glass | 16 | 12,753 | 12,372 | 6,570 | 248,269 | 21,857 | — | — | — | 215 | — | 10,147 | — |
| Primary metal products | 56 | 79,273 | 78,654 | 48,905 | 1,060,017 | 125,099 | — | 1 | 16,751 | 38,440 | — | 68,050 | — |
| Iron and steel foundries | 30 | 12,170 | 12,131 | 2,419 | 169,182 | 12,601 | — | — | — | 217 | — | 1,152 | — |
| Rolling, drawing, and extruding of nonferrous metals | 4 | 10,441 | 10,427 | 8,543 | 18,450 | 18,450 | — | — | 16,751 | 180 | — | 859 | — |
| Fabricated metal products, except ordnance, machinery and transportation equipment | 152 | 99,942 | 89,251 | 53,610 | 1,319,936 | 170,086 | 46,634 | 5,194 | 76,661 | 10,509 | 53 | 59,099 | 5,182 |
| Cutlery, hand tools, and general hardware | 44 | 24,516 | 23,956 | 19,256 | 207,183 | 19,391 | 46,634 | 101 | 32,974 | 1,782 | 53 | 6,753 | 5,182 |
| Heating apparatus and plumbing fixtures | 32 | 16,738 | 14,156 | 9,590 | 243,621 | 45,105 | — | 67 | 19,913 | 3,087 | — | 16,130 | — |
| Fabricated structural metal products | 6 | 348 | 339 | 185 | 24,389 | 1,387 | — | — | — | 12 | — | 20 | — |
| Screw machine products | 30 | 66 | 63 | 46 | 5,000 | 408 | — | 2 | — | — | — | 7 | — |
| Metal stampings | 9 | 5,241 | 5,181 | 513 | 157,397 | 16,619 | — | — | — | — | — | 9,464 | — |
| Machinery, except electrical | 356 | 1,184,080 | 960,791 | 594,593 | 13,356,565 | 2,287,366 | 81,630 | 11,177 | 1,240,125 | 240,894 | 1,139 | 433,282 | 33,130 |
| Engines and turbines | 13 | 446,537 | 275,620 | 275,726 | 2,970,279 | 1,344,783 | 36,891 | 47 | 1,091,924 | 16,834 | 452 | 84,287 | 22,008 |
| Farm machinery and equipment | 16 | 16,777 | 15,855 | 11,680 | 97,270 | 13,153 | 9,286 | 38 | 8,863 | 5,653 | — | 9,587 | 417 |
| Construction, mining, and materials handling equipment | 38 | 23,973 | 10,387 | 9,367 | 2,041,420 | 100,891 | 6,549 | 135 | 17,063 | 19,179 | 270 | 35,833 | 4,262 |
| Metalworking machinery and equipment | 13 | 4,020 | 3,769 | 1,114 | 70,171 | 9,287 | — | — | — | 1,186 | — | 6,430 | — |
| Special industry machinery, except metalworking | 23 | 72,802 | 46,067 | 48,879 | 444,716 | 72,765 | 26,996 | 9,724 | 40,475 | 9,255 | 390 | 14,349 | 6,346 |
| General industry machinery and equipment | 23 | 12,680 | 12,471 | 1,889 | 411,470 | 17,416 | — | — | — | 1,725 | — | 5,499 | — |
| Office, computing, and accounting machines | 124 | 541,917 | 540,160 | 210,963 | 6,735,710 | 645,200 | — | 223 | 54,920 | 174,716 | — | 246,175 | — |
| Service industry machines | 35 | 36,781 | 29,869 | 23,456 | 156,290 | 44,928 | — | — | 23,248 | 2,577 | — | 12,671 | — |
| Electrical machinery, equipment, and supplies | 536 | 644,947 | 544,280 | 314,372 | 9,746,845 | 1,213,516 | 167,098 | 19,372 | 376,445 | 107,638 | 70 | 568,562 | 21,491 |
| Electrical industrial apparatus | 41 | 11,521 | 11,446 | 9,141 | 312,844 | 17,139 | — | 28 | — | 2,986 | — | 7,398 | — |
| Household appliances | 17 | 17,123 | 16,614 | 6,383 | 632,826 | 58,889 | — | — | 4,908 | 14,696 | — | 35,198 | — |
| Electric lighting and wiring equipment | 5 | 9,002 | 8,179 | 5,982 | 129,471 | 13,109 | — | — | — | 3,991 | — | 6,269 | — |
| Radio and television sets, except communication | 31 | 15,990 | 15,659 | 11,929 | 88,887 | 5,684 | — | — | — | 582 | — | 3,759 | — |
| Communication equipment | 55 | 93,997 | 91,093 | 33,617 | 1,580,136 | 199,599 | — | 1 | 6,128 | 6,457 | — | 126,915 | — |
| Electronic components and accessories | 225 | 317,613 | 230,827 | 168,380 | 3,884,397 | 613,690 | 126,342 | 885 | 283,960 | 45,151 | 70 | 277,789 | 15,998 |
| Transportation equipment | 178 | 915,422 | 756,415 | 419,095 | 23,206,536 | 8,016,074 | 96,772 | 648 | 6,622,026 | 158,684 | 6,106 | 344,824 | 62,786 |
| Motor vehicles and motor vehicle equipment | 63 | 393,147 | 384,512 | 81,185 | 11,982,518 | 297,247 | 31,607 | 408 | 27,236 | 67,937 | — | 131,362 | 4,300 |
| Aircraft and parts | 76 | 498,473 | 348,158 | 330,686 | 10,608,943 | 7,652,902 | 65,164 | 240 | 6,594,789 | 54,124 | 6,106 | 176,270 | 58,487 |
| Ship and boat building and repairing | 33 | 1,574 | 1,543 | 371 | 18,002 | 1,543 | — | — | — | 207 | — | 222 | — |
| Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks | 175 | 122,480 | 102,485 | 53,545 | 1,632,740 | 281,367 | 211,470 | 89 | 291,444 | 28,500 | 3,615 | 128,962 | 3,662 |
| Engineering, laboratory and scientific equipment | 46 | 31,197 | 30,731 | 18,308 | 291,669 | 46,895 | — | — | — | 12,246 | — | 36,573 | — |
| Instruments for measuring physical characteristics | 75 | 29,068 | 28,141 | 2,855 | 493,066 | 90,825 | 53 | 49 | — | 9,111 | — | 65,219 | 24 |
| Optical instruments and lenses | 8 | 7,372 | 4,067 | 511 | 117,114 | 7,273 | — | — | — | 940 | — | 1,928 | — |
| Surgical, medical, and dental instruments and supplies | 30 | 21,111 | 12,357 | 3,635 | 395,406 | 89,476 | — | — | 62,709 | 725 | — | 9,305 | — |
| Photographic equipment and supplies | 16 | 33,732 | 27,188 | 28,236 | 335,484 | 46,898 | 211,417 | 40 | 228,735 | 5,479 | 3,615 | 15,937 | 3,638 |
| Miscellaneous manufactured products and manufactured products not allocable | 216 | 78,596 | 65,428 | 33,072 | 782,607 | 172,149 | 30,610 | 605 | 121,960 | 9,168 | — | 41,768 | 9,824 |
| Toys, amusement, sporting and athletic goods | 53 | 8,988 | 7,944 | 4,054 | 275,529 | 35,548 | — | 3 | 25,561 | 848 | — | 2,185 | — |

## All Returns of Active Foreign Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Total non-foreign trade deductions | Net income: Administrative | Net income: Non-administrative | Net income: Non-foreign trade | Net income (less deficit) | Net income | Deficit | Taxable income | Net exempt income: Administrative | Net exempt income: Non-administrative | Total tax | Income tax |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) |
| **Manufactured products—Continued** | | | | | | | | | | | | |
| Rubber and miscellaneous plastic products | 7 | 8,993 | 455 | 373 | 9,821 | 9,831 | 9 | 9,831 | 16,862 | 195 | 4,007 | 4,000 |
| Tires and inner tubes | 7 | 5,949 | — | 334 | 6,283 | 6,283 | — | 6,283 | 11,155 | — | 2,581 | 2,575 |
| Leather and leather products | — | 3,243 | 1,603 | 99 | 4,945 | 4,948 | 3 | 4,948 | 6,080 | 687 | 1,853 | 1,849 |
| Footwear, except rubber | — | 93 | — | — | 93 | 97 | 3 | 97 | 175 | — | 38 | 37 |
| Stone, clay, glass and concrete products | — | 7,210 | — | — | 7,210 | 7,210 | — | 7,210 | 13,518 | — | 3,388 | 2,783 |
| Glass products, made or purchased glass | — | 4,073 | — | — | 4,073 | 4,073 | — | 4,073 | 7,637 | — | 1,521 | 1,521 |
| Primary metal products | — | 14,017 | — | 1 | 14,018 | 14,018 | — | 14,018 | 26,281 | — | 5,496 | 5,482 |
| Iron and steel foundries | — | 3,982 | — | — | 3,982 | 3,982 | — | 3,982 | 7,467 | — | 1,589 | 1,575 |
| Rolling, drawing, and extruding of nonferrous metals | — | 292 | — | — | 292 | 292 | — | 292 | 548 | — | 117 | 117 |
| Fabricated metal products, except ordnance, machinery and transportation equipment | 4,749 | 21,601 | 9,665 | 445 | 31,711 | 31,719 | 8 | 31,719 | 40,177 | 4,142 | 12,309 | 12,289 |
| Cutlery, hand tools, and general hardware | 27 | 2,542 | 9,665 | 74 | 12,281 | 12,281 | — | 12,281 | 4,766 | 4,142 | 4,854 | 4,846 |
| Heating apparatus and plumbing fixtures | 53 | 3,152 | — | 14 | 3,166 | 3,166 | — | 3,166 | 5,910 | — | 1,252 | 1,250 |
| Fabricated structural metal products | — | 475 | — | — | 475 | 476 | 1 | 476 | 891 | — | 195 | 195 |
| Screw machine products | 7 | 139 | — | -5 | 134 | 140 | 6 | 140 | 261 | — | 41 | 41 |
| Metal stampings | — | 2,489 | — | — | 2,489 | 2,489 | — | 2,489 | 4,666 | — | 976 | 976 |
| Machinery, except electrical | 10,092 | 211,661 | 17,784 | 1,085 | 220,112 | 220,275 | 163 | 219,568 | 381,895 | 7,658 | 85,489 | 85,305 |
| Engines and turbines | — | 53,156 | 10,418 | 47 | 53,202 | 53,322 | 119 | 53,322 | 85,483 | 4,465 | 21,364 | 21,271 |
| Farm machinery and equipment | 1 | 1,240 | 4 | 37 | 1,282 | 1,284 | 3 | 1,284 | 2,326 | 2 | 492 | 492 |
| Construction, mining, and materials handling equipment | 106 | 16,694 | 1,601 | 29 | 18,324 | 18,337 | 14 | 17,630 | 31,301 | 686 | 7,304 | 7,282 |
| Metalworking machinery and equipment | — | 994 | — | — | 994 | 995 | 1 | 995 | 1,863 | — | 400 | 400 |
| Special industry machinery, except metalworking | 8,988 | 7,429 | 5,237 | 735 | 13,401 | 13,401 | — | 13,401 | 13,929 | 2,281 | 4,958 | 4,958 |
| General industry machinery and equipment | — | 4,145 | — | — | 4,145 | 4,145 | — | 4,145 | 7,772 | — | 1,590 | 1,587 |
| Office, computing, and accounting machines | 49 | 119,690 | — | 174 | 119,864 | 119,880 | 16 | 119,880 | 224,415 | — | 45,941 | 45,877 |
| Service industry machines | — | 1,786 | — | — | 1,786 | 1,786 | — | 1,786 | 3,415 | — | 700 | 700 |
| Electrical machinery, equipment, and supplies | 18,842 | 157,729 | 3,454 | 530 | 161,712 | 162,018 | 306 | 162,018 | 224,345 | 1,460 | 63,071 | 62,795 |
| Electrical industrial apparatus | 1 | 3,378 | — | 27 | 3,405 | 3,405 | — | 3,405 | 6,334 | — | 1,288 | 1,288 |
| Household appliances | — | 6,533 | — | — | 6,534 | 6,534 | — | 6,534 | 12,250 | — | 2,610 | 2,608 |
| Electric lighting and wiring equipment | — | 2,379 | — | — | 2,379 | 2,379 | — | 2,379 | 4,461 | — | 908 | 906 |
| Radio and television sets, except communication | 2 | 670 | — | -2 | 668 | 670 | 2 | 670 | 1,256 | — | 155 | 155 |
| Communication equipment | — | 25,368 | — | 1 | 25,369 | 25,369 | — | 25,369 | 41,187 | — | 10,135 | 9,949 |
| Electronic components and accessories | 508 | 63,917 | 3,463 | 377 | 67,757 | 68,050 | 293 | 68,050 | 83,446 | 1,464 | 26,199 | 26,178 |
| Transportation equipment | 9 | 272,622 | 357 | 639 | 273,618 | 273,635 | 17 | 273,635 | 388,157 | 153 | 108,894 | 108,809 |
| Motor vehicles and motor vehicle equipment | — | 59,068 | 50 | 408 | 59,525 | 59,525 | — | 59,525 | 106,818 | 21 | 23,670 | 23,645 |
| Aircraft and parts | 9 | 197,057 | 308 | 231 | 197,596 | 197,604 | 9 | 197,604 | 269,103 | 132 | 78,712 | 78,671 |
| Ship and boat building and repairing | — | 401 | — | — | 401 | 407 | 5 | 407 | 920 | — | 61 | 61 |
| Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks | 27 | 22,155 | 5,762 | 61 | 22,236 | 22,259 | 22 | 22,259 | 38,341 | 2,469 | 8,713 | 8,375 |
| Engineering, laboratory and scientific equipment | — | 3,590 | — | — | 3,590 | 3,590 | — | 3,590 | 6,732 | — | 1,674 | 1,366 |
| Instruments for measuring physical characteristics | 25 | 9,923 | 20 | 24 | 9,967 | 9,978 | 10 | 9,978 | 15,641 | 9 | 3,525 | 3,523 |
| Optical instruments and lenses | — | 1,940 | — | — | 1,940 | 1,940 | — | 1,940 | 3,404 | — | 804 | 801 |
| Surgical, medical, and dental instruments and supplies | 2 | 6,074 | — | -2 | 6,072 | 6,084 | 12 | 6,084 | 11,389 | — | 2,443 | 2,418 |
| Photographic equipment and supplies | — | 627 | 5,742 | 40 | 667 | 667 | — | 667 | 1,176 | 2,461 | 267 | 266 |
| Miscellaneous manufactured products and manufactured products not allocable | 21 | 10,318 | 73 | 584 | 10,976 | 11,007 | 31 | 10,874 | 18,390 | 31 | 3,626 | 3,624 |
| Toys, amusement, sporting and athletic goods | — | 2,586 | — | 3 | 2,589 | 2,589 | — | 2,589 | 5,216 | — | 662 | 662 |

Note: Detail may not add to total because only selected products and services are included.

## All Returns of Active Foreign Sales Corporations

### Table 2.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Country of Incorporation

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Country | Number of returns | Total assets | Commissions and accounts receivable | Total current and long-term liabilities | Schedule P gross receipts | Total income: Administrative foreign trade | Total income: Non-administrative foreign trade | Total income: Non-foreign trade | Cost of goods sold | Direct costs: Administrative | Direct costs: Non-administrative | Total foreign trade deductions: Administrative | Total foreign trade deductions: Non-administrative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| **All countries, total** | **2,613** | **5,562,757** | **4,579,930** | **3,116,065** | **84,280,131** | **17,629,033** | **2,658,229** | **206,584** | **12,264,906** | **1,787,658** | **108,169** | **3,647,521** | **337,894** |
| **Latin America, total** | **367** | **665,406** | **642,325** | **337,229** | **10,056,683** | **1,306,824** | **99,111** | **2,468** | **618,742** | **169,676** | **452** | **399,176** | **36,121** |
| Barbados | 163 | 326,616 | 316,810 | 143,069 | 4,673,668 | 789,201 | 38,602 | 1,416 | 416,844 | 54,220 | 452 | 184,884 | 22,047 |
| Jamaica | 204 | 338,790 | 325,515 | 194,161 | 5,383,015 | 517,623 | 60,509 | 1,052 | 201,898 | 115,456 | — | 214,291 | 14,074 |
| **Europe, total** | **51** | **958,359** | **700,187** | **726,299** | **10,260,889** | **625,580** | **1,481,463** | **7,493** | **1,141,830** | **269,155** | **48,657** | **314,990** | **123,165** |
| Netherlands | 51 | 958,359 | 700,187 | 726,299 | 10,260,889 | 625,580 | 1,481,463 | 7,493 | 1,141,830 | 269,155 | 48,657 | 314,990 | 123,165 |
| **Asia, total** | **11** | **10,526** | **5,486** | **7,651** | **40,315** | — | **40,315** | — | **32,049** | — | **70** | — | **5,745** |
| South Korea | 11 | 10,526 | 5,486 | 7,651 | 40,315 | — | 40,315 | — | 32,049 | — | 70 | — | 5,745 |
| **U.S. possessions, total** | **2,085** | **3,905,784** | **3,217,624** | **2,036,760** | **63,549,649** | **15,677,694** | **998,939** | **196,623** | **10,436,023** | **1,347,323** | **58,990** | **2,922,250** | **171,375** |
| Guam | 380 | 932,007 | 583,923 | 604,010 | 16,553,042 | 10,172,079 | 300,249 | 142,455 | 8,790,457 | 203,701 | 31,733 | 452,466 | 35,473 |
| U.S. Virgin Islands | 1,688 | 2,960,827 | 2,623,065 | 1,426,531 | 46,879,715 | 5,475,659 | 698,690 | 54,052 | 1,626,705 | 1,141,064 | 27,257 | 2,464,901 | 135,902 |
| Other U.S. possessions | 17 | 12,950 | 10,836 | 6,219 | 116,892 | 29,956 | — | 116 | 20,861 | 2,557 | — | 4,883 | — |
| **Country not stated** | **100** | **22,681** | **14,108** | **8,125** | **372,594** | **18,935** | **38,400** | — | **34,262** | **1,505** | — | **11,106** | **1,488** |

| Country | Total non-foreign trade deductions | Net income: Administrative | Net income: Non-administrative | Net income: Non-foreign trade | Net income (less deficit) | Net income | Deficit | Taxable income | Net exempt income: Administrative | Net exempt income: Non-administrative | Total tax | Income tax |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) |
| **All countries, total** | **190,439** | **1,188,034** | **243,749** | **16,145** | **1,294,109** | **1,294,919** | **811** | **1,291,673** | **2,006,396** | **104,534** | **507,111** | **505,028** |
| **Latin America, total** | **1,286** | **125,176** | **10,550** | **1,182** | **126,490** | **126,710** | **220** | **126,576** | **206,755** | **4,521** | **49,914** | **49,836** |
| Barbados | 1,245 | 73,273 | 10,795 | 171 | 73,821 | 73,830 | 9 | 73,830 | 110,545 | 4,626 | 28,423 | 28,362 |
| Jamaica | 41 | 51,903 | -244 | 1,011 | 52,669 | 52,881 | 212 | 52,746 | 96,210 | -105 | 21,491 | 21,474 |
| **Europe, total** | **315** | **107,968** | **155,422** | **7,179** | **168,724** | **168,735** | **11** | **168,028** | **197,059** | **66,609** | **64,390** | **64,245** |
| Netherlands | 315 | 107,968 | 155,422 | 7,179 | 168,724 | 168,735 | 11 | 168,028 | 197,059 | 66,609 | 64,390 | 64,245 |
| **Asia, total** | — | — | **1,765** | — | **1,765** | **1,765** | — | **1,765** | — | **756** | **508** | **508** |
| South Korea | — | — | 1,765 | — | 1,765 | 1,765 | — | 1,765 | — | 756 | 508 | 508 |
| **U.S. possessions, total** | **188,838** | **952,292** | **74,157** | **7,785** | **992,676** | **993,245** | **570** | **990,842** | **1,597,352** | **31,852** | **390,904** | **389,107** |
| Guam | 141,292 | 264,167 | 16,730 | 1,163 | 272,369 | 272,391 | 22 | 272,385 | 462,728 | 7,170 | 107,848 | 107,639 |
| U.S. Virgin Islands | 47,546 | 686,659 | 57,428 | 6,506 | 718,726 | 719,273 | 548 | 716,876 | 1,131,877 | 24,682 | 282,568 | 280,979 |
| Other U.S. possessions | — | 1,465 | — | 116 | 1,580 | 1,580 | — | 1,580 | 2,747 | — | 488 | 488 |
| **Country not stated** | — | **2,599** | **1,655** | — | **4,454** | **4,463** | **9** | **4,463** | **5,230** | **795** | **1,395** | **1,332** |

## All Returns of Active Foreign Sales Corporations

**Table 3.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Intercompany Pricing Method**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Intercompany pricing method | Number of returns | Total assets | Commissions and accounts receivable | Total current and long-term liabilities | Schedule P gross receipts | Total income: Administrative foreign trade | Total income: Non-administrative foreign trade | Total income: Non-foreign trade | Cost of goods sold | Direct costs: Administrative | Direct costs: Non-administrative | Total foreign trade deductions: Administrative | Total foreign trade deductions: Non-administrative |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| **All returns** | **2,613** | **5,562,757** | **4,579,930** | **3,116,065** | **84,280,131** | **17,629,033** | **2,658,229** | **206,584** | **12,264,906** | **1,787,658** | **108,169** | **3,647,521** | **337,894** |
| **Returns showing intercompany pricing method, total** | **2,324** | **5,499,288** | **4,526,260** | **3,087,591** | **84,244,851** | **17,629,033** | **2,658,229** | **205,401** | **12,264,906** | **1,787,650** | **108,158** | **3,647,188** | **337,722** |
| 1.83 percent of gross receipts method only | 384 | 259,296 | 227,586 | 138,802 | 8,103,806 | 877,453 | — | 41,596 | 495,609 | 92,080 | — | 234,580 | — |
| 23 percent of combined taxable income method only | 1,412 | 1,700,063 | 1,505,703 | 846,153 | 21,702,431 | 4,399,039 | — | 33,411 | 1,848,352 | 617,832 | — | 1,410,260 | — |
| Section 482 method only | 188 | 794,937 | 459,671 | 767,006 | 2,606,882 | — | 2,553,084 | 127,456 | 1,891,315 | — | 77,750 | — | 300,672 |
| 1.83 and 23 percent methods | 317 | 2,668,398 | 2,273,121 | 1,306,562 | 51,270,070 | 12,217,501 | — | 2,626 | 7,940,391 | 1,066,876 | — | 1,965,424 | 169 |
| 23 percent and section 482 methods | 3 | 19,532 | 16,891 | 13,253 | 56,951 | 6,894 | 32,992 | 74 | 31,283 | 211 | 1,674 | 1,084 | 4,171 |
| 1.83 percent and section 482 methods | 15 | 28,643 | 16,799 | 9,778 | 169,023 | 34,373 | 15,521 | 123 | 34,941 | 194 | 949 | 7,657 | 4,160 |
| All three methods | 5 | 28,419 | 26,489 | 6,037 | 335,688 | 93,773 | 56,632 | 116 | 23,015 | 10,458 | 27,785 | 28,182 | 28,548 |
| **Returns not showing intercompany pricing method** | **289** | **63,469** | **53,669** | **28,474** | **35,280** | **—** | **—** | **1,183** | **—** | **8** | **11** | **334** | **172** |

| Intercompany pricing method | Total non-foreign trade deductions | Net income: Administrative | Net income: Non-administrative | Net income: Non-foreign trade | Net income (less deficit) | Net income | Deficit | Taxable income | Net exempt income: Administrative | Net exempt income: Non-administrative | Total tax | Income tax |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) | (25) |
| **All returns** | **190,439** | **1,188,034** | **243,749** | **16,145** | **1,294,109** | **1,294,919** | **811** | **1,291,673** | **2,006,396** | **104,534** | **507,111** | **505,028** |
| **Returns showing intercompany pricing method, total** | **189,779** | **1,188,154** | **243,871** | **15,622** | **1,293,827** | **1,294,191** | **364** | **1,290,945** | **2,006,610** | **104,585** | **506,983** | **504,901** |
| 1.83 percent of gross receipts method only | 40,339 | 51,261 | — | 1,257 | 46,216 | 46,335 | 119 | 46,307 | 95,386 | — | 17,871 | 17,538 |
| 23 percent of combined taxable income method only | 30,185 | 403,147 | — | 3,226 | 405,389 | 405,390 | — | 403,013 | 718,233 | — | 156,895 | 156,663 |
| Section 482 method only | 117,872 | — | 238,067 | 9,584 | 104,528 | 104,770 | 242 | 103,930 | — | 102,097 | 40,691 | 40,612 |
| 1.83 and 23 percent methods | 1,369 | 709,857 | −119 | 1,257 | 710,995 | 710,997 | 2 | 710,997 | 1,148,200 | −51 | 280,993 | 279,579 |
| 23 percent and section 482 methods | — | 415 | 1,507 | 74 | 1,996 | 1,996 | — | 1,996 | 779 | 646 | 779 | 776 |
| 1.83 percent and section 482 methods | 2 | 869 | 446 | 120 | 1,435 | 1,435 | — | 1,435 | 1,629 | 191 | 446 | 445 |
| All three methods | 11 | 22,605 | 3,970 | 105 | 23,267 | 23,267 | — | 23,267 | 42,384 | 1,701 | 9,309 | 9,287 |
| **Returns not showing intercompany pricing method** | **660** | **−120** | **−122** | **523** | **282** | **728** | **447** | **728** | **−214** | **−51** | **128** | **127** |

# Section 5 Interest Charge—Domestic International Sales Corporations

Contents



The Interest Charge-Domestic International Sales Corporation (IC-DISC) is a domestic corporation formed to export U.S. products. Along with the FSC, the IC-DISC is the successor to the Domestic International Sales Corporation, which was criticized in the General Agreement on Tariffs and Trade as an illegal export subsidy.

To qualify for IC-DISC status, a corporation must meet certain requirements designed to limit the IC-DISC to export-related activities. The principal benefit of the IC-DISC is the deferral from U.S. taxation of a portion of the IC-DISC's income until the income is distributed to the U.S. shareholder of the IC-DISC. However, the U.S. shareholder must pay an interest charge on the deferred taxes.

The reader is referred to Section 15 of this compendium for the form and instructions listed below, which provided the basis of the IC-DISC data.

* Form 1120-IC-DISC, Interest Charge Domestic International Sales Corporation Return, and Instructions (p. 486)

## All Returns of Active Interest Charge—Domestic International Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Number of returns | Total assets | Qualified assets | Export property | Total current and long-term liabilities | Total qualified export receipts and nonqualified receipts | Qualified export receipts from the sale of export property | Other qualified export receipts | Cost of sales and operations | Total export promotion and other expenses | Export promotion expenses | Net income (less deficit) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **All products and services** | **1,185** | **910,910** | **900,105** | **46,401** | **318,316** | **1,829,245** | **1,673,285** | **145,354** | **1,248,988** | **323,505** | **250,079** | **256,752** |
| **Nonmanufactured products and services** | **100** | **154,215** | **153,432** | **1,385** | **62,408** | **346,754** | **217,186** | **125,353** | **172,657** | **132,715** | **120,001** | **41,382** |
| Grains and soybeans | 21 | 8,040 | 8,040 | — | 1,102 | 26,377 | 25,343 | 897 | 21,876 | 774 | 752 | 3,727 |
| Crops, except cotton, grains and soybeans | 23 | 27,056 | 26,955 | 41 | 10,609 | 96,515 | 95,392 | 842 | 74,546 | 12,882 | 3,336 | 9,086 |
| Livestock and livestock products | 6 | 18,315 | 17,640 | 475 | 11,259 | 42,943 | 38,947 | 268 | 37,338 | 2,284 | 404 | 3,321 |
| Chemical and fertilizer mineral products and services | 3 | 423 | 423 | — | — | 282 | 275 | 6 | — | 1 | — | 281 |
| Export management services | 3 | 350 | 350 | — | 414 | 24 | — | 23 | — | 213 | — | -190 |
| Computer software | 11 | 30,492 | 30,489 | — | — | 12,627 | 11,038 | 1,589 | — | 1,216 | 1,216 | 11,411 |
| Motion picture distribution | 3 | 52,469 | 52,468 | — | 36,193 | 115,513 | 1,560 | 113,953 | — | 110,282 | 110,197 | 5,230 |
| Engineering and architectural services | 4 | 2,181 | 2,180 | — | 621 | 2,837 | — | 2,830 | 1,572 | 750 | 637 | 515 |
| **Manufactured products** | **1,085** | **756,695** | **746,673** | **45,016** | **255,908** | **1,482,490** | **1,456,099** | **20,001** | **1,076,331** | **190,790** | **130,078** | **215,370** |
| Ordnance and accessories | 3 | 1,765 | 1,754 | 327 | 690 | 4,741 | 4,615 | 126 | 2,651 | 1,630 | 1,120 | 460 |
| Food and kindred products | 51 | 40,174 | 40,125 | 4,619 | 14,587 | 115,527 | 114,513 | 638 | 93,599 | 13,597 | 6,896 | 8,331 |
| Meat products | 9 | 6,139 | 6,139 | 660 | 2,596 | 33,701 | 33,332 | 103 | 28,438 | 3,932 | 881 | 1,332 |
| Canned and preserved fruits, vegetables and seafoods | 4 | 6,330 | 6,330 | 1,407 | 756 | 25,845 | 25,701 | 59 | 21,981 | 2,084 | 1,552 | 1,780 |
| Confectionery and related products | 3 | 1,167 | 1,167 | — | 87 | 4,503 | 4,503 | — | 3,675 | 304 | 266 | 524 |
| Beverages | 10 | 8,743 | 8,714 | 2,034 | 1,520 | 11,620 | 11,362 | 259 | 7,011 | 2,046 | 965 | 2,563 |
| Textile mill products | 33 | 20,836 | 20,743 | 2,969 | 7,841 | 48,252 | 46,293 | 1,902 | 35,367 | 8,158 | 6,577 | 4,727 |
| Yarn and thread mills | 3 | 448 | 446 | 42 | 388 | 91 | 91 | — | 86 | 20 | — | -14 |
| Apparel and other finished products made from fabrics and similar materials | 12 | 8,336 | 8,336 | 139 | 4,378 | 29,944 | 29,813 | 132 | 25,900 | 2,233 | 1,923 | 1,811 |
| Lumber and wood products, except furniture | 21 | 19,556 | 19,498 | 4,792 | 3,198 | 70,718 | 70,180 | 144 | 55,166 | 7,460 | 3,807 | 8,092 |
| Sawmills and planing mills | 3 | 6,360 | 6,307 | 3,168 | 907 | 18,193 | 17,961 | 41 | 14,302 | 2,611 | 815 | 1,280 |
| Millwork, veneer, plywood, and prefabricated structural wood products | 10 | 3,514 | 3,514 | 280 | 927 | 16,039 | 15,997 | 35 | 12,841 | 1,052 | 852 | 2,146 |
| Furniture and fixtures | 13 | 5,837 | 5,837 | 229 | 3,453 | 10,657 | 10,645 | 6 | 8,816 | 1,213 | 996 | 629 |
| Household furniture | 4 | 2,437 | 2,437 | 149 | 1,357 | 5,927 | 5,927 | 1 | 5,078 | 593 | 593 | 257 |
| Paper and allied products | 18 | 19,933 | 19,933 | 212 | 11,568 | 62,654 | 62,487 | 167 | 44,317 | 14,861 | 1,397 | 3,477 |
| Paper mills, except building paper mills | 3 | 10,861 | 10,861 | 20 | 8,873 | 47,274 | 47,239 | 35 | 33,151 | 13,647 | 371 | 476 |
| Converted paper and paperboard products, except boxes | 9 | 6,705 | 6,705 | 192 | 1,951 | 9,926 | 9,853 | 73 | 7,058 | 650 | 489 | 2,218 |
| Paperboard containers and boxes | 3 | 1,741 | 1,741 | — | 706 | 4,233 | 4,185 | 48 | 4,109 | 27 | 19 | 98 |
| Printing, publishing, and allied products | 17 | 22,150 | 21,843 | 131 | 5,106 | 30,739 | 30,126 | 159 | 20,139 | 2,576 | 1,850 | 8,024 |
| Periodicals: publishing, printing | 7 | 9,189 | 9,189 | 87 | 2,869 | 8,905 | 8,709 | 149 | 4,444 | 686 | 571 | 3,775 |
| Books | 8 | 12,501 | 12,194 | 44 | 2,182 | 15,511 | 15,501 | 10 | 11,114 | 1,385 | 870 | 3,012 |
| Chemicals and allied products | 46 | 55,768 | 55,686 | 1,675 | 30,064 | 137,606 | 134,772 | 1,508 | 113,460 | 11,183 | 6,866 | 12,963 |
| Industrial inorganic and organic chemicals | 5 | 22,031 | 22,031 | 541 | 19,091 | 70,813 | 70,299 | 475 | 64,385 | 2,905 | 1,291 | 3,523 |
| Plastic materials, synthetic and other man-made fibers | 7 | 11,623 | 11,622 | 437 | 3,553 | 19,319 | 18,966 | 105 | 13,299 | 3,033 | 2,615 | 2,987 |
| Drugs | 4 | 4,938 | 4,938 | — | 2,984 | 10,773 | 9,877 | 21 | 9,194 | 1,032 | 374 | 547 |
| Soaps, detergents, and toilet preparations | 6 | 4,878 | 4,878 | — | 178 | 6,778 | 6,617 | 150 | 4,274 | 383 | 263 | 2,121 |
| Paints and allied products | 16 | 2,312 | 2,312 | 152 | 1,114 | 4,596 | 4,410 | 33 | 2,007 | 1,707 | 1,274 | 881 |
| Petroleum refining and related products | 5 | 3,449 | 3,449 | — | 313 | 3,166 | 3,120 | 43 | 960 | 1,025 | 778 | 1,180 |
| Rubber and miscellaneous plastics products | 17 | 15,158 | 15,158 | 1,073 | 5,379 | 32,273 | 31,147 | 1,110 | 25,567 | 2,388 | 1,865 | 4,318 |
| Leather and leather products | 9 | 7,410 | 7,410 | 1,339 | 5,291 | 31,221 | 31,204 | 17 | 26,608 | 3,482 | 1,740 | 1,131 |
| Handbags and other personal leather goods | 5 | 266 | 266 | — | — | 48 | 48 | — | — | — | — | 48 |
| Stone, clay, glass, and concrete products | 8 | 4,609 | 4,609 | 106 | 392 | 4,807 | 4,578 | 227 | 324 | 336 | 229 | 4,147 |
| Glass products, made or purchased glass | 4 | 1,455 | 1,455 | 106 | 154 | 2,417 | 2,280 | 137 | 115 | 54 | 7 | 2,249 |

## All Returns of Active Interest Charge—Domestic International Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Net income | Deficit | Taxable income | Taxable income attributable to excess qualified export receipts | Adjusted IC-DISC income subject to deferral computation | Total amount deemed distributed | Current-year tax deferred income | Deferred IC-DISC income reported to shareholders | Total actual distributions | Current-year total export gross receipts of IC-DISC and related U.S. persons: Total amount | IC-DISC's | All other related U.S. persons, except IC-DISC's |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **All products and services** | **260,250** | **3,498** | **258,130** | **33,992** | **217,343** | **48,888** | **209,556** | **267,322** | **92,858** | **4,118,994** | **3,622,605** | **496,389** |
| **Nonmanufactured products and services** | **41,668** | **286** | **41,542** | **5,189** | **38,066** | **6,795** | **34,748** | **32,064** | **11,741** | **676,375** | **621,225** | **55,150** |
| Grains and soybeans | 3,739 | 12 | 3,739 | 387 | 3,303 | 456 | 3,283 | 3,909 | 6,435 | 157,358 | 157,358 | — |
| Crops, except cotton, grains and soybeans | 9,171 | 84 | 9,164 | 1,772 | 7,169 | 2,050 | 7,113 | 5,789 | 2,498 | 187,557 | 160,631 | 26,927 |
| Livestock and livestock products | 3,321 | — | 3,321 | 213 | 3,109 | 264 | 3,058 | 3,292 | 618 | 64,008 | 64,008 | — |
| Chemical and fertilizer mineral products and services | 281 | — | 281 | — | 281 | 17 | 264 | 133 | — | 31,680 | 5,755 | 25,925 |
| Export management services | — | 190 | — | — | — | — | — | — | — | 22 | 22 | — |
| Computer software | 11,411 | — | 11,411 | 218 | 11,177 | 891 | 10,520 | 10,855 | 42 | 44,292 | 41,993 | 2,299 |
| Motion picture distribution | 5,230 | — | 5,230 | 1,968 | 3,263 | 2,160 | 3,071 | 2,068 | — | 123,654 | 123,654 | — |
| Engineering and architectural services | 515 | — | 515 | — | 515 | 30 | 485 | 941 | 338 | 3,975 | 3,975 | — |
| **Manufactured products** | **218,582** | **3,211** | **216,587** | **28,803** | **181,277** | **42,094** | **174,808** | **235,258** | **81,116** | **3,442,619** | **3,001,381** | **441,239** |
| Ordnance and accessories | 460 | — | 460 | — | 394 | 88 | 372 | 687 | 244 | 7,196 | 7,196 | — |
| Food and kindred products | 8,602 | 271 | 8,468 | 1,123 | 7,000 | 1,795 | 6,679 | 16,468 | 5,163 | 407,495 | 306,400 | 101,095 |
| Meat products | 1,332 | — | 1,198 | 83 | 1,058 | 183 | 1,015 | 1,786 | 211 | 69,039 | 45,318 | 23,721 |
| Canned and preserved fruits, vegetables and seafoods | 1,780 | — | 1,780 | 730 | 1,050 | 778 | 1,009 | 2,966 | 36 | 25,718 | 25,718 | — |
| Confectionery and related products | 524 | — | 524 | — | 524 | 15 | 509 | 548 | 9 | 5,575 | 5,575 | — |
| Beverages | 2,563 | — | 2,563 | — | 2,305 | 394 | 2,169 | 7,584 | 546 | 72,606 | 32,476 | 40,130 |
| Textile mill products | 4,758 | 31 | 4,758 | 13 | 4,664 | 270 | 4,494 | 7,609 | 4,682 | 116,668 | 95,435 | 21,234 |
| Yarn and thread mills | — | 14 | — | — | — | — | — | — | — | 91 | 91 | — |
| Apparel and other finished products made from fabrics and similar materials | 1,871 | 60 | 1,871 | 74 | 1,798 | 138 | 1,733 | 1,392 | 78 | 40,657 | 38,892 | 1,765 |
| Lumber and wood products, except furniture | 8,092 | — | 7,890 | 750 | 7,079 | 928 | 6,962 | 5,737 | 1,016 | 126,634 | 100,770 | 25,865 |
| Sawmills and planing mills | 1,280 | — | 1,222 | — | 1,222 | — | 1,222 | 866 | — | 24,029 | 17,961 | 6,068 |
| Millwork, veneer, plywood, and prefabricated structural wood products | 2,146 | — | 2,146 | — | 2,118 | 50 | 2,096 | 360 | 34 | 17,722 | 17,651 | 71 |
| Furniture and fixtures | 918 | 289 | 918 | — | 918 | 18 | 900 | 1,457 | 225 | 17,086 | 17,086 | — |
| Household furniture | 257 | — | 257 | — | 257 | 13 | 244 | 504 | 51 | 5,927 | 5,927 | — |
| Paper and allied products | 3,477 | — | 3,477 | — | 3,416 | 117 | 3,359 | 3,207 | 1,314 | 136,993 | 101,672 | 35,321 |
| Paper mills, except building paper mills | 476 | — | 476 | — | 476 | — | 476 | 768 | 476 | 47,238 | 47,238 | — |
| Converted paper and paperboard products, except boxes | 2,218 | — | 2,218 | — | 2,157 | 117 | 2,101 | 2,338 | 734 | 68,722 | 33,401 | 35,321 |
| Paperboard containers and boxes | 98 | — | 98 | — | 98 | — | 98 | 101 | — | 4,185 | 4,185 | — |
| Printing, publishing, and allied products | 8,088 | 63 | 8,063 | 1,933 | 6,119 | 2,257 | 5,806 | 8,427 | 1,989 | 49,710 | 49,710 | — |
| Periodicals: publishing, printing | 3,775 | — | 3,775 | 970 | 2,794 | 1,102 | 2,673 | 3,461 | 1,085 | 23,671 | 23,671 | — |
| Books | 3,076 | 63 | 3,051 | 963 | 2,089 | 1,082 | 1,969 | 4,948 | 18 | 20,122 | 20,122 | — |
| Chemicals and allied products | 12,990 | 28 | 12,956 | 380 | 12,355 | 1,009 | 11,981 | 13,855 | 5,685 | 169,576 | 165,935 | 3,641 |
| Industrial inorganic and organic chemicals | 3,523 | — | 3,489 | 377 | 3,031 | 615 | 2,873 | 1,505 | 2,934 | 73,095 | 70,345 | 2,750 |
| Plastic materials, synthetic and other man-made fibers | 2,987 | — | 2,987 | 3 | 2,948 | 138 | 2,849 | 4,569 | 696 | 22,806 | 22,806 | — |
| Drugs | 565 | 18 | 565 | — | 565 | 11 | 554 | 1,002 | 100 | 10,768 | 9,877 | 891 |
| Soaps, detergents, and toilet preparations | 2,121 | — | 2,121 | — | 2,073 | 89 | 2,068 | 2,329 | 86 | 15,187 | 15,187 | — |
| Paints and allied products | 891 | 9 | 891 | — | 866 | 59 | 832 | 445 | 900 | 8,901 | 8,901 | — |
| Petroleum refining and related products | 1,180 | — | 1,180 | — | 1,180 | 14 | 1,166 | 1,916 | 193 | 14,044 | 14,044 | — |
| Rubber and miscellaneous plastics products | 4,319 | 1 | 3,693 | 109 | 3,366 | 430 | 3,262 | 3,833 | 95 | 51,655 | 51,655 | — |
| Leather and leather products | 1,131 | — | 1,131 | — | 1,131 | 20 | 1,126 | 837 | 146 | 36,330 | 36,330 | — |
| Handbags and other personal leather goods | 48 | — | 48 | — | 48 | 3 | 45 | 206 | — | 709 | 709 | — |
| Stone, clay, glass, and concrete products | 4,147 | — | 4,147 | 618 | 3,455 | 733 | 3,419 | 1,486 | 2,190 | 71,598 | 47,887 | 23,711 |
| Glass products, made or purchased glass | 2,249 | — | 2,249 | 618 | 1,631 | 622 | 1,627 | 266 | 1,699 | 58,587 | 34,876 | 23,711 |



## All Returns of Active Interest Charge—Domestic International Sales Corporations—Continued

### Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Number of returns | Total assets | Qualified assets | Export property | Total current and long-term liabilities | Total qualified export receipts and nonqualified receipts | Qualified export receipts from the sale of export property | Other qualified export receipts | Cost of sales and operations | Total export promotion and other expenses | Export promotion expenses | Net income (less deficit) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| **Manufactured products—Continued** | | | | | | | | | | | | |
| Primary metal products | 55 | 25,897 | 25,897 | 106 | 3,560 | 70,621 | 70,437 | 179 | 60,186 | 1,643 | 933 | 8,792 |
| Iron and steel foundries | 3 | 875 | 875 | — | 703 | 4,440 | 4,440 | — | 3,947 | 46 | 21 | 447 |
| Fabricated metal products, except ordnance, machinery, and transportation equipment | 78 | 38,604 | 38,542 | 2,588 | 8,276 | 48,323 | 47,096 | 1,118 | 29,031 | 6,306 | 4,910 | 12,986 |
| Cutlery, hand tools, and general hardware | 5 | 1,492 | 1,492 | — | 388 | 4,004 | 4,004 | — | 2,412 | 935 | 834 | 657 |
| Fabricated structural metal products | 3 | 2,460 | 2,460 | — | 584 | 4,087 | 3,954 | 133 | 3,089 | 222 | 213 | 777 |
| Metal stampings | 7 | 2,155 | 2,154 | 8 | 98 | 2,141 | 2,136 | — | 1,491 | 30 | 8 | 620 |
| Machinery, except electrical | 169 | 104,173 | 100,133 | 4,558 | 27,325 | 166,430 | 162,133 | 3,573 | 114,311 | 22,883 | 17,028 | 29,236 |
| Engines and turbines | 5 | 4,063 | 4,063 | 9 | 2,815 | 15,352 | 15,320 | 32 | 14,322 | 393 | 206 | 637 |
| Farm machinery and equipment | 5 | 2,017 | 2,017 | — | 119 | 2,301 | 2,255 | 47 | 613 | 840 | 409 | 848 |
| Construction, mining, and materials handling machinery | 18 | 19,430 | 16,433 | 2,306 | 6,048 | 14,340 | 13,500 | 416 | 8,125 | 4,028 | 3,313 | 2,187 |
| Metalworking machinery and equipment | 11 | 4,941 | 4,938 | — | 1,335 | 8,076 | 7,819 | 256 | 6,253 | 785 | 632 | 1,038 |
| Special industry machinery, except metalworking machinery | 38 | 24,530 | 24,529 | 1,875 | 7,714 | 59,457 | 57,694 | 1,671 | 43,275 | 8,032 | 5,238 | 8,150 |
| General industrial machinery and equipment | 17 | 9,610 | 9,610 | 175 | 1,849 | 18,823 | 18,642 | 181 | 14,547 | 2,008 | 1,803 | 2,268 |
| Office, computing, and accounting machines | 8 | 4,801 | 3,789 | — | 476 | 3,217 | 3,009 | 150 | 1,142 | 275 | 194 | 1,800 |
| Electrical machinery, equipment, and supplies | 209 | 121,839 | 118,501 | 6,072 | 37,409 | 207,564 | 202,995 | 3,781 | 146,093 | 28,733 | 23,798 | 32,738 |
| Electrical industrial apparatus | 36 | 3,271 | 3,271 | 99 | 1,559 | 7,175 | 7,154 | 12 | 5,368 | 645 | 499 | 1,162 |
| Household appliances | 3 | 4,451 | 4,451 | — | — | 1,157 | 1,022 | 135 | — | — | — | 1,157 |
| Radio and television receiving sets, except communication types | 3 | 1,614 | 1,614 | 500 | 605 | 2,009 | 1,991 | 18 | 1,401 | 451 | 406 | 157 |
| Communication equipment | 21 | 5,718 | 5,715 | 517 | 429 | 4,686 | 4,281 | 332 | 2,280 | 615 | 512 | 1,792 |
| Electronic components and accessories | 60 | 54,940 | 51,649 | 4,022 | 16,793 | 94,560 | 93,165 | 1,224 | 67,632 | 14,142 | 11,878 | 12,786 |
| Transportation equipment | 73 | 75,552 | 75,234 | 8,534 | 24,537 | 145,162 | 142,925 | 1,753 | 101,162 | 20,776 | 15,719 | 23,224 |
| Motor vehicles and motor vehicle equipment | 47 | 37,211 | 37,204 | 2,124 | 7,947 | 54,082 | 52,813 | 937 | 36,445 | 5,456 | 3,954 | 12,180 |
| Aircraft and parts | 18 | 33,180 | 32,875 | 5,843 | 14,946 | 79,105 | 78,322 | 639 | 57,359 | 14,053 | 10,742 | 7,693 |
| Railroad equipment | 3 | 2,271 | 2,271 | 266 | 1,247 | 4,875 | 4,774 | 101 | 2,290 | 438 | 343 | 2,147 |
| Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks | 138 | 83,134 | 83,021 | 2,426 | 25,426 | 107,336 | 105,112 | 2,064 | 60,309 | 13,472 | 9,802 | 33,555 |
| Engineering, laboratory, and scientific and research instruments | 25 | 46,289 | 46,289 | 1,704 | 16,100 | 49,577 | 48,280 | 1,257 | 24,676 | 3,802 | 2,612 | 21,099 |
| Instruments for measuring physical characteristics | 66 | 13,107 | 12,997 | 50 | 3,633 | 13,466 | 13,310 | 153 | 6,958 | 2,701 | 2,346 | 3,806 |
| Surgical, medical, and dental instruments and supplies | 29 | 16,961 | 16,958 | 671 | 3,882 | 32,289 | 31,620 | 611 | 19,786 | 6,019 | 4,621 | 6,484 |
| Ophthalmic goods | 7 | 3,225 | 3,225 | — | 200 | 8,424 | 8,364 | 27 | 6,966 | 33 | 21 | 1,425 |
| Photographic equipment and supplies | 12 | 3,552 | 3,552 | — | 1,612 | 3,580 | 3,538 | 16 | 1,923 | 917 | 202 | 741 |
| Miscellaneous manufactured products | 110 | 81,741 | 80,188 | 3,122 | 37,112 | 153,331 | 150,503 | 1,341 | 111,558 | 26,691 | 21,707 | 15,083 |
| Musical instruments | 5 | 4,025 | 4,025 | — | 2,238 | 9,615 | 9,490 | 124 | 8,469 | 340 | 167 | 806 |
| Toys, amusement, sporting and athletic goods | 13 | 7,189 | 7,145 | 101 | 678 | 11,826 | 11,286 | 183 | 6,534 | 2,374 | 2,173 | 2,918 |
| Pens, pencils, and other office and artists' materials | 4 | 2,108 | 2,108 | — | 945 | 8,423 | 8,421 | 2 | 6,597 | 1,524 | 896 | 302 |
| Costume jewelry, costume novelties, buttons, and miscellaneous notions, except precious metal | 5 | 322 | 322 | — | 66 | — | — | — | — | 1 | — | -1 |

## All Returns of Active Interest Charge—Domestic International Sales Corporations

### Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Major product or service | Net income | Deficit | Taxable income | Taxable income attributable to excess qualified export receipts | Adjusted IC-DISC income subject to deferral computation | Total amount deemed distributed | Current-year tax deferred income | Deferred IC-DISC income reported to shareholders | Total actual distributions | Current-year total export gross receipts of IC-DISC and related U.S. persons: Total amount | IC-DISC's | All other related U.S. persons, except IC-DISC's |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) | (24) |
| **Manufactured products—Continued** | | | | | | | | | | | | |
| Primary metal products | 8,792 | — | 8,792 | 2,678 | 5,978 | 3,053 | 5,739 | 12,152 | 3,477 | 183,190 | 132,525 | 50,666 |
| Iron and steel foundries | 447 | — | 447 | — | 447 | 10 | 438 | — | 289 | 11,140 | 11,140 | — |
| Fabricated metal products, except ordnance, machinery, and transportation equipment | 12,986 | — | 12,968 | 1,334 | 11,129 | 2,317 | 10,683 | 14,231 | 4,328 | 191,984 | 186,792 | 5,191 |
| Cutlery, hand tools, and general hardware | 657 | — | 657 | — | 657 | — | 657 | 481 | 482 | 8,153 | 8,153 | — |
| Fabricated structural metal products | 777 | — | 774 | — | 641 | 154 | 620 | 779 | — | 10,411 | 7,832 | 2,579 |
| Metal stampings | 620 | — | 620 | — | 620 | 27 | 593 | 1,043 | 189 | 10,477 | 10,477 | — |
| Machinery, except electrical | 30,383 | 1,147 | 30,189 | 2,622 | 26,996 | 4,335 | 26,005 | 34,011 | 6,844 | 422,797 | 395,901 | 26,896 |
| Engines and turbines | 637 | — | 637 | — | 610 | 69 | 575 | 448 | — | 20,082 | 20,082 | — |
| Farm machinery and equipment | 848 | — | 848 | — | 808 | 59 | 789 | 284 | — | 7,033 | 7,033 | — |
| Construction, mining, and materials handling machinery | 3,187 | 999 | 3,187 | 1,045 | 2,141 | 1,204 | 2,019 | 3,778 | 1,312 | 50,620 | 44,217 | 6,403 |
| Metalworking machinery and equipment | 1,038 | — | 1,038 | — | 936 | 145 | 893 | 2,969 | 355 | 8,308 | 8,308 | — |
| Special industry machinery, except metalworking machinery | 8,150 | — | 7,957 | 302 | 7,641 | 677 | 7,305 | 6,586 | 708 | 105,748 | 100,256 | 5,492 |
| General industrial machinery and equipment | 2,284 | 16 | 2,284 | — | 2,284 | 114 | 2,170 | 3,520 | 77 | 34,493 | 33,781 | 712 |
| Office, computing, and accounting machines | 1,800 | — | 1,800 | — | 1,676 | 150 | 1,650 | 3,088 | 1,735 | 12,168 | 11,532 | 636 |
| Electrical machinery, equipment, and supplies | 33,126 | 388 | 33,015 | 1,330 | 30,291 | 4,003 | 29,029 | 39,267 | 10,362 | 550,412 | 421,515 | 128,897 |
| Electrical industrial apparatus | 1,162 | — | 1,162 | — | 1,159 | 17 | 1,145 | 947 | 605 | 18,553 | 18,553 | — |
| Household appliances | 1,157 | — | 1,157 | — | 1,157 | 49 | 1,108 | 538 | 13 | 14,081 | 14,081 | — |
| Radio and television receiving sets, except communication types | 161 | 4 | 161 | — | 143 | 27 | 135 | 725 | — | 5,829 | 5,829 | — |
| Communication equipment | 1,792 | — | 1,754 | — | 1,670 | 166 | 1,588 | 3,023 | 2,689 | 22,286 | 22,286 | — |
| Electronic components and accessories | 12,806 | 20 | 12,806 | 628 | 11,592 | 1,713 | 11,104 | 17,629 | 2,219 | 262,259 | 138,917 | 123,341 |
| Transportation equipment | 23,266 | 42 | 23,196 | 3,080 | 19,120 | 4,628 | 18,576 | 23,339 | 15,374 | 308,800 | 300,391 | 8,409 |
| Motor vehicles and motor vehicle equipment | 12,222 | 42 | 12,152 | 2,253 | 9,192 | 3,214 | 8,942 | 12,325 | 6,747 | 195,079 | 186,670 | 8,409 |
| Aircraft and parts | 7,693 | — | 7,693 | 827 | 6,642 | 1,212 | 6,486 | 9,721 | 5,337 | 85,047 | 85,047 | — |
| Railroad equipment | 2,147 | — | 2,147 | — | 2,100 | 157 | 1,991 | — | 2,147 | 11,574 | 11,574 | — |
| Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks | 34,011 | 456 | 33,697 | 11,650 | 20,618 | 13,855 | 19,858 | 24,342 | 15,496 | 263,160 | 261,519 | 1,640 |
| Engineering, laboratory, and scientific and research instruments | 21,099 | — | 20,830 | 11,117 | 8,477 | 12,672 | 8,172 | 8,561 | 12,970 | 134,010 | 134,010 | — |
| Instruments for measuring physical characteristics | 4,249 | 443 | 4,223 | — | 4,107 | 299 | 3,924 | 5,494 | 957 | 45,244 | 45,244 | — |
| Surgical, medical, and dental instruments and supplies | 6,497 | 13 | 6,486 | 532 | 5,920 | 731 | 5,755 | 7,525 | 1,252 | 62,748 | 62,748 | — |
| Ophthalmic goods | 1,425 | — | 1,425 | — | 1,398 | 103 | 1,325 | 1,798 | 301 | 12,273 | 10,632 | 1,640 |
| Photographic equipment and supplies | 741 | — | 732 | — | 716 | 51 | 682 | 964 | 16 | 8,885 | 8,885 | — |
| Miscellaneous manufactured products | 15,518 | 435 | 15,251 | 1,110 | 13,805 | 2,070 | 13,205 | 20,723 | 2,215 | 275,220 | 268,312 | 6,908 |
| Musical instruments | 806 | — | 806 | — | 806 | 47 | 758 | 967 | — | 15,694 | 15,694 | — |
| Toys, amusement, sporting and athletic goods | 2,918 | — | 2,918 | — | 2,784 | 275 | 2,643 | 3,779 | 174 | 38,703 | 38,703 | — |
| Pens, pencils, and other office and artists' materials | 302 | — | 294 | — | 294 | 17 | 276 | 414 | 17 | 9,361 | 9,361 | — |
| Costume jewelry, costume novelties, buttons, and miscellaneous notions, except precious metal | — | 1 | — | — | — | — | — | — | — | — | — | — |

Note: Detail may not add to total because only selected products and services are included.

# Section 6 Domestic Corporations Controlled by Foreign Persons

Contents



A foreign person can engage in business activity within the United States either by gaining control of an existing U.S. corporation or incorporating a new company within the United States. Control is defined as direct or indirect ownership of 50 percent of more of a U.S. corporation's voting stock. The income generated by these U.S. companies is taxed in a manner similar to a other domestic corporations.

A domestic corporation primarily owned by a foreign person is taxed on its worldwide income. In general, the same tax rules that apply to other domestic corporations apply to foreign-owned U.S. corporations. Dividends paid by a U.S. company to the foreign owner are subject to a withholding tax of 30 percent of the gross amount. If the recipient of these dividends resides in a country that had a tax treaty with the United States, the withholding rate may be less than 30 percent. (See Section 11 of this compendium for additional information on this topic.)

These foreign-owned domestic corporations file primarily the Form 1120 and are identified for statistical purposes by their answers to Question H(2) on the return. A copy of this form is contained in Section 15 for reference.

*Form 1120, U.S. Corporation Income Tax Return and Instructions (p. 459)

# Foreign Investment and Activity in the United States Through Corporations, 1984 and 1985

By James R. Hobbs*

For 1985, the 36,700 domestic corporations each "controlled" by a foreign person generated $514 billion of worldwide receipts and reported total assets amounting to $656 billion [1]. These corporations, 1 percent of the U.S. total, accounted for 5 and 6 percent of the assets and receipts, respectively, reported on U.S. corporation income tax returns for both 1984 and 1985 (see Figure A).

**Figure A.—Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, Income Years 1983–1985**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and item | All corporation income tax returns | Returns of domestic corporations controlled by a foreign person | |
|---|---|---|---|
| | | Number or amount | Percentage of all returns |
| | (1) | (2) | (3) |
| 1983 | | | |
| Number of returns .... | 2,999,071 | 33,622 | 1.12% |
| Total assets................ | $10,201,084,144 | $530,334,499 | 5.20 |
| Total receipts............ | 7,135,494,059 | 389,908,798 | 5.46 |
| 1984 | | | |
| Number of returns .... | 3,170,743 | 37,401 | 1.18 |
| Total assets................ | $11,106,701,948 | $552,597,884 | 4.98 |
| Total receipts ............ | 7,800,711,226 | 459,161,616 | 5.89 |
| 1985 | | | |
| Number of returns .... | 3,277,219 | 36,677 | 1.12 |
| Total assets................ | $12,773,093,888 | $655,695,711 | 5.13 |
| Total receipts............ | 8,398,278,426 | 513,777,962 | 6.12 |

Nearly 11,700 "foreign" corporations (i.e., those incorporated abroad) reported $51 billion of receipts generated for 1985 from activities "effectively connected" with a U.S. trade or business. The majority, 52 percent, of these receipts were for foreign banks with U.S. branch operations. For 1984, banking operations accounted for 61 percent of the nearly $44 billion of receipts of foreign corporations from U.S. effectively-connected activities.

## DIRECT FOREIGN INVESTMENT AND ACTIVITY IN THE UNITED STATES

Foreign direct investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating in the United States is through a branch operation of a foreign corporation. This article focuses first on domestic corporations (i.e., companies incorporated in the United States) that are controlled (i.e., owned) by a foreign person, and second, on foreign corporations with branch operations in the United States [3].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. These factors include, but are not necessarily limited to, the following: (1) the investor's short- and long-term objectives; (2) which type of corporation is best suited to penetrate the U.S. market; (3) availability of financial resources; (4) acceptable levels of risk, such as from product liability; (5) U.S. importation policies; (6) requirements on foreign investment by the investor's home country; and (7) both U.S. and home country tax considerations. The U.S. tax structure for both foreign-controlled domestic corporations and for foreign corporations operating in the United States are discussed in this article.

## DOMESTIC CORPORATIONS CONTROLLED BY FOREIGN PERSONS

### U.S. Taxation

Domestic corporations that are controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by at least one foreign entity, such as by another corporation.

For 1985, only 8 percent (3,050 returns) of the 36,677 returns of foreign-controlled domestic corporations indicated an exact 50 percent foreign ownership level. The great majority (nearly 88 percent, or 32,152 returns) indicated that the level of ownership was over 50 percent. Another 1,475 returns (4 percent) only indicated that foreign ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5].

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions [7].

*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

Unfortunately, the tax return form which is the source of the statistics in this article does not separate U.S.-source taxable income from foreign-source taxable income. (See the section entitled "Data Sources and Limitations.") However, foreign-controlled domestic corporations claimed $725 million of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits ($5.2 billion) by 14 percent. The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions [8]. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the foreign income, and had a U.S. income tax liability. By comparison, all of the approximately 3.3 million U.S. corporation income tax returns showed a total of $24.3 billion of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits ($111.3 billion) by almost 22 percent (see Table 1).

For taxable years beginning in 1984, the regular corporate tax rates were as follows:

| Taxable income | Tax rate |
|---|---|
| $25,000 or less | 15 percent |
| $25,001 to $50,000 | 18 percent |
| $50,001 to $75,000 | 30 percent |
| $75,001 to $100,000 | 40 percent |
| Over $100,000 | 46 percent |

If a corporation's taxable income exceeded $1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over $1 million, or (b) $20,250.

Corporations that had net long-term capital gains could use an alternative method of tax computation, if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent. The remainder of taxable income was then taxed at the regular rates.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. For both 1984 and 1985, the two largest credits were the foreign tax credit (previously described) and the general business credit. Beginning in 1984, the Tax Reform Act of 1984 created the general business credit by merging together four tax credits that were previously available to taxpayers. They were the investment credit, targeted jobs credit, alcohol fuel credit, and the employee stock ownership plan credit. Other credits claimed by taxpayers for both 1984 and 1985 were the U.S. possessions tax, nonconventional source fuel, and research activities credits. In addition to the regular or alternative tax after credits, a corporation's tax liability could include a tax from recomputing prior-year investment credits and an additional tax for tax preferences. (Tables 1, 2, and 4 show selected tax items.)

Dividends paid by domestic corporations to the foreign persons that controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent for recipients of dividends that resided in a foreign country that had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances. The responsibility for withholding the tax belonged to the payer (corporation) or its representative (usually a financial institution), rather than the foreign recipient of the dividend [9].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

**Growth Since 1983**

Foreign involvement in the U.S. corporate sector through foreign-controlled domestic corporations continued to grow substantially during the 1983-1985 period (see Figure A).

Worldwide receipts of domestic corporations controlled by foreign persons increased from $390 billion for 1983 to $514 billion for 1985. This was a 32 percent increase, using current dollars. In comparison, receipts reported on all U.S. corporation income tax returns grew from $7.1 trillion for 1983 to $8.4 trillion for 1985, an 18 percent increase over the same time period. As a result of the growth rate of foreign-controlled domestic corporations, their share of receipts shown on all corporate returns increased from 5.46 percent for 1983, to 5.89 and 6.12 percents, for 1984 and 1985, respectively.

By making allowances for inflation through the use of the Gross National Product Implicit Price Deflator, the worldwide receipts, in constant dollars, reported on all U.S. corporation income tax returns increased by 9 percent between 1983 and 1985 [10]. Over the same period, the constant-dollar receipts of foreign-controlled domestic corporations increased by 22 percent.

Total assets of domestic corporations controlled by a foreign person grew at a rate similar to that of assets reported on all U.S. corporation income tax returns. Between 1983 and 1985, assets reported increased from $530 billion, or 5.20 percent of the total for all returns, to $656 billion, or 5.13 percent of the total.



**Industry Characteristics**

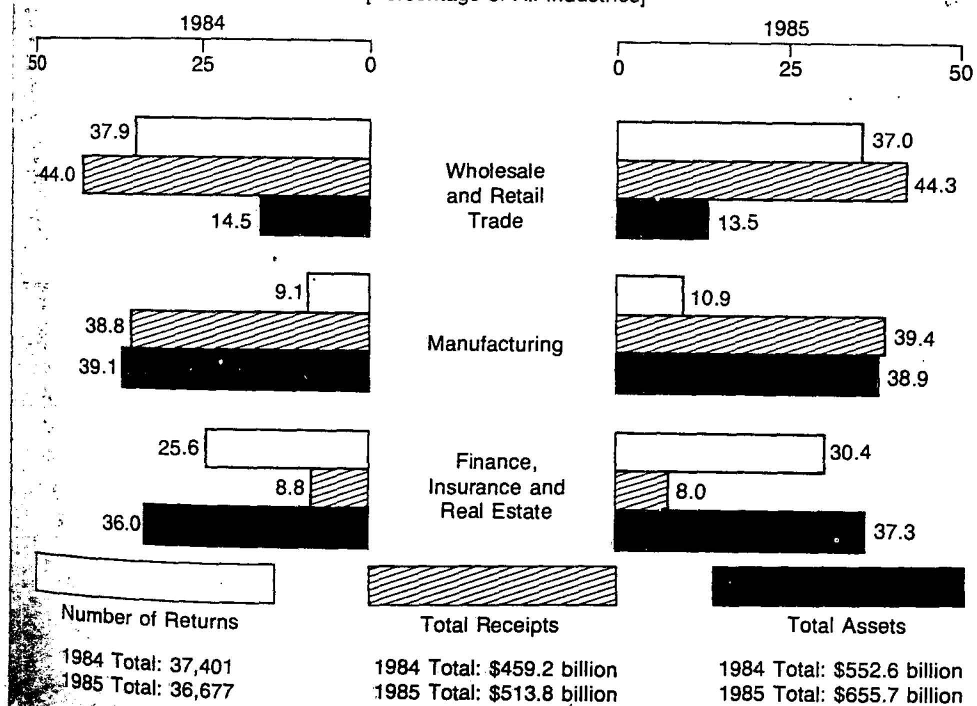
Foreign-controlled domestic corporations were involved in every type of industrial activity, but were concentrated mainly in three industrial divisions: wholesale and retail trade; manufacturing; and finance, insurance and real estate (see Figure B and Table 4). For both 1984 and 1985, these three divisions accounted for approximately three-fourths of the returns filed, 92 percent of the total receipts, and 90 percent of the total assets reported by all domestic corporations owned by a foreign person. By comparison, these percentages were higher than those for all companies which filed U.S. corporation income tax returns. For this group of returns for 1985, the manufacturing; wholesale and retail trade; and finance, insurance, and real estate industrial divisions accounted for 52 percent of the returns filed, 77 percent of the total receipts, and 84 percent of the total assets.

Figure B shows that companies whose principal activity was in one of the three industrial divisions had different characteristics. There were relatively few returns of manufacturing companies (4,011 returns, or 10.9 percent of the total for 1985). However, these companies tended to have large amounts of assets which generated large amounts of receipts. The foreign-owned manufacturers had $255 bil-

## Figure B

## Domestic Corporations Controlled by a Foreign Person, by Selected Industrial Divisions, Income Years 1984 and 1985

[Percentage of All Industries]



lion of assets and $202 billion in total receipts for 1985. On the average, each manufacturer had $64 million of assets and produced $50 million of receipts. By comparison, the average foreign-owned nonmanufacturing company had $12 million and $10 million of total assets and receipts, respectively [11].

Domestic corporations controlled by a foreign person were involved in the manufacture of many different products. Companies manufacturing petroleum and coal products (including integrated operations) had receipts totalling $52 billion for 1985. This was 25 percent of all receipts for manufacturing industries. Chemical manufacturers accounted for another $31 billion of total receipts. In terms of total receipts, other significant manufacturing activities were food and kindred products ($19 billion), electrical and electronic equipment ($15 billion), primary metals ($12 billion), and fabricated metal products ($10 billion).

Foreign-controlled domestic manufacturing corporations accounted for 7.2 percent of the $2.8 trillion of worldwide receipts reported by all manufacturing corporations filing U.S. income tax returns for 1985. These companies played substantial roles in certain manufacturing industries, as shown in Figure C. In particular, foreign-controlled domestic corporations manufacturing tobacco products accounted for nearly 23 percent of the receipts of all companies classified in their industry.

The comparative levels of assets and receipts of foreign-owned companies engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts ($227 billion for 1985) with relatively few assets ($88 billion). Stated another way, this amounted to $2.58 of receipts for each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets ($244 billion for 1985), but only $41 billion of receipts. These companies produced less than $0.17 of receipts for each dollar of assets.

**Figure C. — Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, for Selected Manufacturing Industries, Income Year 1985**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Industry | Total receipts | | |
|---|---|---|---|
| | All corporation income tax returns | Returns of domestic corporations controlled by a foreign person | Percentage of all returns |
| | (1) | (2) | (3) |
| Manufacturing, total | $2,831,062 | $202,466 | 7.2% |
| Tobacco manufactures | 41,353 | 9,409 | 22.8 |
| Stone, clay, and glass products | 64,318 | 8,626 | 13.4 |
| Chemicals and allied products | 266,812 | 30,959 | 11.6 |
| Leather and leather products | 14,679 | 1,626 | 11.1 |
| Petroleum (including integrated) and coal products | 469,260 | 51,629 | 11.0 |
| Primary metal industries | 117,347 | 12,388 | 10.6 |

The great majority of trade companies were wholesalers. Many of these companies were U.S. distributers of products made in foreign countries by their parent corporations. For 1985, wholesalers accounted for $197 billion, or 87 percent, of all receipts by trade companies.

Banks accounted for over 52 percent ($127 billion for 1985) of the total assets in the finance, insurance and real estate industrial division. These assets produced over $12 billion of receipts, primarily interest. This 10:1 ratio of assets to receipts was similar to that for all U.S. (i.e., domestically-incorporated) banks.

Other significant areas (in terms of receipts) of the finance, insurance and real estate industrial division were nonbank holding and other investment companies, insurance companies, and real estate companies [12]. For 1985, these companies had total receipts of $10.5, $8.1, and $5.0 billion, respectively.

The services industry (not shown in Figure B) accounted for over 4,000 returns filed for 1985 by foreign-owned domestic corporations. While this industry represented over 11 percent of all returns filed by these corporations, it comprised only about 2 percent of both total assets and receipts for the group.

## Country Characteristics

Domestic corporations are owned by persons throughout the world. However, for 1985, owners from the eight countries shown in Figure D controlled nearly 53 percent of the 36,677 domestic corporations controlled by a foreign person. (The countries are ranked by decreasing number of returns. They represent the geographic location of the foreign owner's country of residence, incorporation, organization, creation, or administration.) The 19,352 corporations owned by persons from these eight countries accounted for 82 and 86 percent, respectively, of the total assets and receipts of all foreign-controlled domestic corporations.

As previously stated, the worldwide receipts of domestic corporations controlled by a foreign person increased by nearly 32 percent between 1983 and 1985. For the corporations shown in Figure D, the growth rates varied widely. Corporations owned by persons from Switzerland and Japan showed increases in total receipts of 88 and 52 percent, respectively. Percentage increases for Canada (37 percent), West Germany (34 percent), Netherlands Antilles (29 percent), and the United Kingdom (27 percent) approximated the 32-percent average for all countries. Corporations owned by persons from the Netherlands (18 percent) and France (16 percent) had smaller-than-average increases in receipts for the 1983-1985 period.

**Figure D.—Domestic Corporations Controlled by a Foreign Person, by Selected Country of Foreign Owner, Income Year 1985**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Country | Number of returns | Total assets | Total receipts | Net income (less deficit) | Net income | Total U.S. income tax after credits |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| All countries, total | 36,677 | $655,695,711 | $513,777,962 | $2,978,286 | $14,500,125 | $3,576,147 |
| Canada: | | | | | | |
| Number or amount | 6,151 | 67,531,601 | 40,458,451 | -197,296 | 1,271,083 | 200,553 |
| Percentage of total | 16.8% | 10.3% | 7.9% | (1) | 8.8% | 5.6% |
| United Kingdom: | | | | | | |
| Number or amount | 2,841 | 174,635,073 | 83,340,020 | 1,817,698 | 3,387,943 | 904,405 |
| Percentage of total | 7.7% | 26.6% | 16.2% | (1) | 23.4% | 25.3% |
| Japan: | | | | | | |
| Number or amount | 2,560 | 81,084,768 | 133,489,744 | 1,327,992 | 2,759,120 | 1,117,328 |
| Percentage of total | 7.0% | 12.4% | 26.0% | (1) | 19.0% | 31.2% |
| West Germany: | | | | | | |
| Number or amount | 2,214 | 35,046,699 | 42,945,267 | 536,697 | 1,424,595 | 449,478 |
| Percentage of total | 6.0% | 5.3% | 8.4% | (1) | 9.8% | 12.6% |
| Netherlands: | | | | | | |
| Number or amount | 1,747 | 104,147,817 | 70,471,893 | 138,331 | 1,573,586 | 205,353 |
| Percentage of total | 4.8% | 15.9% | 13.7% | (1) | 10.9% | 5.7% |
| France: | | | | | | |
| Number or amount | 1,683 | 27,610,365 | 25,673,312 | -126,433 | 505,017 | 132,700 |
| Percentage of total | 4.6% | 4.2% | 5.0% | (1) | 3.5% | 3.7% |
| Switzerland: | | | | | | |
| Number or amount | 1,423 | 23,328,906 | 24,169,417 | 192,447 | 672,383 | 199,942 |
| Percentage of total | 3.9% | 3.6% | 4.7% | (1) | 4.6% | 5.6% |
| Netherlands Antilles: | | | | | | |
| Number or amount | 733 | 22,698,123 | 20,767,891 | -535,965 | 411,261 | 52,841 |
| Percentage of total | 2.0% | 3.5% | 4.0% | (1) | 2.8% | 1.5% |

[1] Not computed.

Domestic corporations controlled by persons from Japan had worldwide receipts of $133.5 billion for 1985. This amount was far larger than the receipts representing any other country. Japan also had the largest amount of receipts for 1983 and 1984 (see Table 2). Wholesale trade was the predominant activity of Japanese-controlled domestic corporations. This industry group accounted for $115.7 billion, or 87 percent, of the 1985 receipts of all U.S. corporations with Japanese owners.

Domestic corporations controlled by persons from the United Kingdom had 1985 total receipts of $83.3 billion. Manufacturing industries were the most common business activities of these corporations, accounting for 58 percent of the total receipts. The finance, insurance, and real estate; wholesale trade; and transportation and public utility industries accounted for an additional 16, 9, and 7 percents, respectively.

Companies owned by persons from the Netherlands had worldwide receipts of $70.5 billion for 1985. To an even greater extent than those from the United Kingdom, manufacturing industries were the predominant activity of these U.S. corporations, accounting for 74 percent of the receipts of all companies with owners from the Netherlands.

Manufacturing was also the most common business activity of U.S. corporations owned by persons from Canada and Switzerland. This industrial division accounted for 49 and 67 percent, respectively, of the total receipts for these countries.

Manufacturing and wholesaling were equally important for U.S. companies owned by persons from West Germany, France and the Netherlands Antilles. For 1985, these two activities comprised 39 and 34 percent, respectively, of the total receipts of West German-controlled domestic corporations. Corresponding percentages for France were 34 and 41, respectively. Finally, for the Netherlands Antilles, the manufacturing and wholesaling industries accounted for 33 and 30 percent, respectively, of the total receipts of these U.S. companies.

## Income Statement and Tax Items

The 36,677 domestic corporations controlled by a foreign person generated $514 billion of total receipts for 1985. Over 92 percent of this total was "business receipts" (i.e., receipts from sales and operations). Interest income of $22.7 billion accounted for an additional 4 percent of the total. Banks produced the largest part ($10.5 billion) of the interest receipts. (Briefly, banking items such as fees, commissions, trust department earnings, exchange collections, discounts, and service charges were included in business receipts. Interest, the principal operating income of banks, was shown separately from business receipts.)

These same domestic companies claimed $511 billion in deductions for 1985. Cost of sales and operations were $358 billion, or 70 percent of the total. Interest paid ($28 billion, including $7.3 billion paid to depositors by banks) and depreciation ($16 billion) accounted for 5 and 3 percent, respectively, of the total deductions.

The net income (less deficit) for these companies was $3 billion for 1985 [13]. This was the result of 15,882 corporations reporting $14.5 billion of profits (as computed under the Internal Revenue Code) and 20,795 companies reporting $11.5 billion of deficits [14]. Thus, only 43 percent of the domestic corporations with foreign owners reported profits for 1985. By comparison, 56 percent of all corporations filing U.S. income tax returns for 1985 reported profits which totalled $363.9 billion. The deficits for all corporations were $123.7 billion, resulting in a net income (less deficit) amount of $240.1 billion.

It is instructive to compare the rate of return on assets for all corporations filing U.S. tax returns to that for foreign-controlled corporations. For this purpose, rate of return on assets is defined as net income (less deficit) as a percentage of total assets. As shown in Figure E, foreign-controlled domestic corporations had a low (0.45 percent) rate of return as compared to all corporations (1.88 percent), for 1985.

The data for 1985 reflect an improving U.S. economy. For all corporations filing U.S. tax returns, the rate of return on assets rose slightly from 1.85 percent for 1983 to 1.88 percent for 1985. The rate of return on assets of domestic corporations owned by foreign persons improved by a greater margin, from 0.35 percent for 1983 to 0.45 percent for 1985. This reflects an increase in net income (less deficit) of 61 percent and a much smaller increase (24 percent) in total assets.

For 1985, profitable foreign-controlled domestic corporations had $11.4 billion of "U.S. income subject to tax" (the base on which tax was computed), resulting in tax before credits of $5.2 billion [15]. The difference between the $14.5 billion of profits (or net income) and $11.4 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed to most corporations in computing their taxable income and were for net operating losses from prior years and deductions for both intercorporate dividends received and for dividends paid on certain preferred stock of public utilities.

Tax credits totalling $1.6 billion reduced the U.S. tax liability of foreign-owned domestic corporations to $3.6 billion, for 1985. The largest credits were $778 million of general business credits and $725 million of foreign tax credits.

**Figure E.—Comparative Rates of Return on Assets, Income Year 1985**

[All figures are estimates based on samples—money amounts are in billions of dollars]

| Item | All corporations filing U.S. tax returns | Domestic corporations controlled by a foreign person |
|---|---|---|
| Total assets | $12,773.1 | $655.7 |
| Net income (less deficit) | 240.1 | 3.0 |
| Rate of return | 1.88% | 0.45% |

## FOREIGN CORPORATIONS WITH INCOME EFFECTIVELY CONNECTED WITH A U.S TRADE OR BUSINESS

This section of the article switches the focus from foreign-controlled domestic companies to foreign corporations with income effectively connected with a U.S. trade or business.

### U.S. Taxation

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income effectively connected with the conduct of a U.S. trade or business and on income from U.S. sources that is not "effectively connected." There are two methods of taxation that apply to the income, depending on whether or not it is considered to be effectively connected with a trade or business in the United States [16].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. To determine their taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent such deductions are related to this income [17]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations. See the section entitled "Domestic Corporations Controlled by Foreign Persons: U.S. Taxation" for a discussion of how tax liability is determined.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [18]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation could elect to treat income from U.S. real property as effectively connected income, even if it would not have otherwise been considered to be effectively connected income. This income included gross rents and gains from the sale or exchange of real property. This election permitted the corporation to apply deductions against this gross income as well.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and the interest was derived from banking activities in the United States.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. This included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [19].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business and (2) the tax on U.S.-source income that was not effectively connected. It could also include (1) tax from recomputing prior-year investment credits, (2) additional tax for tax preferences, and (3) Personal Holding Company tax. Foreign tax, general business, and other credits were used to reduce the corporation's tax liability (just as for domestic corporations).

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries [20].

Only data for the 10,905 and 11,693 foreign corporations which had income effectively connected with a U.S. trade or business in 1984 and 1985, respectively, are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are not covered by this article.

### Growth Since 1983

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from $20.8 billion for 1983 to $50.9 billion for 1985, a 145 percent increase using current dollars. This growth rate was notably higher than the 32 percent increase for domestic corporations controlled by foreign persons, as well as the 18 percent increase for all U.S. corporation income tax returns. (See the section entitled "Domestic Corporations Controlled by Foreign Persons: Growth Since 1983.") It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. It also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1985 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983, to 0.56 and 0.61 percents, for 1984 and 1985, respectively (see Table 1).

### Industry Characteristics

As can be seen in Figure F, the finance, insurance and real estate industrial division accounted for the majority of business activity in the United States by foreign corporations. In fact, for 1985, this division accounted for 80 percent of the returns filed and 75 percent of the total receipts resulting from trade or business effectively connected with the United States.

Foreign banks reported receipts of $26.6 billion, or 52 percent of the 11,693 foreign corporations' total U.S. effectively connected income. Nearly all ($23.8 billion) of this income was interest. Only 234 banks, 2 percent of the foreign companies, generated these receipts for 1985.

By contrast, the 7,313 foreign corporations involved in real estate (63 percent of the total) generated only $1.9 billion (or 4 percent) of total receipts. This was an average of just $265,000 per company. As a group, foreign real estate companies reported a net deficit of $609 million for 1985. For every company that reported a profit (for tax purposes), nearly three others reported losses (see Figure G).

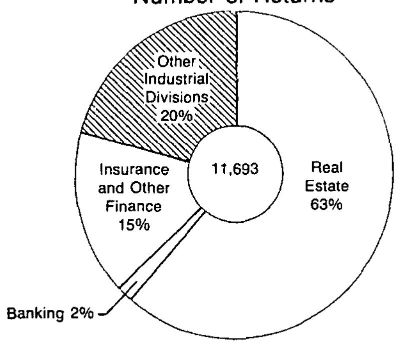
### Country Characteristics

Nearly three-fourths of the 11,693 foreign corporations which reported income effectively connected with a U.S. trade or business for 1985 were incorporated in the nine countries shown in Figure H. These 8,538 companies also accounted for 88 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

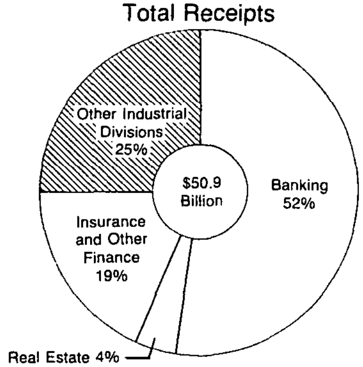
# Figure F

## Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, Income Year 1985

Number of Returns




Total Receipts




The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 5,629, or nearly one-half of the total. However, these corporations

**Figure G.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, Income Years 1984 and 1985**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Item | 1984 | 1985 |
|---|---|---|
| Number of returns, total | 6,961 | 7,313 |
| With net income | 1,839 | 2,011 |
| Total receipts | $1,692 | $1,939 |
| Total deductions | 2,412 | 2,540 |
| Interest paid | 941 | 1,029 |
| Total receipts less total deductions | −720 | −601 |
| Net income (less deficit)[1] | −727 | −609 |
| Net income | 259 | 467 |
| Deficit | 986 | 1,076 |

[1] See footnote 13 at the end of this article.

**Figure H.—Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, by Selected Country of Incorporation, Income Year 1985**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Country | Number of returns | Total receipts |
|---|---|---|
| All countries | 11,693 | $50,909 |
| Total selected countries | 8,538 | 44,571 |
| Japan | 197 | 11,931 |
| Canada | 1,586 | 10,883 |
| Netherlands Antilles | 5,629 | 7,724 |
| United Kingdom | 398 | 3,376 |
| West Germany | 221 | 3,353 |
| Switzerland | 219 | 2,797 |
| Italy | 21 | 1,787 |
| France | 36 | 1,476 |
| Netherlands | 231 | 1,244 |

accounted for only 15 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 4,413 of these corporations were principally involved in real estate activities and produced only $1.3 billion of receipts. As previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount ($11.9 billion) of U.S. effectively connected receipts. The majority of these receipts were produced by banks. In fact, U.S. branches of 24 Japanese banks produced $11.5 billion of U.S. effectively connected receipts. These receipts accounted for 97 percent of the receipts of the 197 Japanese-incorporated businesses operating in the United States.

Sixteen of these 24 Japanese banks produced $212 million of income subject to tax as a result of their U.S. effectively connected business activities. (The other 8 banks had deficits and, as a result, no taxable income.) This U.S. taxable income resulted in $97 million of U.S. taxes, prior to credits. However, this amount was reduced by $49 million through the use of foreign tax credits. This $49 million represented over 75 percent of the total foreign tax credits claimed by all foreign corporations with income effectively connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business: U.S. Taxation.")



Canadian corporations produced the second largest amount ($10.9 billion) of U.S. effectively connected receipts. Over 85 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Insurance companies, banks, and non-bank holding and other investment companies accounted for most of these receipts, with $4.3, $2.6, and $2.1 billion, respectively.

### Income Statement and Tax Items

For 1985, 11,693 foreign corporations reported receipts totalling $50.9 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to $20.3 billion, while $27.2 billion of the total was interest income.

Collectively, foreign corporations claimed $51.9 billion in deductions for 1985. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling $22.3 billion. This amount was 87 percent of the $25.7 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of $1.5 billion from their effectively connected activities. This was the result of 3,571 corporations having $1.8 billion of profits and 8,122 companies that were without profits, totalling $3.3 billion of deficits. (A small number of these 8,122 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 31 percent of the foreign corporations reported profits for 1985, as compared to 56 percent of all corporations filing U.S. tax returns. The percentages for 1984 were very similar to those for 1985, with only 30 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations.

For 1985, the profitable foreign corporations had $1 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This resulted in a tax of $412 million before credits. With reference to Form 1120F (the return form used by foreign corporations), this tax is called the "Section II" tax. Tax credits of $73 million reduced the U.S. tax liability to $339 million, with foreign tax credits of $65 million accounting for most of the credits. The $339 million of U.S. tax after credits represents less than 1 percent (i.e., 0.67 percent) of the $50.9 billion of total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred $16 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as $5 million of additional tax for tax preferences, and $2 million of tax from recomputing prior-year investment credits. (While Section I tax is reflected in the tax statistics, the income on which it was based was not tabulated.)

### SUMMARY

Foreign investment and activity in the United States through corporations continued to grow at a relatively fast rate for 1984 and 1985. While total receipts reported on all U.S. corporation income tax returns increased from 1983 to 1985 by 18 percent (using current dollars), receipts of domestic corporations controlled by foreign persons increased by 32 percent, and those of foreign corporations with U.S. effectively connected income grew by 145 percent.

Foreign-controlled domestic corporations generated approximately 83 percent of their total receipts from two industrial divisions: manufacturing and trade. In contrast, foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and real estate activities. For 1985, this division alone accounted for 75 percent of the total receipts, with only 234 banks actually generating 52 percent of the $50.9 billion of total receipts for all 11,693 foreign corporations.

Both the 1984 and 1985 Income Years were not very profitable years for either foreign-controlled domestic corporations or foreign corporations with income effectively connected with a U.S. trade or business. For 1985, only 31 percent of the foreign corporations reported profits (as computed under the tax code), and only 43 percent of the domestic corporations with a 50 percent or more foreign owner had profits. By comparison, 56 percent of all corporations filing U.S. tax returns reported profits for 1985. Percentages for 1984 (30, 41, and 56, respectively) were similar to those for 1985.

### EXPLANATION OF SELECTED TERMS

**Attribution Rules.**—In regard to domestic corporations that are 50 percent or more owned by a foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his or her family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

**Foreign Person.**—A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term U.S. person.

**Net Worth.**—This is the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. More specifically, it is the sum of capital stock plus paid-in or capital surplus plus appropriated and unappropriated retained earnings, less the cost of treasury stock. Table 4 shows this item for domestic corporations controlled by foreign persons.

**Rate of Return on Assets.**—For domestic corporations, this is the amount of before-tax net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

## DATA SOURCES AND LIMITATIONS

### Sample

The statistics for domestic corporations controlled by a foreign person shown in this article are based primarily on samples of Forms 1120 (U.S. Corporation Income Tax Return). For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a Foreign Corporation). In addition to these forms, the statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by both domestic life insurance companies and foreign companies that carried on a life insurance business in the United States. Thus, data for both foreign-controlled domestic corporations and foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L.

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1985, the Form 1120 achieved sampling rates ranged from 0.36 percent to 100 percent. Forms 1120F were stratified based on the size of total assets and the business activity, even though balance sheet information was not actually tabulated from Forms 1120F. The sampling rates achieved for these forms ranged from 23.63 percent to 100 percent. Forms 1120L were stratified based solely on the size of total assets. The sample rates achieved for these forms ranged from 48.12 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1984 and 1985, see *Statistics of Income—Corporation Income Tax Returns*, for 1984 and 1985.

### Nonsampling Limitations

Most of the data in this article relate to years 1984 and 1985 [*21*]. However, for each income year, the estimates cover returns with accounting periods that ended in a 12 month span beginning in July and ending in June. Thus, for Income Year 1984, the span was between July 1984 and June 1985. Similarly, for Income Year 1985, the span was from July 1985 through June 1986.

As a result of the 12 month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23 month span. For Income Year 1984, that span was from August 1983 through June 1985. Similarly, for Income Year 1985, the span was from August 1984 through June 1986.

Each return used for the studies described in this article had an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 4 and 5 of this article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. In general, foreign corporations could not be members of such affiliated groups. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, included in amounts of "Total U.S. Income Tax," shown in Tables 1, 3, and 5 of this article.

## FOOTNOTES

[1] For purposes of this article, "control" is defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.

[2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of corporations. Rather, the portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments or an increase in the value of the shares of stock.

[3] For additional information on these subjects, see, for example, Zagaris, Bruce, *Foreign Investment in the United States*, Praeger Publishers, 1980; Guillerm, Christine and Kirk, Richard, *Direct Investment Techniques for the USA*, Kleuver Law and Taxation Publishers, 1983; and *Doing Business in the United States*, Price Waterhouse, 1985. The Bureau of Economic Analysis of the U.S. Department of Commerce publishes data on foreign direct investment in the United States. See, for example, Herr, Ellen M., "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1987," and Howenstine, Ned G., "U.S. Affiliates of Foreign Companies: Operations in 1986," *Survey of Current Business*, Volume 68, Number 5, May 1988.

[4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.

[5] Information on ownership levels was asked by questions on the corporation income tax return which requested the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.

[6] Domestic International Sales Corporations (through 1984) and Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, "S" Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated investment companies and real estate investment trusts were only taxed on income that was not distributed to their stockholders.

[7] For a more complete discussion of taxable income, see *Statistics of Income—1985, Corporation Income Tax Returns.*

[8] For the most recent detailed information on corporate foreign tax credits, see Carson, Chris R., "Corporate Foreign Tax Credit, 1982: A Geographic Focus," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2.

[9] For detailed information on U.S.-source dividends (and other types of income, such as interest) paid to foreign persons, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1985," *Statistics of Income Bulletin*, Fall 1987, Volume 7, Number 2.

[10] The source of the GNP Implicit Price Deflator is the *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce.

[11] Manufacturing companies had larger amounts of assets and receipts than did all other companies based on data reported on all U.S. corporation income tax returns. For this group for 1985, the average manufacturer had $9.6 million of assets and $10.2 million of receipts. The average for nonmanufacturing companies was $3.4 million and $1.9 million of total assets and receipts, respectively.

[12] Bank holding companies are included in the banking industry, as opposed to the "holding and other investment companies" industry.

[13] For statistical purposes, taxable net income (less deficit) is the difference between "modified" total receipts and total deductions. The $514 billion of total receipts for 1985 is modified as follows: (1) tax-exempt interest from State and local Government obligations is subtracted and (2) "constructive" receipts are added. Constructive receipts are the sum of the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign

Corporations and (2) foreign dividend income resulting from foreign taxes deemed paid.

[14] The 20,795 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.

[15] The $5.2 billion of total income tax before credits includes $62 million from additional tax for tax preferences and tax from recomputing prior-year investment credits.

[16] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.

[17] Charitable contributions were deductible, subject to a limitation, whether or not they were related to effectively connected income.

[18] While capital gains that were considered to be "effectively connected" with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.

[19] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515.

[20] The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch level profits and interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts of its "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch level profits and interest taxes.

[21] Tables 1 through 5 include data for 1983, as well as for 1984 and 1985. For more information on 1983, see Hobbs, James R., "Foreign Investment and Activity in the United States Through Corporations, 1983," *Statistics of Income Bulletin*, Summer 1987, Volume 7, Number 1.



**Table 1.—Foreign Investment and Activity Through Corporations as a Percentage of All Corporations: Selected Items [1]**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and item | All corporation income tax returns | Returns of domestic corporations controlled by foreign persons | | Returns of foreign corporations with U.S. effectively connected income | |
|---|---|---|---|---|---|
| | | Number or amount | Percentage of all returns | Number or amount | Percentage of all returns |
| | (1) | (2) | (3) | (4) | (5) |
| **1983** | | | | | |
| **Number of returns** | **2,999,071** | **33,622** | **1.12** | **8,001** | **0.27** |
| Total assets | 10,201,084,144 | 530,334,499 | 5.20 | (2) | (2) |
| Total receipts | 7,135,494,059 | 389,908,798 | 5.46 | 20,793,723 | 0.29 |
| Business receipts | 6,334,602,711 | 359,793,137 | 5.68 | 5,477,256 | 0.09 |
| Total deductions | 6,945,457,358 | 387,981,124 | 5.59 | 21,882,107 | 0.32 |
| Cost of sales and operations | 4,308,238,989 | 271,372,629 | 6.30 | 3,723,239 | 0.09 |
| Net income (less deficit) | 188,313,928 | 1,848,521 | 0.98 | −1,117,898 | N/A |
| Net income | 296,932,146 | 12,447,588 | 4.19 | 693,369 | 0.23 |
| Deficit | 108,618,218 | 10,599,067 | 9.76 | 1,811,268 | 1.67 |
| U.S. income subject to tax | 218,686,396 | 10,706,827 | 4.90 | 468,995 | 0.21 |
| Total U.S. income tax— | | | | | |
| Before credits | 92,218,567[3] | 4,848,504 | 5.26 | 182,806[3] | 0.20 |
| After foreign tax credit | 72,267,402[3] | 4,177,943 | 5.78 | 157,572[3] | 0.22 |
| After all credits | 51,479,057[3] | 3,418,554 | 6.64 | 152,443[3] | 0.30 |
| Distributions to stockholders except in own stock | 128,298,545 | 4,326,837 | 3.37 | 409,044 | 0.32 |
| **1984** | | | | | |
| **Number of returns** | **3,170,743** | **37,401** | **1.18** | **10,905** | **0.34** |
| Total assets | 11,106,701,948 | 552,597,884 | 4.98 | (2) | (2) |
| Total receipts | 7,800,711,226 | 459,161,616 | 5.89 | 43,655,886 | 0.56 |
| Business receipts | 6,948,481,893 | 423,602,229 | 6.10 | 15,445,905 | 0.22 |
| Total deductions | 7,628,772,066 | 454,641,699 | 5.96 | 45,003,619 | 0.59 |
| Cost of sales and operations | 4,692,505,746 | 320,856,731 | 6.84 | 12,552,248 | 0.27 |
| Net income (less deficit) | 232,900,596 | 4,528,142 | 1.94 | −1,513,345 | N/A |
| Net income | 349,179,415 | 15,355,593 | 4.40 | 1,342,116 | 0.38 |
| Deficit | 116,278,819 | 10,827,451 | 9.31 | 2,855,460 | 2.46 |
| U.S. income subject to tax | 257,054,060 | 13,410,975 | 5.22 | 902,277 | 0.35 |
| Total U.S. income tax— | | | | | |
| Before credits | 107,968,407[3] | 6,049,943 | 5.60 | 393,179[3] | 0.36 |
| After foreign tax credit | 86,893,111[3] | 5,261,889 | 6.06 | 334,137[3] | 0.38 |
| After all credits | 63,990,210[3] | 4,487,752 | 7.01 | 317,143[3] | 0.50 |
| Distributions to stockholders except in own stock | 144,871,643 | 3,322,147 | 2.29 | 127,667 | 0.09 |
| **1985** | | | | | |
| **Number of returns** | **3,277,219** | **36,677** | **1.12** | **11,693** | **0.36** |
| Total assets | 12,773,093,888 | 655,695,711 | 5.13 | (2) | (2) |
| Total receipts | 8,398,278,426 | 513,777,962 | 6.12 | 50,908,814 | 0.61 |
| Business receipts | 7,369,538,953 | 473,892,926 | 6.43 | 20,274,675 | 0.28 |
| Total deductions | 8,158,144,126 | 510,954,654 | 6.26 | 51,928,117 | 0.64 |
| Cost of sales and operations | 4,894,254,081 | 357,519,673 | 7.30 | 15,032,230 | 0.31 |
| Net income (less deficit) | 240,119,020 | 2,978,286 | 1.24 | −1,486,684 | N/A |
| Net income | 363,867,384 | 14,500,125 | 3.99 | 1,783,685 | 0.49 |
| Deficit | 123,748,365 | 11,521,838 | 9.31 | 3,270,369 | 2.64 |
| U.S. income subject to tax | 266,060,609 | 11,428,043 | 4.30 | 1,024,616 | 0.39 |
| Total U.S. income tax— | | | | | |
| Before credits | 111,340,839[3] | 5,152,493 | 4.63 | 435,079[3] | 0.39 |
| After foreign tax credit | 87,077,352[3] | 4,427,599 | 5.08 | 369,923[3] | 0.42 |
| After all credits | 63,348,204[3] | 3,576,147 | 5.65 | 361,927[3] | 0.57 |
| Distributions to stockholders except in own stock | 167,677,294 | 3,529,185 | 2.10 | 42,957 | 0.03 |

[1] Includes domestic corporations controlled by foreign persons and foreign corporations with U.S. effectively connected income. For the foreign corporations, income statement items shown in this table pertain only to income effectively connected with a U.S. trade or business.
[2] Balance sheets of foreign corporations with U.S. effectively connected income are generally not included in the statistics. However, balance sheets for U.S. branches of foreign insurance companies are included in the statistics for all corporation income tax returns.
[3] For foreign corporations, includes tax both on U.S.-source income effectively connected and not effectively connected with a U.S. trade or business.
N/A—Not applicable.

## Table 2.—Domestic Corporations Controlled by a Foreign Person: Selected Items, by Geographic Area

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and geographic area [1] | Number of returns | Total assets | Total receipts | Net income (less deficit) | Net income | U.S. income subject to tax | Total U.S. income tax: Before credits | Total U.S. income tax: After credits |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **1983** | | | | | | | | |
| **All geographic areas, total** | **33,622** | **530,334,499** | **389,908,798** | **1,848,521** | **12,447,588** | **10,706,827** | **4,848,504** | **3,418,554** |
| Canada | 6,860 | 46,602,258 | 29,429,238 | −974,763 | 868,896 | 547,092 | 231,231 | 151,321 |
| Latin America, total | 5,174 | 26,180,372 | 23,109,341 | −982,132 | 261,917 | 159,507 | 70,649 | 39,955 |
| Mexico | 453 | 1,225,931 | 972,125 | −48,046 | 19,458 | 10,662 | 3,754 | 2,407 |
| Caribbean, total | 2,484 | 17,343,802 | 17,006,508 | −614,339 | 157,989 | 99,904 | 47,891 | 20,729 |
| Netherlands Antilles | 1,320 | 15,584,182 | 16,051,776 | −542,301 | 143,725 | 92,350 | 44,726 | 17,679 |
| South America | 1,390 | 1,716,930 | 478,460 | −35,373 | 20,517 | 3,660 | 1,503 | 503 |
| Central America, total | 848 | 5,893,709 | 4,652,698 | −284,374 | 63,952 | 45,281 | 17,501 | 16,317 |
| Panama | 685 | 5,796,902 | 4,495,358 | 303,886 | 44,439 | 27,186 | 12,795 | 11,849 |
| Other Western Hemisphere, total | 265 | 3,484,243 | 6,451,417 | −300,626 | 41,182 | 15,326 | 4,710 | 4,596 |
| Bermuda | 155 | 2,846,309 | 6,021,665 | −217,945 | 26,358 | 13,791 | 4,041 | 3,974 |
| Europe, total | 12,132 | 334,536,883 | 217,765,477 | 3,609,071 | 8,858,719 | 7,846,124 | 3,588,632 | 2,443,642 |
| Common Market countries, total | 9,059 | 312,093,344 | 197,895,187 | 3,688,825 | 8,170,209 | 7,280,009 | 3,335,938 | 2,258,304 |
| Belgium | 344 | 7,869,964 | 10,789,260 | 1,045,260 | 1,122,236 | 1,106,172 | 507,361 | 27,248 |
| France | 2,048 | 23,920,523 | 22,061,050 | −198,671 | 368,859 | 264,036 | 120,682 | 74,893 |
| Netherlands | 1,542 | 77,475,240 | 59,690,165 | 782,544 | 2,171,128 | 1,999,983 | 928,263 | 744,485 |
| United Kingdom | 2,127 | 171,840,588 | 65,743,040 | 1,957,890 | 3,315,151 | 3,009,444 | 1,379,834 | 1,067,280 |
| West Germany | 2,217 | 24,393,796 | 32,087,479 | 239,502 | 1,115,899 | 849,171 | 380,607 | 329,196 |
| Sweden | 675 | 4,220,814 | 4,032,967 | −69,258 | 118,719 | 113,857 | 50,790 | 47,260 |
| Switzerland | 1,423 | 13,118,569 | 12,835,306 | 128,084 | 513,353 | 426,399 | 192,306 | 130,050 |
| Africa | 202 | 627,288 | 206,296 | −32,889 | 6,018 | 1,808 | 459 | 419 |
| Asia, total | 6,079 | 90,919,064 | 98,772,809 | 686,330 | 1,938,343 | 1,757,242 | 791,986 | 716,250 |
| Hong Kong | 933 | 24,147,261 | 3,113,982 | 73,284 | 138,323 | 122,454 | 54,557 | 37,861 |
| Japan | 2,292 | 45,212,866 | 87,543,400 | 1,072,011 | 1,750,835 | 1,598,850 | 723,922 | 672,015 |
| South Korea | 71 | 1,520,635 | 1,695,047 | −22,573 | 10,057 | 4,685 | 1,979 | 1,680 |
| Oceania | 384 | 3,306,315 | 795,888 | −2,320 | 29,693 | 9,763 | 3,481 | 3,035 |
| Puerto Rico and U.S. Possessions | 228 | 2,160,829 | 1,854,628 | 209,328 | 211,710 | 205,477 | 94,122 | 9,647 |
| Country not stated | 2,297 | 22,517,246 | 11,523,705 | −363,477 | 231,109 | 164,489 | 63,235 | 49,690 |
| **1984** | | | | | | | | |
| **All geographic areas, total** | **37,401** | **552,597,884** | **459,161,616** | **4,528,142** | **15,355,593** | **13,410,975** | **6,049,943** | **4,497,752** |
| Canada | 6,389 | 45,368,963 | 31,633,581 | −701,931 | 915,513 | 606,425 | 258,199 | −209,181 |
| Latin America, total | 5,568 | 32,129,945 | 26,991,328 | −776,796 | 451,584 | 342,147 | 148,442 | 66,713 |
| Mexico | 861 | 1,012,813 | 1,659,853 | −45,757 | 24,681 | 15,874 | 5,796 | 5,068 |
| Caribbean, total | 2,354 | 23,116,130 | 19,019,759 | −450,372 | 324,846 | 249,389 | 112,942 | 36,042 |
| Netherlands Antilles | 1,300 | 21,377,808 | 17,646,710 | −384,690 | 300,569 | 230,102 | 104,975 | 29,441 |
| South America | 1,516 | 1,775,436 | 1,335,299 | −7,952 | 32,908 | 17,654 | 6,287 | 5,150 |
| Central America, total | 837 | 6,225,565 | 4,976,487 | −272,715 | 69,149 | 59,229 | 23,418 | 20,454 |
| Panama | 636 | 5,688,187 | 4,753,989 | −279,426 | 59,691 | 50,562 | 20,792 | 18,314 |
| Other Western Hemisphere, total | 477 | 3,249,843 | 5,063,108 | −259,110 | 17,999 | 9,873 | 3,585 | 2,637 |
| Bermuda | 351 | 2,779,113 | 4,809,316 | −236,156 | 8,495 | 5,873 | 1,812 | 873 |
| Europe, total | 13,487 | 358,657,271 | 256,283,592 | 4,687,196 | 10,043,108 | 9,037,494 | 4,097,317 | 2,959,567 |
| Common Market countries, total | 9,438 | 328,673,207 | 221,289,177 | 4,420,200 | 8,783,026 | 8,019,368 | 3,639,253 | 2,580,690 |
| Belgium | 287 | 8,837,335 | 8,090,100 | 1,035,300 | 1,103,509 | 1,092,871 | 496,919 | 38,793 |
| France | 2,094 | 22,745,119 | 22,250,703 | −19,464 | 484,536 | 419,413 | 189,098 | 164,529 |
| Netherlands | 1,501 | 96,168,754 | 71,623,945 | 796,123 | 2,224,894 | 2,026,190 | 912,880 | 753,038 |
| United Kingdom | 2,680 | 165,927,798 | 76,884,056 | 1,953,078 | 3,350,336 | 3,161,220 | 1,442,102 | 1,147,539 |
| West Germany | 1,842 | 27,534,111 | 36,442,085 | 748,219 | 1,431,746 | 1,179,722 | 537,089 | 423,054 |
| Sweden | 718 | 7,761,200 | 12,531,765 | −5,382 | 345,432 | 321,940 | 148,222 | 122,996 |
| Switzerland | 1,557 | 16,338,922 | 17,931,585 | 374,180 | 819,486 | 625,765 | 281,213 | 233,435 |
| Africa | 192 | 1,049,981 | 404,981 | −33,737 | 6,954 | 5,311 | 2,320 | 2,052 |
| Asia, total | 7,199 | 89,242,279 | 122,071,832 | 1,089,092 | 3,042,045 | 2,776,408 | 1,262,577 | 1,173,356 |
| Hong Kong | 1,252 | 1,475,643 | 1,019,983 | −53,939 | 35,267 | 34,770 | 13,535 | 11,092 |
| Japan | 2,399 | 65,554,130 | 112,607,206 | 1,815,477 | 2,920,631 | 2,681,977 | 1,224,963 | 1,143,570 |
| South Korea | 44 | 1,855,364 | 2,526,563 | −26,362 | 2,496 | 1,668 | 630 | 542 |
| Oceania | 347 | 8,436,905 | 3,631,711 | 10,256 | 154,483 | 142,173 | 68,309 | 7,850 |
| Puerto Rico and U.S. Possessions | *14 | *1,116,505 | *864,845 | *97,177 | *107,481 | *107,203 | *49,363 | *6,055 |
| Country not stated | 3,728 | 13,346,192 | 12,216,637 | 415,995 | 616,426 | 383,942 | 159,831 | 60,342 |
| **1985** | | | | | | | | |
| **All geographic areas, total** | **36,677** | **655,695,711** | **513,777,982** | **2,976,286** | **14,500,125** | **11,428,043** | **5,152,493** | **3,576,147** |
| Canada | 6,151 | 67,531,601 | 40,458,451 | −197,296 | 1,271,083 | 634,263 | 281,377 | 200,553 |
| Latin America, total | 5,268 | 33,006,950 | 29,970,129 | −845,657 | 530,201 | 336,895 | 152,913 | 77,353 |
| Mexico | 1,532 | 1,086,502 | 1,611,323 | −24,878 | 15,147 | 7,943 | 1,581 | 1,206 |
| Caribbean, total | 1,670 | 23,715,455 | 21,212,137 | −611,938 | 415,676 | 262,891 | 125,083 | 53,030 |
| Netherlands Antilles | 733 | 22,698,123 | 20,767,891 | −535,965 | 411,261 | 262,524 | 124,887 | 52,841 |
| South America | 1,184 | 1,977,180 | 1,889,622 | −11,824 | 31,414 | 24,334 | 8,205 | 7,079 |
| Central America, total | 882 | 6,227,813 | 5,257,047 | −197,017 | 67,964 | 41,726 | 18,046 | 16,039 |
| Panama | 821 | 6,129,333 | 5,145,672 | −198,998 | 64,400 | 38,176 | 17,069 | 15,285 |
| Other Western Hemisphere, total | 522 | 7,915,728 | 6,405,301 | −291,311 | 21,632 | 12,996 | 4,188 | 3,903 |
| Bermuda | 358 | 7,028,912 | 5,990,326 | −249,992 | 10,718 | 6,468 | 2,032 | 1,766 |
| Europe, total | 13,513 | 400,800,621 | 276,476,480 | 3,449,214 | 9,324,218 | 7,417,393 | 3,355,862 | 2,087,008 |
| Common Market countries, total | 10,371 | 360,558,201 | 235,827,575 | 3,114,976 | 8,113,809 | 6,473,701 | 2,930,658 | 1,778,013 |
| Belgium | 658 | 9,260,619 | 7,085,342 | 958,497 | 1,034,535 | 1,023,325 | 468,252 | 39,249 |
| France | 1,683 | 27,610,365 | 25,673,312 | −126,433 | 505,017 | 384,654 | 172,145 | 132,700 |
| Netherlands | 1,747 | 104,147,817 | 70,471,893 | 138,331 | 1,573,586 | 973,518 | 440,248 | 205,353 |
| United Kingdom | 2,841 | 174,635,073 | 83,340,020 | 1,817,698 | 3,387,943 | 2,712,172 | 1,231,060 | 904,405 |
| West Germany | 2,214 | 35,046,699 | 42,945,267 | 536,697 | 1,424,595 | 1,260,191 | 567,737 | 449,478 |
| Sweden | 690 | 8,629,894 | 9,863,785 | 237,540 | 385,852 | 287,893 | 131,671 | 75,770 |
| Switzerland | 1,423 | 23,328,906 | 24,169,417 | 192,447 | 672,383 | 554,725 | 249,681 | 199,942 |
| Africa | 126 | 1,233,918 | 522,889 | −2,403 | 32,291 | 18,300 | 8,513 | 8,441 |
| Asia, total | 7,197 | 108,383,924 | 144,408,678 | 956,474 | 2,884,969 | 2,696,802 | 1,220,606 | 1,130,533 |
| Hong Kong | 1,854 | 1,981,411 | 2,315,006 | −11,755 | 60,089 | 15,902 | 5,804 | 3,739 |
| Japan | 2,560 | 81,084,768 | 133,489,744 | 1,327,992 | 2,759,120 | 2,636,389 | 1,198,936 | 1,117,328 |
| South Korea | 44 | 1,755,089 | 2,493,631 | −79,762 | 4,566 | 1,909 | 701 | 524 |
| Oceania | 376 | 19,482,331 | 6,824,211 | −51,974 | 198,274 | 105,739 | 47,611 | 16,559 |
| Puerto Rico and U.S. Possessions | *51 | *529,472 | *142,127 | *10,317 | *11,033 | *9,073 | *4,657 | *4,206 |
| Country not stated | 3,474 | 16,811,165 | 8,569,697 | −49,078 | 226,423 | 196,583 | 76,767 | 47,594 |

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Geographic area is based on the location of the owner's country of residence, incorporation, organization, creation, or administration.

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

## Table 3.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Geographic Area

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and geographic area [1] | Number of returns | Total receipts | Total deductions | Net income (less deficit) | Net income | U.S. income subject to tax | U.S. income tax before credits: Total [2] | U.S. income tax before credits: Section II tax | U.S. total income tax after credits |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **1983** | | | | | | | | | |
| **All geographic areas, total** | **8,001** | **20,793,723** | **21,882,107** | **−1,117,898** | **693,369** | **468,995** | **182,806** | **166,477** | **152,443** |
| Canada | 1,131 | 3,652,389 | 3,943,990 | −293,352 | 74,552 | 45,589 | 25,177 | 16,681 | 24,073 |
| Latin America, total | 5,275 | 3,265,725 | 3,705,068 | −443,756 | 336,706 | 254,977 | 82,172 | 78,732 | 78,243 |
| Mexico | 56 | 172,602 | 179,171 | −6,686 | 2,984 | 356 | 84 | 84 | 84 |
| Central America | 741 | 252,120 | 294,769 | −43,803 | 17,512 | 13,560 | 3,681 | 3,615 | 3,652 |
| Caribbean, total | 4,409 | 2,439,314 | 2,725,192 | −288,928 | 314,739 | 240,976 | 78,394 | 75,021 | 74,493 |
| Netherlands Antilles | 4,124 | 2,013,852 | 2,304,783 | −293,858 | 287,853 | 230,882 | 73,028 | 70,877 | 70,157 |
| South America | 69 | 401,688 | 505,936 | −104,339 | 1,471 | 85 | 13 | 13 | 13 |
| Other Western Hemisphere | 119 | 213,217 | 218,409 | −5,348 | 18,945 | 13,129 | 4,516 | 4,401 | 4,380 |
| Europe, total | 803 | 7,226,690 | 7,391,553 | −184,726 | 128,190 | 88,420 | 40,007 | 38,250 | 32,196 |
| Common Market countries, total | 510 | 5,463,657 | 5,565,197 | −104,272 | 100,825 | 67,909 | 30,554 | 29,913 | 23,042 |
| France | 21 | 1,562,822 | 1,626,038 | −63,215 | 1,402 | — | 572 | — | 572 |
| United Kingdom | 185 | 1,606,185 | 1,643,391 | −37,206 | 41,723 | 35,633 | 16,103 | 16,035 | 9,332 |
| West Germany | 200 | 1,517,994 | 1,497,363 | 18,831 | 44,644 | 30,328 | 13,357 | 13,356 | 12,642 |
| Switzerland | 148 | 1,304,982 | 1,355,023 | −53,450 | 20,739 | 16,498 | 8,071 | 6,999 | 7,844 |
| Africa | 110 | 16,394 | 24,650 | −8,256 | 1,682 | 1,138 | 324 | 317 | 319 |
| Asia, total | 354 | 6,043,225 | 6,208,952 | −165,800 | 117,088 | 57,633 | 28,240 | 25,762 | 10,862 |
| Japan | 103 | 4,612,363 | 4,542,856 | 69,446 | 111,678 | 56,512 | 27,908 | 25,484 | 10,544 |
| Oceania | 66 | 135,634 | 144,473 | −8,840 | 1,165 | 1,165 | 450 | 450 | 450 |
| Puerto Rico and U.S. Possessions | 33 | 140,941 | 136,179 | 1,519 | 7,786 | 256 | 41 | 41 | 41 |
| Country not stated | 109 | 99,509 | 108,832 | −9,339 | 7,256 | 6,688 | 1,879 | 1,844 | 1,879 |
| **1984** | | | | | | | | | |
| **All geographic areas, total** | **10,905** | **43,655,886** | **45,003,619** | **−1,513,345** | **1,342,116** | **902,277** | **393,179** | **376,741** | **317,143** |
| Canada | 1,599 | 6,442,767 | 6,731,714 | −289,093 | 161,767 | 112,122 | 53,674 | 46,846 | 51,287 |
| Latin America, total | 7,020 | 4,933,079 | 5,626,904 | −710,815 | 393,472 | 208,704 | 74,896 | 72,750 | 70,743 |
| Mexico | 53 | 181,473 | 204,639 | −23,166 | 308 | 144 | 23 | 23 | 23 |
| Central America | 1,078 | 274,357 | 267,986 | 5,274 | 47,799 | 25,104 | 8,646 | 8,033 | 8,569 |
| Caribbean, total | 5,792 | 4,096,111 | 4,708,556 | −628,338 | 343,566 | 183,186 | 66,177 | 64,647 | 62,114 |
| Netherlands Antilles | 5,405 | 3,145,141 | 3,777,374 | −645,183 | 247,255 | 159,858 | 56,637 | 55,163 | 55,895 |
| South America | 97 | 381,138 | 445,723 | −64,585 | 1,799 | 270 | 50 | 47 | 37 |
| Other Western Hemisphere | 141 | 195,746 | 214,404 | −18,829 | 16,380 | 13,393 | 4,389 | 4,271 | 4,181 |
| Europe, total | 1,316 | 16,236,820 | 16,613,182 | −427,500 | 449,455 | 371,408 | 168,012 | 164,680 | 155,678 |
| Common Market countries, total | 933 | 12,195,575 | 12,221,538 | −50,200 | 428,552 | 353,839 | 160,776 | 159,225 | 148,526 |
| France | 29 | 2,567,743 | 2,616,559 | −48,817 | 35,611 | — | 501 | — | 501 |
| United Kingdom | 352 | 5,596,492 | 5,309,698 | 285,474 | 339,127 | 332,804 | 152,165 | 152,056 | 140,026 |
| West Germany | 229 | 2,060,455 | 2,072,985 | −34,273 | 36,415 | 7,909 | 3,298 | 3,298 | 3,191 |
| Switzerland | 154 | 3,175,219 | 3,443,392 | −294,028 | 6,878 | 5,175 | 3,568 | 1,994 | 3,515 |
| Africa | 168 | 130,676 | 161,172 | −30,497 | 2,187 | 1,333 | 394 | 348 | 377 |
| Asia, total | 397 | 15,124,485 | 15,128,585 | −25,778 | 308,457 | 188,749 | 89,450 | 85,482 | 32,596 |
| Japan | 113 | 13,433,547 | 13,282,388 | 149,294 | 300,711 | 185,995 | 88,473 | 84,511 | 31,659 |
| Oceania | 92 | 465,988 | 395,500 | −4,773 | 6,748 | 5,381 | 2,041 | 2,041 | 1,960 |
| Puerto Rico and U.S. Possessions | 51 | 121,391 | 124,201 | −3,037 | 3,014 | 598 | 141 | 141 | 141 |
| Country not stated | 120 | 4,933 | 7,956 | −3,024 | 635 | 590 | 182 | 182 | 182 |
| **1985** | | | | | | | | | |
| **All geographic areas, total** | **11,693** | **50,908,814** | **51,928,117** | **−1,486,684** | **1,783,685** | **1,024,616** | **435,079** | **411,956** | **361,927** |
| Canada | 1,586 | 10,883,168 | 10,502,685 | −39,312 | 430,887 | 210,048 | 102,392 | 91,919 | 94,294 |
| Latin America, total | 7,517 | 9,365,113 | 10,163,608 | −848,010 | 534,516 | 265,925 | 96,258 | 92,466 | 92,229 |
| Mexico | 59 | 190,158 | 188,899 | −26,501 | 444 | (3) | (3) | (3) | (3) |
| Central America | 1,233 | 433,954 | 461,686 | −28,547 | 36,820 | 26,334 | 8,654 | 7,532 | 8,612 |
| Caribbean, total | 6,164 | 8,340,583 | 9,021,144 | −692,448 | 496,821 | 239,262 | 87,469 | 84,798 | 83,493 |
| Netherlands Antilles | 5,629 | 7,723,859 | 8,408,243 | −691,036 | 434,732 | 203,098 | 71,716 | 69,089 | 69,771 |
| South America | 62 | 400,418 | 491,880 | −100,515 | 431 | 330 | 136 | 136 | 125 |
| Other Western Hemisphere | 156 | 729,931 | 744,002 | −14,393 | 48,370 | 40,711 | 17,697 | 17,658 | 17,682 |
| Europe, total | 1,433 | 15,152,165 | 15,676,627 | −591,050 | 248,036 | 153,242 | 71,151 | 66,267 | 60,986 |
| Common Market countries, total | 939 | 11,754,017 | 12,107,052 | −383,867 | 209,152 | 140,364 | 63,739 | 62,086 | 53,671 |
| France | 36 | 1,475,527 | 1,528,960 | −53,489 | 4,549 | 20 | 3 | 3 | 3 |
| United Kingdom | 398 | 3,375,914 | 3,469,777 | −95,274 | 75,153 | 66,616 | 30,497 | 30,096 | 24,761 |
| West Germany | 221 | 3,352,839 | 3,392,971 | −44,730 | 98,738 | 58,422 | 26,314 | 26,196 | 22,151 |
| Switzerland | 219 | 2,797,056 | 2,958,905 | −188,562 | 22,374 | 8,442 | 6,019 | 3,083 | 5,977 |
| Africa | 167 | 149,440 | 155,298 | −5,865 | 7,943 | 7,171 | 3,167 | 3,131 | 3,106 |
| Asia, total | 514 | 13,903,413 | 13,913,467 | −19,716 | 498,842 | 341,507 | 141,989 | 138,221 | 91,608 |
| Japan | 197 | 11,931,489 | 11,749,442 | 180,562 | 386,204 | 238,289 | 111,275 | 109,221 | 60,937 |
| Oceania | 127 | 577,079 | 616,401 | −39,322 | 9,380 | 3,438 | 1,533 | 1,404 | 1,144 |
| Puerto Rico and U.S. Possessions | 71 | 126,740 | 134,811 | −8,186 | 2,509 | 532 | 136 | 136 | 136 |
| Country not stated | 122 | 21,765 | 21,218 | 546 | 3,202 | 2,042 | 755 | 755 | 741 |

[1] Geographic area is based on the location of incorporation of the foreign corporation.

[2] Total income tax before credits includes Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and Section II tax (shown in column 8) which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences and tax from recomputing prior-year investment credit.

[3] Less than $500.

NOTES: Detail may not add to totals because of rounding. Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

**Table 4.—Domestic Corporations Controlled by a Foreign Person: Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and item | All industrial divisions[1] | Agriculture, forestry, and fishing | Mining | Construction | Manufacturing | Transportation and public utilities | Wholesale and retail trade | Finance, insurance, and real estate | Services |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **1983** | | | | | | | | | |
| **Number of returns, total** | **33,622** | **1,149** | **1,162** | **352** | **3,260** | **862** | **12,343** | **9,333** | **4,463** |
| With net income | 13,648 | 385 | 310 | 135 | 1,873 | 592 | 4,993 | 2,827 | 2,533 |
| Total assets | 530,334,499 | 1,826,447 | 22,047,801 | 2,172,726 | 219,225,274 | 20,085,931 | 66,127,339 | 191,094,419 | 7,691,712 |
| Net worth | 138,380,457 | 470,012 | 9,687,184 | 456,684 | 71,327,454 | 7,596,412 | 18,062,721 | 29,208,014 | 1,557,305 |
| Total receipts | 389,908,798 | 732,291 | 8,449,595 | 3,014,927 | 157,738,858 | 11,855,553 | 164,917,873 | 35,391,398 | 7,790,909 |
| Business receipts | 359,793,137 | 662,152 | 7,665,838 | 2,809,993 | 149,108,180 | 11,434,256 | 161,780,356 | 19,073,624 | 7,242,101 |
| Total deductions | 387,981,124 | 876,744 | 9,594,021 | 3,130,347 | 154,033,796 | 11,955,908 | 164,041,815 | 36,358,161 | 7,971,575 |
| Cost of sales and operations | 271,372,629 | 414,835 | 4,651,384 | 2,529,726 | 98,952,238 | 7,217,796 | 141,908,332 | 11,715,650 | 3,967,477 |
| Total receipts less total deductions | 1,927,675 | -144,452 | -1,144,426 | -115,420 | 3,705,062 | -100,354 | 876,058 | -966,763 | -180,665 |
| Net income (less deficit) | 1,848,521 | -144,452 | -1,079,433 | -113,023 | 3,602,606 | -100,506 | 888,419 | -1,224,816 | -178,910 |
| Net income | 12,447,588 | 15,701 | 306,410 | 43,278 | 7,350,321 | 409,445 | 2,875,268 | 1,196,623 | 250,541 |
| U.S. income subject to tax | 10,706,827 | 12,195 | 186,655 | 33,205 | 6,713,801 | 388,643 | 2,514,770 | 701,451 | 156,108 |
| Total U.S. income tax | 4,848,504 | 4,661 | 94,868 | 14,567 | 3,082,203 | 174,684 | 1,133,952 | 287,892 | 55,678 |
| Foreign tax credit | 670,561 | — | 54,838 | 2,107 | 546,696 | 262 | 22,241 | 41,173 | 3,244 |
| Other credits[2] | 759,389 | 1,450 | 5,253 | 4,092 | 520,287 | 89,809 | 101,260 | 27,850 | 9,388 |
| Distributions to stockholders except in own stock | 4,326,837 | 6,690 | 340,642 | 5,199 | 2,560,755 | 530,889 | 272,298 | 570,694 | 39,670 |
| **1984** | | | | | | | | | |
| **Number of returns, total** | **37,401** | **1,135** | **1,248** | **860** | **3,392** | **569** | **14,190** | **9,556** | **6,038** |
| With net income | 15,306 | 360 | 222 | 654 | 1,941 | 323 | 5,874 | 3,201 | 2,720 |
| Total assets | 552,597,884 | 1,453,269 | 29,079,013 | 2,516,860 | 216,192,377 | 11,064,996 | 80,214,577 | 198,908,108 | 13,103,545 |
| Net worth | 154,928,539 | 306,584 | 13,314,350 | 507,448 | 82,540,606 | 3,805,541 | 20,997,962 | 30,649,813 | 2,796,054 |
| Total receipts | 459,161,616 | 726,634 | 11,426,911 | 5,204,036 | 178,076,536 | 9,115,440 | 201,958,318 | 40,544,227 | 11,968,534 |
| Business receipts | 423,602,229 | 646,001 | 10,599,809 | 5,051,050 | 167,548,099 | 8,445,142 | 197,946,312 | 22,164,501 | 11,062,611 |
| Total deductions | 454,641,699 | 827,450 | 12,677,714 | 5,223,416 | 172,871,281 | 9,020,220 | 199,563,031 | 42,029,957 | 12,287,378 |
| Cost of sales and operations | 320,856,731 | 419,276 | 6,918,887 | 4,331,677 | 110,375,497 | 5,506,860 | 171,651,316 | 15,430,484 | 6,087,012 |
| Total receipts less total deductions | 4,519,917 | -100,816 | -1,250,802 | -19,380 | 5,205,255 | 95,220 | 2,395,288 | -1,485,730 | -318,844 |
| Net income (less deficit) | 4,528,142 | -100,816 | -1,186,103 | -17,357 | 5,296,604 | 95,175 | 2,431,063 | -1,675,421 | -314,729 |
| Net income | 15,355,593 | 39,582 | 564,615 | 96,377 | 8,185,582 | 311,784 | 4,531,475 | 1,270,412 | 355,763 |
| U.S. income subject to tax | 13,410,975 | 5,358 | 481,545 | 66,240 | 7,542,966 | 299,989 | 4,073,274 | 719,814 | 221,791 |
| Total U.S. income tax | 6,049,943 | 2,276 | 225,385 | 24,655 | 3,431,363 | 134,440 | 1,845,723 | 301,660 | 84,440 |
| Foreign tax credit | 788,054 | — | 132,834 | 377 | 559,079 | 350 | 51,180 | 43,468 | 766 |
| Other credits[3] | 774,137 | 85 | 26,552 | 1,812 | 508,825 | 59,686 | 112,482 | 53,711 | 10,985 |
| Distributions to stockholders except in own stock | 3,322,147 | — | 143,940 | 2,812 | 1,829,312 | 203,689 | 507,582 | 582,633 | 52,179 |
| **1985** | | | | | | | | | |
| **Number of returns, total** | **36,677** | **984** | **1,015** | **1,060** | **4,011** | **464** | **13,580** | **11,149** | **4,066** |
| With net income | 15,882 | 378 | 136 | 729 | 1,971 | 254 | 6,146 | 3,846 | 2,420 |
| Total assets | 655,695,711 | 1,529,029 | 35,815,201 | 3,826,135 | 255,237,926 | 10,256,185 | 88,191,806 | 244,294,856 | 16,429,830 |
| Net worth | 178,092,635 | 388,368 | 18,005,764 | 590,323 | 93,026,306 | 3,608,870 | 22,035,571 | 36,626,281 | 3,800,961 |
| Total receipts | 513,777,962 | 914,939 | 13,442,356 | 5,236,279 | 202,466,147 | 10,310,044 | 227,402,547 | 41,304,815 | 12,686,424 |
| Business receipts | 473,892,926 | 846,151 | 12,265,454 | 4,909,201 | 191,084,504 | 9,574,611 | 222,928,133 | 21,000,275 | 11,276,376 |
| Total deductions | 510,954,654 | 997,436 | 14,731,593 | 5,265,393 | 199,705,816 | 10,211,032 | 225,031,667 | 41,986,577 | 13,006,308 |
| Cost of sales and operations | 357,519,673 | 623,699 | 8,435,910 | 4,312,400 | 127,010,586 | 6,513,273 | 192,793,470 | 11,678,130 | 6,147,448 |
| Total receipts less total deductions | 2,823,308 | -82,496 | -1,289,238 | -29,114 | 2,760,332 | 99,012 | 2,370,880 | -681,761 | -319,884 |
| Net income (less deficit) | 2,978,286 | -76,329 | -1,238,326 | -21,509 | 2,931,428 | 101,973 | 2,393,885 | -790,997 | -317,418 |
| Net income | 14,500,125 | 49,981 | 398,769 | 169,069 | 6,633,137 | 421,207 | 4,499,963 | 1,911,907 | 416,092 |
| U.S. income subject to tax | 11,428,043 | 24,791 | 234,693 | 78,979 | 5,401,714 | 391,333 | 3,964,105 | 1,037,017 | 295,412 |
| Total U.S. income tax | 5,152,493 | 10,210 | 114,946 | 30,758 | 2,466,796 | 178,452 | 1,785,942 | 442,409 | 122,981 |
| Foreign tax credit | 724,894 | 5,928 | 50,816 | 9,144 | 548,194 | 3,929 | 22,919 | 79,002 | 4,964 |
| Other credits[3] | 851,452 | 1,675 | 4,678 | 5,559 | 564,756 | 31,565 | 158,415 | 59,375 | 25,430 |
| Distributions to stockholders except in own stock | 3,529,185 | 243 | 104,145 | 11,283 | 2,170,511 | 95,636 | 351,413 | 700,526 | 95,428 |

[1] Includes "Nature of business not allocable" which is not shown separately.
[2] Includes U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.
[3] Includes U.S. possessions tax, nonconventional source fuel, research activities, and general business credits.
NOTE: Detail may not add to totals because of rounding.

**Table 5.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Industrial Division**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and item | All industrial divisions[1] | Agriculture, forestry, and fishing | Mining | Construction | Manufacturing | Transportation and public utilities | Wholesale and retail trade | Finance, insurance, and real estate | Services |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **1983** | | | | | | | | | |
| **Number of returns, total** | **8,001** | **237** | **372** | **62** | **118** | **109** | **268** | **6,320** | **466** |
| With net income | 2,272 | 56 | 134 | 6 | 33 | 25 | 121 | 1,755 | 133 |
| Total receipts | 20,793,723 | 67,418 | 241,775 | 349,754 | 903,790 | 804,918 | 1,305,306 | 16,719,636 | 397,307 |
| Business receipts | 5,477,256 | 60,870 | 196,585 | 336,046 | 895,897 | 785,939 | 1,259,393 | 1,686,356 | 252,778 |
| Interest[2] | 13,566,811 | 1,012 | 2,120 | 4,597 | 1,380 | 3,122 | 20,137 | 13,531,423 | 2,832 |
| Total deductions | 21,882,107 | 91,972 | 314,755 | 363,545 | 947,308 | 1,095,392 | 1,351,183 | 17,276,053 | 439,278 |
| Cost of sales and operations | 3,723,239 | 26,138 | 65,429 | 326,950 | 735,779 | 515,884 | 1,068,394 | 916,880 | 69,783 |
| Interest paid | 13,459,582 | 19,010 | 24,485 | 10,688 | 30,408 | 44,081 | 43,138 | 13,246,255 | 41,155 |
| Total receipts less total deductions | -1,088,383 | -24,554 | -72,981 | -13,791 | -43,518 | -290,474 | -45,876 | -556,417 | -41,971 |
| Net income (less deficit) | -1,117,898 | -24,617 | -73,007 | -13,791 | -43,518 | -290,474 | -46,323 | -584,186 | -43,180 |
| Net income | 693,369 | 5,298 | 34,834 | 13,372 | 9,970 | 6,495 | 28,361 | 574,405 | 17,320 |
| U.S. income subject to tax | 468,995 | 1,222 | 28,262 | 13,100 | 4,430 | 4,540 | 20,427 | 383,713 | 9,986 |
| Total U.S. income tax[3] | 182,806 | 325 | 14,714 | 5,989 | 1,735 | 7,764 | 8,523 | 138,720 | 3,513 |
| Foreign tax credit | 25,234 | — | — | — | — | — | — | 25,231 | 3 |
| Other credits[4] | 5,129 | 6 | 1,111 | 1 | 984 | 42 | 234 | 972 | 1,780 |
| Distributions to stockholders except in own stock | 409,044 | — | 297,135 | — | 8,407 | — | 599 | 102,851 | 51 |
| **1984** | | | | | | | | | |
| **Number of returns, total** | **10,905** | **284** | **640** | **60** | **180** | **96** | **391** | **8,609** | **519** |
| With net income | 3,247 | 70 | 261 | 9 | 61 | 30 | 158 | 2,394 | 211 |
| Total receipts | 43,655,886 | 101,182 | 245,444 | 81,340 | 6,969,505 | 434,338 | 4,919,870 | 30,419,312 | 440,547 |
| Business receipts | 15,445,905 | 74,350 | 196,093 | 74,695 | 6,919,886 | 427,176 | 4,861,275 | 2,536,353 | 315,976 |
| Interest[2] | 25,938,814 | 5,162 | 4,972 | 1,253 | 6,057 | 5,118 | 20,972 | 25,890,046 | 4,880 |
| Total deductions | 45,003,619 | 138,400 | 381,704 | 104,072 | 6,672,472 | 520,269 | 4,921,539 | 31,714,830 | 499,151 |
| Cost of sales and operations | 12,552,248 | 48,650 | 108,856 | 84,226 | 5,826,382 | 419,824 | 4,234,797 | 1,683,971 | 134,348 |
| Interest paid | 24,790,699 | 31,386 | 31,426 | 3,810 | 63,133 | 9,331 | 67,328 | 24,534,015 | 45,828 |
| Total receipts less total deductions | -1,347,733 | -37,218 | -136,260 | -22,732 | 297,033 | -85,931 | -1,669 | -1,295,518 | -58,605 |
| Net income (less deficit) | -1,513,345 | -37,270 | -137,069 | -22,732 | 297,033 | -85,931 | -3,666 | -1,457,087 | -59,251 |
| Net income | 1,342,116 | 11,102 | 21,728 | 2,985 | 402,657 | 6,880 | 83,171 | 794,920 | 17,798 |
| U.S. income subject to tax | 902,277 | 8,085 | 4,081 | 280 | 387,203 | 6,353 | 67,562 | 415,110 | 12,952 |
| Total U.S. income tax[3] | 393,179 | 2,329 | 2,078 | 57 | 177,688 | 6,117 | 29,746 | 170,209 | 4,764 |
| Foreign tax credit | 59,042 | — | — | — | — | — | — | 59,039 | 2 |
| Other credits[5] | 16,994 | 74 | 141 | — | 14,005 | 154 | 336 | 2,008 | 278 |
| Distributions to stockholders except in own stock | 127,667 | 181 | 4,750 | — | 22,790 | — | 23,316 | 75,911 | 720 |
| **1985** | | | | | | | | | |
| **Number of returns, total** | **11,693** | **311** | **587** | **80** | **201** | **126** | **452** | **9,334** | **489** |
| With net income | 3,571 | 91 | 203 | 32 | 50 | 40 | 176 | 2,778 | 159 |
| Total receipts | 50,908,814 | 85,047 | 397,577 | 126,272 | 1,915,837 | 1,288,164 | 8,439,904 | 37,999,920 | 566,974 |
| Business receipts | 20,274,675 | 72,207 | 352,839 | 110,467 | 1,880,770 | 1,218,017 | 8,403,821 | 7,804,241 | 356,752 |
| Interest[2] | 27,199,483 | 2,149 | 2,404 | 2,556 | 7,737 | 4,507 | 7,512 | 27,152,163 | 19,580 |
| Total deductions | 51,928,117 | 127,496 | 513,413 | 161,604 | 1,940,231 | 1,609,041 | 8,526,743 | 38,354,389 | 607,932 |
| Cost of sales and operations | 15,032,230 | 37,389 | 176,849 | 102,681 | 1,560,796 | 809,659 | 7,827,949 | 4,304,043 | 146,001 |
| Interest paid | 25,719,467 | 21,408 | 33,678 | 5,271 | 37,567 | 75,962 | 51,379 | 25,437,555 | 53,578 |
| Total receipts less total deductions | -1,019,304 | -42,449 | -115,836 | -35,333 | -24,393 | -320,877 | -86,839 | -354,470 | -40,959 |
| Net income (less deficit) | -1,486,684 | -42,486 | -115,875 | -35,343 | -24,402 | -320,877 | -87,610 | -819,204 | -41,766 |
| Net income | 1,783,685 | 6,916 | 31,265 | 3,701 | 70,893 | 11,144 | 64,714 | 1,557,517 | 29,313 |
| U.S. income subject to tax | 1,024,616 | 719 | 25,507 | 1,856 | 65,280 | 10,610 | 53,117 | 840,607 | 18,907 |
| Total U.S. income tax[3] | 435,079 | 139 | 11,741 | 818 | 29,626 | 7,440 | 23,473 | 353,637 | 5,575 |
| Foreign tax credit | 65,156 | — | — | — | — | — | 32 | 65,123 | 1 |
| Other credits[6] | 7,996 | 25 | 1,244 | 164 | 1,605 | 149 | 670 | 3,972 | 166 |
| Distribution to stockholders except in own stock | 42,957 | — | 4,896 | — | — | — | 1,389 | 36,671 | — |

[1] Includes "Nature of business not allocable" which is not shown separately.
[2] Includes taxable interest received from obligations issued by the U.S. Government, as well as taxable amounts received on loans, notes, mortgages, bank deposits, and corporate bonds.
[3] Total U.S. income tax includes Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and Section II tax, which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences and tax from recomputing prior year investment credit.
[4] Includes investment, jobs, and research activities credits.
[5] Includes nonconventional source fuel and general business credits.
[6] Includes research activities and general business credits.
NOTES: Detail may not add to totals because of rounding. Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

# Domestic Corporations Controlled by Foreign Persons, 1987

By James R. Hobbs*

For 1987, the 45,000 domestic corporations each "controlled" by a foreign "person" generated $687 billion of worldwide receipts and reported total assets amounting to $959 billion [1]. These corporations, 1 percent of the U.S. total, accounted for over 7 and 6 percent of the receipts and assets, respectively, reported on U.S. corporation income tax returns. Figure A shows that foreign-controlled domestic corporations accounted for an increasingly higher percentage of the receipts and assets of all corporations during the 1984-1987 period.

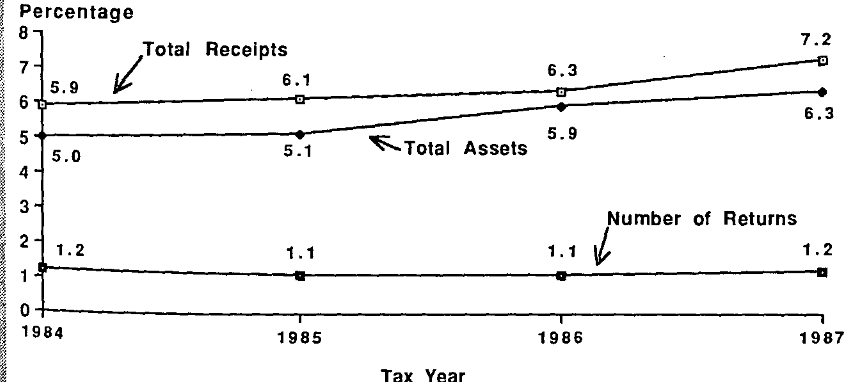
The net income (less deficit) for foreign-controlled domestic corporations was $5.6 billion for 1987, the highest amount reported for recent years and in sharp contrast to the net negative amount of $1.5 billion reported for 1986, which was the lowest amount reported for the same years. Most of this increased profit occurred in the manufacturing sector.

Domestic corporations controlled by persons from Japan had total receipts of $185 billion for 1987,

Figure A

**Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, 1984-1987**

[All figures are estimates based on samples]




*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

a 33 percent increase over the 1986 amount. The amount for Japan was far larger than the receipts representing any other country. The receipts for U.S. companies controlled by persons in the United Kingdom remained in second place with $103 billion, followed by the Netherlands ($77 billion), West Germany ($63 billion), and Canada ($52 billion).

## DIRECT FOREIGN INVESTMENT IN THE UNITED STATES

Direct foreign investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating in the United States is through a branch of a foreign corporation. This article focuses on domestic corporations (i.e., companies incorporated in the United States) that are controlled (i.e., majority owned) by a foreign person [3]. (See the "Explanation of Selected Terms" section of this article for a description of foreign persons.) A separate article will be published in a future issue of the *Statistics of Income Bulletin* covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business.

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. The U.S. tax structure is one of these factors and it is discussed next in this article for foreign-controlled domestic corporations.

## U.S. TAXATION

Domestic corporations controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by a foreign entity, such as a foreign corporation.

For 1987, only 8 percent (3,388 returns) of the 44,862 returns of foreign-controlled domestic corporations indicated an exact 50-percent foreign ownership level. The great majority (84 percent, or 37,519 returns) indicated that the level of ownership was over 50 percent. Another 3,955 returns (9 percent) indicated only that foreign ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5]. All of these companies are included in the statistics.

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions. This income is shown in the statistical tables of this article under the heading "U.S. Income Subject to Tax." Taxable income includes both actual receipts and "constructive" receipts (i.e., certain income from Controlled Foreign Corporations and foreign dividend income resulting from foreign taxes deemed paid). However, it excludes interest from State and local Government obligations [7].

Unfortunately, the tax return form which is the source of the statistics in this article does not separate U.S.-source taxable income from foreign-source taxable income, although foreign-source income had to be reported by corporations which claimed a foreign tax credit (see the section entitled "Data Sources and Limitations"). The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S possessions. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the income, and had a U.S. income tax liability.

Foreign-controlled domestic corporations claimed $660 million of foreign tax credits for 1987. This amount reduced their total U.S. income tax before credits ($5.7 billion) by 12 percent. In contrast, the approximately 3.6 million U.S. corporation income tax returns showed a total of $20.8 billion of foreign tax credits for 1987. This amount reduced their total U.S. income tax before credits ($118.5 billion) by almost 18 percent [8].

The Tax Reform Act of 1986 changed the regular corporate tax rates, effective on July 1, 1987 [9]. The revised rates were used for tax years beginning on or after this date. For tax years that included July 1, 1987, both the old and new tax rates were applied to taxable income, and the tax was the result of prorating the two figures based on where July 1 fell within the accounting period. Because the statistics used for 1987 represent corporate returns with accounting periods that ended between July 1987 and June 1988 (and, thus, began as early as August 1986 for a 12-month period), the income tax amounts were calculated based on a mix of both the old and revised tax rates.

For the period occurring before July 1, 1987, the regular corporate tax rates were as follows:

| Taxable income | Tax rate |
|---|---|
| $25,000 or less | 15% |
| $25,001 to $50,000 | 18% |
| $50,001 to $75,000 | 30% |
| $75,001 to $100,000 | 40% |
| Over $100,000 | 46% |

If a corporation's taxable income exceeded $1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over $1 million, or (b) $20,250.

For the period occurring on July 1, 1987, and thereafter, the corporate tax rates were changed to:

| Taxable income | Tax rate |
|---|---|
| $50,000 or less | 15% |
| $50,001 to $75,000 | 25% |
| Over $75,000 | 34% |

If a corporation's taxable income exceeded $100,000, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over $100,000, or (b) $11,750.

For corporations with tax years that began before July 1, 1987, and had net long-term capital gains, an alternative method of tax computation could be used if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent (34 percent for the period January 1, 1987, to July 1, 1987). The remainder of taxable income was then taxed at the regular rates. Under the Tax Reform Act of 1986, for tax years beginning on or after July 1, 1987, the alternative tax computation did not apply; corporate long-term capital gains were taxed as ordinary income.



The 1986 Act created an alternative minimum tax (AMT). Capital gains of corporations were included in the base of this tax (i.e., alternative minimum taxable income). The AMT became effective for tax years beginning after December 31, 1986.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. For Tax Year 1987, the two largest credits used by foreign-controlled domestic corporations were the foreign tax credit (previously described) and the general business credit. The latter credit ($381 million claimed for 1987) is a combination of several individual credits -- investment credit, jobs credit, alcohol fuel credit, research credit, and low-income housing credit. The Tax Reform Act of 1986 made changes to several of these credits. Other credits claimed by taxpayers for 1987 were the U.S. possessions tax, orphan drug, and nonconventional source fuel credits. In addition to the regular or alternative tax after credits, a corporation's tax liability could include a tax from recomputing prior-year investment credits, an alternative minimum tax, and an environmental tax. The environmental tax ($17 million for Tax Year 1987 for foreign-controlled domestic corporations) was authorized by the Superfund Amendments and Reauthorization Act of 1986.

Dividends paid by domestic corporations to the foreign persons that controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent, for recipients of dividends who resided in a foreign country which had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances [10].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service (IRS) by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

## REVENUE RECONCILIATION ACT OF 1989

The Revenue Reconciliation Act of 1989 amended Internal Revenue Code section 6038A to strengthen the recordkeeping and information reporting requirements, and compliance provisions, applicable to foreign-owned corporations. The group of corporations subject to Code section 6038A was expanded by the Act to include domestic or foreign corporations engaged in a U.S. trade or business with at least 25 percent foreign ownership. Previously, the threshold for application of Code section 6038A was 50 percent ownership by a single foreign person.

The provisions of the 1989 Act apply to tax years beginning after July 10, 1989. These provisions do not affect the data for 1987 shown in this article. In addition, it should be noted that the information reported in this article is derived from original returns filed with IRS. It does not include changes made by IRS resulting from audit examinations, or made by taxpayers through amended returns.

## RAPID GROWTH

Foreign direct investment in the United States through foreign-controlled domestic corporations grew substantially during the 1984-1987 period (see Figure A).

Worldwide receipts of domestic corporations controlled by foreign persons increased from $459 billion for 1984 to $687 billion for 1987, a 50 percent increase using current dollars. (Adjusting for inflation through the use of the Gross National Product Implicit Price Deflator, these receipts increased by 36 percent [11].) In comparison, worldwide receipts reported on all U.S. corporation income tax returns grew from $7.9 trillion for 1984 to $9.6 trillion for 1987, a 22 percent increase (in current dollars) over the same time period. As a result of the rapid growth rate of foreign-controlled domestic corporations, their share of the receipts reported on all corporate returns increased from 5.9 percent for 1984 to 7.2 percent for 1987.

The growth of foreign-controlled domestic corporations can also be measured from the early 1970's. For 1971, these companies had $39 billion of worldwide receipts, just 2.1 percent of the $1.9 trillion reported for all corporations. For 1987, this percentage had grown to 7.2 percent.

Total assets of domestic corporations controlled by a foreign person grew at an even faster rate than that for receipts. Between 1984 and 1987, their assets increased from $553 billion to $959 billion, a 74 percent increase. During this period, their share of the assets reported on all U.S. corporation income tax returns grew from 5.0 percent to 6.3 percent. For 1971, these companies had reported $37 billion of assets, just 1.3 percent of the total.

Figure B also shows the more rapid growth of foreign-controlled domestic corporations as compared to U.S.-controlled domestic companies. During the period 1979 to 1987, the assets and receipts of the foreign-controlled companies grew more than three times faster than those of other domestic corporations.

The number of returns of foreign-controlled domestic corporations jumped to nearly 45,000 for 1987, after remaining relatively constant at roughly 37,000 for the 3 previous years [12]. However, despite the 1987 increase, returns of these companies comprised a constant percentage of all U.S. corporation income tax returns, about 1.2 percent for the 1984-1987 period.

It should be noted that foreign-controlled domestic corporations are considerably larger, on average, than other companies. Using 1987 data, while these companies accounted for only 1.2 percent of the total returns filed by corporations, they comprised 7.2 and 6.3 percent of the total receipts and assets, respectively. Percentages for these three items had similar magnitudes for 1984 through 1986, as well as back to 1971 (0.3, 2.1, and 1.3 percent for number of returns, total receipts, and total assets, respectively).

## INDUSTRY CHARACTERISTICS

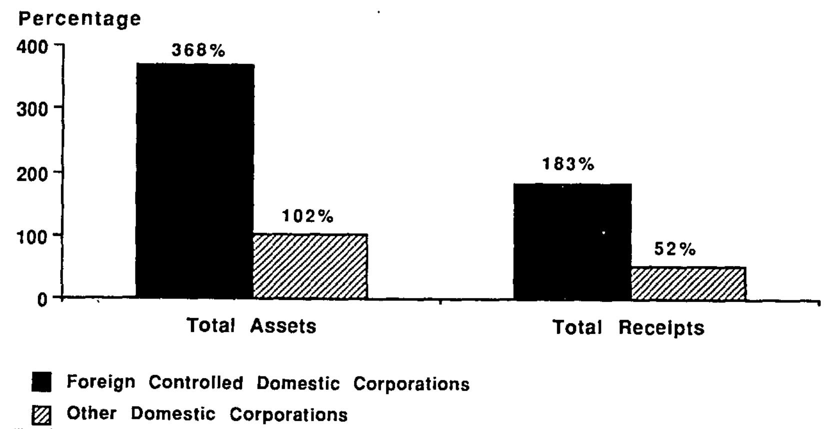
Foreign-controlled domestic corporations were involved in every type of industrial activity, but were concentrated mainly in two industrial divisions: manufacturing and wholesale and retail trade (see Table 1) [13]. For 1987, these two divisions accounted for over 83 percent of the total receipts reported by all domestic corporations owned by a foreign person. By comparison, this percentage was higher than that for all companies which filed U.S. corporation income tax returns. For these returns for 1987, the manufacturing and wholesale and retail trade industrial divisions accounted for 62 percent of the total receipts.

Domestic corporations controlled by a foreign person were involved in the manufacture of many different products. Table 1A shows selected data for those manufacturing industries which had $10 billion or more of total receipts for 1987. Chemical manufacturers had receipts totalling $55 billion for 1987. This amount was a 36 percent increase over that for 1986, and accounted for 21 percent of all receipts for manufacturing industries. Companies manufacturing petroleum and coal products (including integrated operations) had another $54 billion of total receipts. In terms of total receipts, other significant manufacturing activities were electrical and electronic equipment ($28 billion), food and kindred products ($25 billion), nonelectrical machinery ($12 billion), primary metals ($12 billion), and fabricated metal products ($11 billion).

The manufacturing industrial division showed a large increase in profits for 1987, with the combined net income (less deficit) increasing from a net deficit of $600 million for 1986 to a net income of $5.9 billion for 1987. Chemical and petroleum manufacturers were primarily responsible for these increased profits, as shown in Table 1A. Manufacturers of food and kindred products, fabricated metal products, and nonelectrical machinery also showed substantially increased profits for 1987.



Figure B
**Growth of Domestic Corporations, 1979-1987**
[All figures are estimates based on samples]




The wholesale and retail trade industrial division had a 34 percent increase in total receipts for 1987, amounting to $305 billion. Of this total, $218 billion came from companies classified in the miscellaneous wholesale trade industry, which includes the distribution of the following products:

- Alocoholic beverages
- Apparel, piece goods, and notions
- Chemicals and allied products
- Drugs, drug proprietaries, and druggists' sundries
- Electrical goods
- Farm-product raw materials
- Furniture and home furnishings
- Hardware, plumbing, and heating equipment and supplies
- Lumber and construction materials
- Metals and minerals, except petroleum and scrap
- Motor vehicles and automotive equipment
- Paper and paper products
- Petroleum and petroleum products
- Sporting, recreational, photographic, and

hobby goods, toys, and supplies
Other nondurable goods, except groceries and related products
Other durable goods, except machinery, equipment, and supplies

Many of these companies were U.S. distributors of products made in foreign countries by their parent corporations.

The comparative levels of assets and receipts of foreign-owned companies primarily engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts ($305 billion for 1987) with relatively small amounts of assets ($131 billion). Stated another way, this amounted to $2.34 of receipts for each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets ($371 billion for 1987), but only $61 billion of receipts. These companies produced less than $0.17 of receipts for each dollar of assets.

Foreign-controlled domestic corporations accounted for 7.2 percent of the $9.6 trillion of worldwide receipts reported by all companies filing U.S. income tax returns for 1987. These companies played important roles in certain industries, as shown in Figure C. In particular, foreign-controlled domestic corporations in the mining, wholesale and retail trade, and manufacturing industrial divisions accounted for 12.3, 11.0, and 8.5 percent, respectively, of the receipts of all companies classified in their divisions.

**Figure C.—Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, Total Receipts, by Selected Major Industry, 1984–1987**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Selected major industry | 1987 total receipts: All U.S. corporation income tax returns | 1987 total receipts: Returns of domestic corporations controlled by a foreign person | 1987 total receipts: Percentage of all returns | Total receipts as a percentage of all returns for—: 1986 | 1985 | 1984 |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| **All industries[1]** | **$9,580,721** | **$686,786** | **7.2%** | **6.3%** | **6.1%** | **5.8%** |
| Agriculture, forestry and fishing | 77,057 | 1,190 | 1.5 | 0.9 | 1.3 | 1.1 |
| Mining, total | 96,806 | 11,935 | 12.3 | 12.4 | 9.5 | 9.3 |
| Metal mining | 9,287 | 592 | 6.4 | 9.6 | 11.6 | 10.0 |
| Coal mining | 18,539 | 2,636 | 14.2 | 16.1 | 19.0 | 10.2 |
| Oil and gas extraction | 56,893 | 7,215 | 12.7 | 11.8 | 7.5 | 9.2 |
| Nonmetallic minerals, except fuels | 12,087 | 1,492 | 12.3 | 10.8 | 9.3 | 7.3 |
| Construction | 454,831 | 6,211 | 1.4 | 1.5 | 1.4 | 1.5 |
| Manufacturing, total | 3,141,406 | 265,644 | 8.5 | 7.6 | 7.2 | 6.4 |
| Food and kindred products | 343,867 | 25,070 | 7.3 | 5.7 | 6.0 | 4.3 |
| Tobacco manufactures | 54,404 | 9,593 | 17.6 | 18.4 | 22.8 | 23.1 |
| Textile mill products | 52,875 | 2,151 | 4.1 | 2.9 | 3.2 | 3.4 |
| Apparel and other textile products | 64,493 | 1,471 | 2.3 | 1.6 | 1.6 | 1.4 |
| Lumber and wood products | 85,684 | 4,987 | 5.8 | 2.9 | 2.0 | 0.8 |
| Furniture and fixtures | 36,500 | 690 | 1.9 | 1.8 | 2.0 | 1.3 |
| Paper and allied products | 100,149 | 3,949 | 3.9 | 3.4 | 4.4 | 4.8 |
| Printing and publishing | 139,364 | 9,747 | 7.0 | 5.6 | 5.7 | 4.9 |
| Chemicals and allied products | 306,409 | 55,100 | 18.0 | 14.0 | 11.6 | 11.4 |
| Petroleum (including integrated) and coal products | 396,218 | 53,520 | 13.5 | 11.4 | 11.0 | 10.8 |
| Rubber and miscellaneous plastics products | 67,640 | 5,801 | 8.6 | 7.7 | 6.6 | 5.2 |
| Leather and leather products | 14,912 | 3,268 | 21.9 | 21.8 | 11.1 | 2.0 |
| Stone, clay, and glass products | 63,136 | 7,899 | 12.5 | 13.4 | 13.4 | 14.3 |
| Primary metal industries | 117,290 | 12,208 | 10.4 | 8.8 | 10.6 | 5.7 |
| Fabricated metal products | 169,954 | 11,466 | 6.7 | 6.8 | 6.7 | 7.3 |
| Machinery, except electrical | 241,396 | 12,329 | 5.1 | 4.1 | 4.5 | 4.4 |
| Electrical and electronic equipment | 260,694 | 28,195 | 10.8 | 9.8 | 6.1 | 5.8 |
| Motor vehicles and equipment | 360,339 | 6,325 | 1.8 | 3.0 | 2.9 | 0.4 |
| Transportation equipment, except motor vehicles | 137,055 | 1,057 | 0.8 | 0.6 | 0.6 | 0.6 |
| Instruments and related products | 67,808 | 6,514 | 9.6 | 8.9 | 6.5 | 6.5 |
| Miscellaneous manufacturing and manufacturing not allocable | 61,218 | 4,303 | 7.0 | 8.7 | 7.5 | 6.1 |
| Transportation and public utilities | 786,179 | 15,120 | 1.9 | 1.6 | 1.3 | 1.3 |
| Wholesale and retail trade, total | 2,766,717 | 305,211 | 11.0 | 9.0 | 9.2 | 8.8 |
| Wholesale trade, total | 1,337,359 | 252,222 | 18.9 | 15.9 | 16.2 | 15.7 |
| Groceries and related products | 191,934 | 10,779 | 5.6 | 5.8 | 5.3 | 6.8 |
| Machinery, equipment, and supplies | 132,496 | 23,294 | 17.6 | 15.7 | 14.5 | 13.5 |
| Miscellaneous wholesale trade | 1,012,929 | 218,149 | 21.5 | 17.9 | 18.5 | 17.6 |
| Retail trade | 1,422,714 | 52,075 | 3.7 | 2.8 | 2.4 | 1.8 |
| Wholesale and retail trade not allocable | 6,644 | 914 | 13.8 | 1.2 | 6.6 | 1.1 |
| Finance, insurance, and real estate | 1,589,218 | 61,307 | 3.9 | 4.2 | 3.5 | 3.9 |
| Services | 663,133 | 19,841 | 3.0 | 2.1 | 2.4 | 2.4 |

[1] Includes "Nature of business not allocable," which is not shown separately.

NOTE: This figure includes all major industries of those industrial divisions in which foreign-controlled domestic corporations accounted for 5 percent or more of the corporate totals. Only the totals for the other industrial divisions are shown.



There were two major industries (leather manufacturing and miscellaneous wholesale trade) in which foreign-controlled domestic corporations produced over 20 percent of the receipts for their industries. The percentage in the leather manufacturing industry jumped from only 2 percent for 1984 to nearly 22 percent for 1987. By comparison, the percentage for the miscellaneous wholesale trade industry was substantial during the entire 1984-1987 period.

Domestic companies owned by a foreign person comprised significant portions of several other industries for 1987. These included chemical manufacturers (18 percent of total receipts), tobacco manufacturers (17.6 percent), and wholesalers of machinery, equipment, and supplies (17.6 percent).

As Figure D shows, different industries can have very different levels of profitability, as percentages of their total receipts. For the 1983-1987 period, foreign-controlled domestic manufacturing companies had profits that were 1.7 percent of their total receipts, while the percentages for trade companies and finance and insurance corporations were 0.7 and -0.3 percent, respectively. For each of the three industry groups, other corporations had substantially higher profit percentages than the foreign-controlled companies.

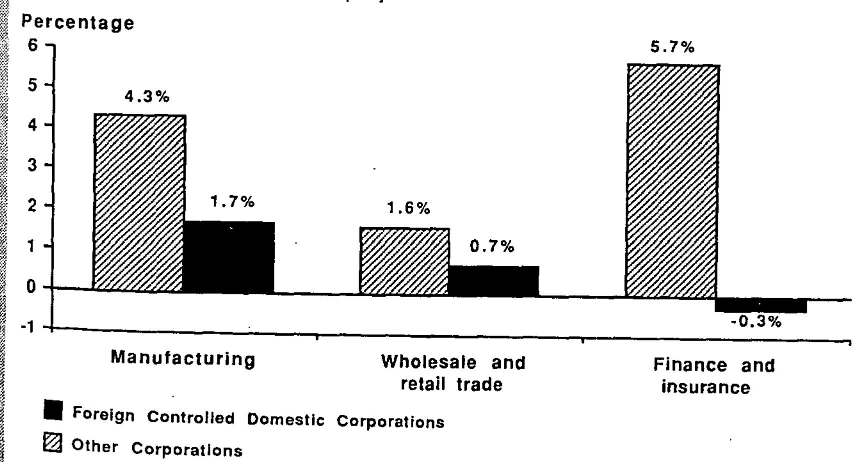
## COUNTRY CHARACTERISTICS

Domestic corporations are owned by persons throughout the world. However, for 1987, owners from the seven countries shown in Table 2 controlled 53 percent of the 44,862 domestic corporations controlled by a foreign person. (The countries represent the geographic location of the direct foreign owner's country of residence, incorporation, organization, creation, or administration. Because holding companies located in other countries may directly own the stock of U.S. affiliates, the country reported on

Figure D

**Net Income (Less Deficit) as a Percentage of Total Receipts, 1983-1987**

[All figures are estimates based on samples]



the tax return may not necessarily reflect the country of the ultimate parent.) The 23,759 corporations owned by persons from these seven countries accounted for 78 and 75 percent of the total receipts and assets, respectively, of all foreign-controlled domestic corporations.

Domestic corporations controlled by persons from Japan had worldwide receipts of $185 billion for 1987, an amount far larger than the receipts representing any other country. Japan also had the largest amount of receipts for the 1983-1986 period. Domestic corporations controlled by persons from the United Kingdom had the second largest amount of receipts during the 1983-1987 period.

The worldwide receipts of domestic corporations controlled by a foreign person increased by 27 percent between 1986 and 1987. For corporations with owners from the seven countries shown in Table 2, the growth rates varied widely. Corporations owned by persons from the Netherlands Antilles showed increases in total receipts of 61 percent. Percentage increases for France (36 percent), Japan (33 percent), Canada (28 percent), the United Kingdom (23 percent), and West Germany (18 percent) were close to the 27-percent average for all countries. Corporations owned by persons from the Netherlands (8 percent) had smaller-than-average increases in receipts for 1987.

The percentage increases for countries over a 1-year period can be very different from those for a longer period of time, such as from 1984 to 1987. Figure E illustrates the differences for the seven countries previously discussed. For instance, while the Netherlands Antilles had the largest 1-year percentage increase, three other countries had larger increases over the 1984-1987 period. One of these countries, West Germany, had the largest percentage increase over the 3-year period, although its 18 percent increase between 1986 and 1987 was less than the average for all countries.

**Figure E.—Percentage Increases of Total Receipts of Domestic Corporations Controlled by a Foreign Person, by Selected Countries, 1984–1987**

[All figures are estimates based on samples]

| Selected country | Percentage increase of total receipts between— | |
|---|---|---|
| | 1986 and 1987 | 1984 and 1987 |
| **All countries** | **27%** | **50%** |
| Netherlands Antilles | 61 | 54 |
| France | 36 | 34 |
| Japan | 33 | 64 |
| Canada | 28 | 63 |
| United Kingdom | 23 | 34 |
| West Germany | 18 | 72 |
| Netherlands | 8 | 8 |

## INDUSTRY AND COUNTRY COMBINATIONS

Figure F shows selected data items for the predominant industry-country combinations for domestic corporations controlled by a foreign person. This figure shows only those combinations in which companies comprised $5 billion or more of total receipts for 1987, in order of decreasing size of receipts.

The 23 combinations shown in Figure F accounted for nearly 50 percent of the $687 billion of receipts generated by foreign-controlled domestic corporations for 1987. One industry-country combination, namely miscellaneous wholesalers owned by Japanese persons, produced almost 20 percent of the total receipts. This was far larger than any other combination, with petroleum manufacturers owned by persons from the Netherlands being the second largest combination with 4 percent of the total. Japanese miscellaneous wholesalers increased their total receipts from $100 billion for 1986 to $136 billion for 1987, a 36 percent increase.

The 44,862 foreign-controlled domestic corporations had a total U.S. income tax liability after credits of $4.6 billion on their $687 billion of worldwide receipts, a 0.7 percentage. This percentage varied among the 23 predominant industry-country combinations, ranging from a low of 0.03 percent for electrical and electronic equipment manufacturers owned by persons from the Netherlands, to a high of 2.3 percent for tobacco manufacturers owned by persons from the United Kingdom.

The 0.7 (or more specifically, 0.664) percentage for foreign-controlled domestic corporations is somewhat less than the average for other companies. By comparison, for 1987, other domestic corporations filing U.S. income tax returns reported a total U.S. income tax liability of $80 billion after credits on $7.7 trillion of worldwide receipts, a 1.041 percentage.

## INCOME STATEMENT AND TAX ITEMS

Over 92 percent of the $687 billion in total receipts reported by domestic corporations controlled by a foreign person consisted of "business receipts" (i.e., receipts from sales and operations). Interest income



**Figure F.—Domestic Corporations Controlled by a Foreign Person: Selected Items, by Selected Industry and Country Combinations Ranked by Total Receipts, 1987**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Industry | Country | Number of returns | Total receipts | Total U.S. income tax after credits | Percentage (Col. 3 / Col. 2) |
|---|---|---|---|---|---|
| | | (1) | (2) | (3) | (4) |
| **All industries** | **All countries** | **44,862** | **$686,785,812** | **$4,561,221** | **0.7%** |
| Miscellaneous wholesale trade | Japan | 1,520 | 136,245,091 | 618,638 | 0.5 |
| Manufacturing: petroleum (including integrated) and coal products | Netherlands | (1) | 28,791,615 | 16,781 | 0.1 |
| Manufacturing: petroleum (including integrated) and coal products | United Kingdom | 7 | 16,334,666 | 306,921 | 1.9 |
| Wholesale trade: machinery, equipment, and supplies | Japan | 246 | 12,573,999 | 43,859 | 0.3 |
| Miscellaneous wholesale trade | West Germany | 728 | 12,548,706 | 16,685 | 0.1 |
| Manufacturing: chemicals and allied products | West Germany | 52 | 10,718,195 | 126,876 | 1.2 |
| Manufacturing: chemicals and allied products | Netherlands | 16 | 9,492,342 | 82,252 | 0.9 |
| Manufacturing: tobacco | United Kingdom | (1) | 9,456,987 | 213,356 | 2.3 |
| Manufacturing: chemicals and allied products | United Kingdom | 12 | 9,190,659 | 143,831 | 1.6 |
| Miscellaneous wholesale trade | United Kingdom | 368 | 8,741,907 | 122,250 | 1.4 |
| Holding and other investment companies, except bank holding companies | United Kingdom | 251 | 8,590,954 | 96,605 | 1.1 |
| Miscellaneous wholesale trade | France | 587 | 7,256,676 | 23,867 | 0.3 |
| Manufacturing: electrical and electronic equipment | Japan | 53 | 7,252,965 | 60,963 | 0.8 |
| Manufacturing: electrical and electronic equipment | Netherlands | 10 | 6,756,307 | 1,905 | (2) |
| Manufacturing: food and kindred products | United Kingdom | 11 | 6,725,692 | 28,585 | 0.4 |
| Retail trade: food stores | West Germany | (1) | 6,577,557 | 15,464 | 0.2 |
| Manufacturing: petroleum (including integrated) and coal products | Netherlands Antilles | *43 | *6,320,775 | *4,933 | *0.1 |
| Manufacturing: chemicals and allied products | Switzerland | 44 | 6,094,542 | 48,514 | 0.8 |
| Miscellaneous wholesale trade | Canada | 272 | 6,019,823 | 23,231 | 0.4 |
| Miscellaneous wholesale trade | South Korea | 47 | 5,991,627 | 27,121 | 0.5 |
| Miscellaneous wholesale trade | Netherlands Antilles | *134 | *5,314,526 | *2,542 | *(2) |
| Manufacturing: chemicals and allied products | Netherlands Antilles | 3 | 5,099,528 | 19,144 | 0.4 |
| Miscellaneous wholesale trade | Switzerland | 222 | 5,009,528 | 42,475 | 0.8 |

[1] Estimate is not shown to avoid disclosure of information.
[2] Percentage is less than 0.05 but greater than zero.
*Estimate should be used with caution because of the small number of sample returns on which it is based.
Note: This figure includes only those industry-country combinations which had $5 billion or more of total receipts for 1987.

of $28.2 billion accounted for an additional 4 percent of the total, with banks producing the largest part ($11.9 billion). (Briefly, banking items such as fees, commissions, trust department earnings, exchange collections, discounts, and service charges were included in business receipts. Interest, the principal operating income of banks, is excluded from business receipts.)

These same domestic companies claimed $681 billion in deductions for 1987. Cost of sales and operations was $482 billion, or 71 percent of the total [14]. Interest paid ($36 billion, including $8 billion paid mostly to depositors by banks) and depreciation ($20 billion) accounted for 5 and 3 percent, respectively, of the total deductions. The percentages for interest paid and depreciation are very similar to those for all corporations which filed U.S. income tax returns (6 and 3 percent, respectively).

For 1987, the percentage of cost of sales and operations to total receipts was considerably higher for foreign-controlled domestic corporations whose principal business activity was trade than it was for other trade companies (see Figure G). For manufacturers, the percentage for foreign-controlled domestic corporations and other companies was very close.

**Figure G.—Cost of Sales and Operations as a Percentage of Total Receipts, 1987**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| | |
|---|---|
| **Foreign-controlled domestic corporations:** | |
| Manufacturing: | |
| Total receipts | $265,644 |
| Cost of sales and operations | 172,370 |
| Percentage | 64.89% |
| Wholesale and retail trade: | |
| Total receipts | $305,211 |
| Cost of sales and operations | 256,099 |
| Percentage | 83.91% |
| **Other corporations:** | |
| Manufacturing: | |
| Total receipts | $2,875,763 |
| Cost of sales and operations | 1,862,449 |
| Percentage | 64.76% |
| Wholesale and retail trade: | |
| Total receipts | $2,461,506 |
| Cost of sales and operations | 1,820,387 |
| Percentage | 73.95% |

The net income (less deficit) for foreign-controlled domestic corporations was $5.6 billion for 1987, the highest amount reported for recent years and considerably different from the net negative amount of $1.5 billion reported for 1986, which was the lowest amount reported for recent years [15]. Most of this increased profit occurred in manufacturing. In particular, integrated petroleum manufacturers, as well as manufacturers of chemicals, food, non-electrical machinery, primary metals, and fabricated metal products showed higher profits (as computed under the Internal Revenue Code) for 1987.

The $5.6 billion of net income (less deficit) was the result of 18,466 corporations reporting $19.8 billion of profits and 26,396 companies reporting $14.2 billion of deficits [16]. Thus, only 41 percent of the domestic corporations with foreign owners reported a profit for 1987. By comparison, 55 percent of all corporations filing U.S. income tax returns for 1987 reported profits which totalled $465 billion. The deficits for all corporations were $137 billion, resulting in a net income (less deficit) amount of $328 billion. The percentages of corporations reporting a profit for 1987 were similar to those for the 1984-1986 period (see Figure H).

It is instructive to compare amounts of net income (less deficit) and total income tax after credits to total assets and receipts, for both foreign-controlled domestic corporations and other domestic corporations. The four ratios shown in Figure I are all lower for foreign-controlled domestic corporations than the comparable ratios for other domestic companies. Using total income tax after credits as the numerator, as opposed to net income (less deficit), produces a smaller difference between the ratios for the two groups of companies. This reflects the fact that while only 41 percent of foreign-controlled domestic corporations reported net income, these companies had significant amounts of profits, which resulted in considerable amounts of tax after credits. On the other hand, 59 percent of these companies reported significant amounts of deficits, which could be carried back or forward, under prescribed rules, to reduce taxable income for other years.

The percentage of before-tax net income (less deficit) compared to total assets is commonly referred to as the rate of return on assets. For 1987, foreign-controlled domestic corporations had a 0.58 percent rate of return as compared to a 1.86 percent rate for other domestic companies. Figure J shows that a similar difference occurred for every year since 1981. The rates may reflect certain transfer pricing practices of foreign-controlled domestic corporations that buy goods and services from related persons outside the United States. These practices help determine the amounts of their expenses and, as a result, their income [17].

For 1987, profitable foreign-controlled domestic corporations had $14.5 billion of "U.S. income subject to tax" (the base on which tax was computed), resulting in tax before credits of $5.7 billion [18]. The difference between the $19.8 billion of profit (or net income) and $14.5 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed most corporations in computing their taxable income and were for "net operating losses" from other years and deductions for both intercorporate dividends received and for dividends on certain preferred stock of public utilities. See the "Explanation of Selected Terms" section of this article for a discussion of net operating losses.

Figure H
**Percentage of Corporation Returns Reporting Net Income, 1984-1987**
[All figures are estimates based on samples]

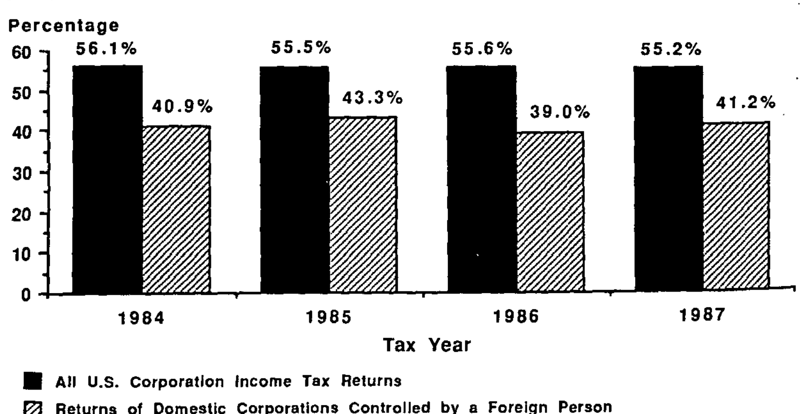





**Figure I.—Comparative Rates of Net Income (Less Deficit) and Taxes to Total Assets and Receipts, for Foreign-Controlled and Other Domestic Corporations, 1987**

[All figures are estimates based on samples—money amounts are in billions of dollars]

| Item | Domestic corporations controlled by a foreign person | Other domestic corporations |
|---|---|---|
| **Number of returns** | **44,862** | **2,419,978** |
| Total assets | $959.4 | $12,834.8 |
| Total receipts | 686.8 | 7,673.0 |
| Net income (less deficit) | 5.6 | 239.0 |
| Net income | 19.8 | 337.3 |
| Deficit | 14.2 | 98.3 |
| Total income tax after credits | 4.6 | 79.9 |
| Net income (less deficit) to total receipts | 0.82% | 3.11% |
| Net income (less deficit) to total assets | 0.58 | 1.86 |
| Total income tax after credits to total receipts | 0.67 | 1.04 |
| Total income tax after credits to total assets | 0.48 | 0.62 |

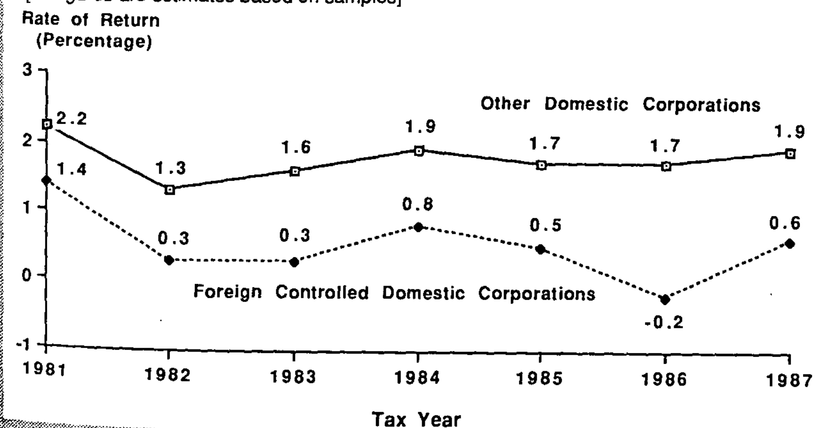
Tax credits totalling $1.1 billion reduced the U.S. tax liability of foreign-owned domestic corporations to $4.6 billion for 1987. The largest credits claimed were $660 million of foreign tax credits and $381 million of general business credits. The other credits were the U.S. possessions tax credit ($73 million), and small amounts of orphan drug and nonconventional source fuel credits. The $4.6 billion of total U.S income tax after credits represents the tax liability as reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by the IRS as a result of audit examination.

## SUMMARY

Direct foreign investment in the United States through corporations continued to grow at a relatively fast rate for 1987. While worldwide receipts reported on all U.S. corporation income tax returns increased by 10.5 percent (using current dollars) for 1987, receipts of domestic corporations controlled by foreign persons increased by 26.6 percent.

Foreign-controlled domestic corporations generated approximately 83 percent of their total

Figure J
**Rate of Return on Assets, 1981-1987**
[All figures are estimates based on samples]



receipts from two industrial divisions: manufacturing and trade. From a country perspective, domestic corporations controlled by persons from Japan had worldwide receipts of $185 billion, 27 percent of the total. More specifically, miscellaneous wholesalers with Japanese owners had receipts of $136 billion for 1987, which accounted for nearly 20 percent of the total.

The profitability of foreign-controlled domestic corporations increased significantly for Tax Year 1987. The net income (less deficit) amount for these companies was $5.6 billion for that year, the highest amount reported for recent years, as compared to a net negative amount of $1.5 billion reported for 1986, which was the lowest amount of recent years. Manufacturing companies accounted for most of the increased profits.

## EXPLANATION OF SELECTED TERMS

*Attribution rules.*--In regard to domestic corporations that are 50 percent or more owned by a foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his or her family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

*Foreign person.*--A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term U.S. person.

*Net income (or deficit).*--This is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects not only actual receipts but "constructive" receipts as well. Interest from State and local Government obligations is excluded from this item. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their income subject to tax, the statistics for net income are generally larger than the amounts shown for "U.S. income subject to tax," i.e., the base on which tax was computed. See also the discussion of the "Net Operating Loss Deduction" in this section of the article.

*Net operating loss deduction.*--A statutory net operating loss (NOL) for a given tax year can be carried back over a 3-year period to reduce the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward against income for a period not exceeding 15 years. The amount of NOLD included in this study, however, consists only of losses from prior years actually used to reduce taxable income for the current (1987) tax year. Losses incurred after the 1987 Tax Year and carried back to that year at a later date could not be reported on the tax returns used for this article. Net operating losses on which the 1987 deduction was based include: (1) the excess of ordinary and necessary business expenses over income in previous loss years, and (2) statutory special deductions claimed in a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

*Other domestic corporations.*--Data shown in this article for these companies come from Forms 1120, 1120A, 1120L, and 1120PC (stock companies). The following forms were excluded: 1120S, 1120F, 1120-IC-DISC, 1120-FSC, 1120-RIC, 1120-REIT, and 1120PC (mutual companies).

*Rate of return on assets.*--For domestic corporations, this is the amount of before-tax net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

## DATA SOURCES AND LIMITATIONS

### Sample

The statistics for domestic corporations controlled by a foreign person shown in this article are based primarily on samples of Forms 1120 (U.S. Corporation Income Tax Return). In addition to this form, the 1987 statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return), as well as from small numbers of Forms 1120-IC-DISC (Interest Charge Domestic International Sales Corporation Return), Forms 1120-RIC (U.S. Income Tax Return for Regulated Investment Companies), and Forms 1120-REIT (U.S. Income Tax Return for Real Estate Investment Trusts).

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1987, the Form 1120 achieved sampling rates ranged from 0.0035 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1987, see *Statistics of Income--Corporation Income Tax Returns* for 1987.

## NONSAMPLING LIMITATIONS

Most of the data in this article relate to Tax Year 1987. However, the estimates cover returns with accounting periods that ended in a 12 month span beginning in July and ending in June. Thus, for Tax Year 1987, the span was between July 1987 and June 1988. As a result of the 12 month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23 month span. For Tax Year 1987, that span was from August 1986 through June 1988.

Each return used for the studies described in this article had an industry code reported or assigned during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 1A of this article. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

Each return used for the statistics described in this article also had a foreign country code assigned during statistical processing, which identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country where the foreign entity was incorporated, organized, created, or administered. The code was used as a classifier of the returns shown in Table 2. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate parent, the data are not entirely related to the foreign country under which they are shown.

Returns were selected for this study based on taxpayers' responses to a question on the Form 1120 which asks whether "a person other than a U.S. person" owned, directly or indirectly, 50 percent or more of the filing corporation's voting stock. Certain taxpayers incorrectly answered this question "yes" when a U.S. person other than an individual (such as a U.S. corporation) was the owner. (See the definition of a foreign person in the "Explanation of Selected Terms" section of this article.) These reporting errors were primarily made by corporations with small amounts of assets and income. As a result of these errors, it is estimated that the number of returns may be overstated by 5 to 10 percent, however, money amounts for balance sheet, income statement and tax items are only minimally overstated. Additional research on the frequency of these incorrect responses will be done for the 1988 study. In addition, the question on Form 1120 will be changed to ask if any "foreign person" owned, directly or indirectly, 50 percent or more of the filing corporation's voting stock.

## FOOTNOTES

[1] For purposes of this article, "control" is defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.

[2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote peri-

odically in stockholder meetings of corporations. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments or an increase in the value of the shares of stock.

[3] The Bureau of Economic Analysis of the U.S. Department of Commerce publishes data on foreign direct investment in the United States in the *Survey of Current Business*. See Herr, Ellen M., "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1987," Volume 68, Number 5, May 1988; Howenstine, Ned G., "U.S. Affiliates of Foreign Companies: 1987 Benchmark Survey Results," Volume 69, Number 7, July 1989; and "Foreign Direct Investment in the United States: Detail for Position and Balance of Payment Flows, 1987," Volume 68, Number 8, August 1988.

[4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.

[5] Information on ownership levels was asked by questions on the corporation income tax return which requested the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.

[6] Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, "S" Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated investment companies and real estate investment trusts were only taxed on income that was not distributed to their shareholders.

[7] For a more complete discussion of taxable income, see *Statistics of Income--1987, Corporation Income Tax Returns.*

[8] Foreign tax credits are claimed by only a small percentage of corporations. For 1987, 1.1 percent of foreign-controlled domestic corporations claimed this credit. The most recent detailed information on corporate foreign tax credits will be discussed in an article to appear in the Fall 1990 issue of the *Statistics of Income Bulletin.*

[9] For a more detailed discussion of the Tax Reform Act of 1986, see *Statistics of Income - Corporation Income Tax Returns* for 1986 and 1987.

[10] For detailed information on U.S.-source dividends (and certain other types of income) paid to foreign persons, see Flaherty, Marilyn J., "Foreign Recipients of U.S. Income, and Tax Withheld, 1987," *Statistics of Income Bulletin,* Winter 1989-90, Volume 9, Number 3.

[11] The source of the GNP Implicit Price Deflator is the *Survey of Current Business,* Bureau of Economic Analysis, U.S. Department of Commerce.

[12] The increase in the number of returns for 1987 may be a reflection of additional incentives for foreigners to purchase U.S. companies, provided by the Tax Reform Act of 1986. See Scholes, Myron and Wolfson, Mark, "The Effects of Changes in Tax Laws on Corporate Reorganization Activity," *NBER Working Paper No. 3095,* National Bureau of Economic Research.

[13] See the "Data Sources and Limitations" section of this article for a discussion of how returns are industry coded during statistical processing.



[14] The Tax Reform Act of 1986 enacted Internal Revenue Code section 1059A, which limits the cost of property imported (directly or indirectly) into the United States by a U.S. taxpayer from a related person to the cost used for customs valuation purposes. Section 1059A became effective for transactions entered into after March 18, 1986.

[15] For statistical purposes, net income (less deficit) is the difference between "modified" total receipts and total deductions. The $687 billion of total receipts for 1987 is modified as follows: (1) tax-exempt interest from State and local Government obligations is subtracted and (2) "constructive" receipts are added. Constructive receipts are the sum of the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign Corporations, and (2) foreign dividend income resulting from foreign taxes deemed paid. Net income (less deficit) should also be distinguished from taxable income (i.e., "U.S. income subject to tax"). Because certain statutory special deductions, including the net operating loss deduction, were allowed most companies in computing their taxable income, the statistics for net income are generally larger than the amounts shown for taxable income.

[16] The 26,396 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.

[17] See Dworin, Lowell, "Transfer Pricing Issues," to be published in the National Tax Journal.

[18] The $5.7 billion of total income tax before credits includes an alternative minimum tax ($143 million), a tax from recomputing prior-year investment credits ($37 million), and an environmental tax ($17 million).

## Table 1.—Selected Items, by Industrial Division, 1984-1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Industrial division and item | 1984 (1) | 1985 (2) | 1986 (3) | 1987 (4) |
|---|---|---|---|---|
| **ALL INDUSTRIES** [1] | | | | |
| Number of returns, total | 37,401 | 36,677 | 36,778 | 44,862 |
| With net income | 15,306 | 15,882 | 14,348 | 18,466 |
| Total receipts | 459,161,616 | 513,777,962 | 542,694,669 | 686,785,812 |
| Net income (less deficit) | 4,528,142 | 2,978,286 | -1,519,339 | 5,608,265 |
| Net income | 15,355,593 | 14,500,125 | 12,745,420 | 19,764,758 |
| U.S. income subject to tax | 13,410,975 | 11,428,043 | 9,369,719 | 14,477,187 |
| Total U.S. income tax— | | | | |
| Before credits | 6,049,943 | 5,152,493 | 4,069,605 | 5,675,568 |
| After credits | 4,487,752 | 3,576,147 | 3,042,942 | 4,561,221 |
| **AGRICULTURE, FORESTRY AND FISHING** | | | | |
| Number of returns, total | 1,135 | 964 | 1,170 | 1,103 |
| With net income | 360 | 378 | 589 | 592 |
| Total receipts | 726,634 | 914,939 | 722,243 | 1,190,344 |
| Net income (less deficit) | -100,816 | -76,329 | -56,596 | -45,116 |
| Net income | 39,582 | 49,981 | 58,105 | 80,528 |
| U.S. income subject to tax | *5,358 | *24,791 | *39,875 | 55,321 |
| Total U.S. income tax— | | | | |
| Before credits | *2,276 | *10,210 | *17,249 | 19,275 |
| After credits | *2,191 | *2,607 | *13,990 | 16,272 |
| **MINING** | | | | |
| Number of returns, total | 1,248 | 1,015 | 1,065 | 1,657 |
| With net income | 222 | 136 | 358 | 127 |
| Total receipts | 11,426,911 | 13,442,356 | 12,230,149 | 11,935,427 |
| Net income (less deficit) | -1,186,103 | -1,283,326 | -1,336,984 | -551,906 |
| Net income | 564,615 | 398,769 | 606,930 | 813,196 |
| U.S. income subject to tax | 481,545 | 234,693 | 466,171 | 514,672 |
| Total U.S. income tax— | | | | |
| Before credits | 225,385 | 114,946 | 222,333 | 219,443 |
| After credits | 65,999 | 59,452 | 65,401 | 150,664 |
| **CONSTRUCTION** | | | | |
| Number of returns, total | 860 | 1,060 | 536 | 1,013 |
| With net income | 654 | 729 | 322 | 345 |
| Total receipts | 5,204,036 | 5,236,279 | 6,077,854 | 6,210,638 |
| Net income (less deficit) | -17,357 | -21,509 | -55,139 | -62,391 |
| Net income | 96,377 | 169,069 | 145,495 | 160,302 |
| U.S. income subject to tax | 66,240 | 78,979 | 48,911 | 44,938 |
| Total U.S. income tax— | | | | |
| Before credits | 24,655 | 30,758 | 18,930 | 18,194 |
| After credits | 22,466 | 16,055 | 18,033 | 16,984 |
| **MANUFACTURING** | | | | |
| Number of returns, total | 3,392 | 4,011 | 3,969 | 4,155 |
| With net income | 1,941 | 1,971 | 1,374 | 2,068 |
| Total receipts | 178,076,536 | 202,466,147 | 213,172,653 | 265,643,887 |
| Net income (less deficit) | 5,296,604 | 2,931,428 | -615,581 | 5,929,872 |
| Net income | 8,185,582 | 6,633,137 | 4,931,562 | 10,094,366 |
| U.S. income subject to tax | 7,542,966 | 5,401,714 | 3,345,716 | 7,502,478 |
| Total U.S. income tax— | | | | |
| Before credits | 3,431,363 | 2,466,796 | 1,506,219 | 2,906,764 |
| After credits | 2,363,459 | 1,353,846 | 1,017,840 | 2,120,865 |
| **TRANSPORTATION AND PUBLIC UTILITIES** | | | | |
| Number of returns, total | 569 | 464 | 548 | 1,117 |
| With net income | 323 | 254 | 202 | 244 |
| Total receipts | 9,115,440 | 10,310,044 | 12,095,234 | 15,119,699 |
| Net income (less deficit) | 95,175 | 101,973 | 111,081 | 470,196 |
| Net income | 311,784 | 421,207 | 466,531 | 741,986 |
| U.S. income subject to tax | 299,989 | 391,333 | 414,708 | 474,732 |
| Total U.S. income tax— | | | | |
| Before credits | 134,440 | 178,452 | 186,824 | 193,899 |
| After credits | 74,404 | 142,958 | 95,750 | 121,262 |
| **WHOLESALE AND RETAIL TRADE** | | | | |
| Number of returns, total | 14,190 | 13,580 | 13,341 | 16,464 |
| With net income | 5,874 | 6,146 | 5,994 | 7,456 |
| Total receipts | 201,958,318 | 227,402,547 | 228,032,646 | 305,211,015 |
| Net income (less deficit) | 2,431,063 | 2,393,885 | 1,287,084 | 937,953 |
| Net income | 4,531,475 | 4,499,963 | 3,839,541 | 4,456,676 |
| U.S. income subject to tax | 4,073,274 | 3,964,105 | 3,305,805 | 3,592,382 |
| Total U.S. income tax— | | | | |
| Before credits | 1,845,723 | 1,785,942 | 1,423,347 | 1,424,985 |
| After credits | 1,682,061 | 1,604,608 | 1,282,004 | 1,374,217 |
| **FINANCE, INSURANCE AND REAL ESTATE** | | | | |
| Number of returns, total | 9,556 | 11,149 | 9,735 | 12,399 |
| With net income | 3,201 | 3,846 | 2,814 | 4,181 |
| Total receipts | 40,544,227 | 41,304,815 | 57,910,717 | 61,307,219 |
| Net income (less deficit) | -1,675,421 | -790,997 | -434,494 | -351,038 |
| Net income | 1,270,412 | 1,911,907 | 2,184,037 | 2,781,670 |
| U.S. income subject to tax | 719,814 | 1,037,017 | 1,369,032 | 1,816,856 |
| Total U.S. income tax— | | | | |
| Before credits | 301,660 | 442,409 | 539,231 | 711,405 |
| After credits | 204,481 | 304,032 | 419,416 | 617,376 |
| **SERVICES** | | | | |
| Number of returns, total | 6,038 | 4,066 | 6,218 | 6,832 |
| With net income | 2,720 | 2,420 | 2,559 | 3,447 |
| Total receipts | 11,968,534 | 12,686,424 | 12,413,562 | 19,840,547 |
| Net income (less deficit) | -314,729 | -317,418 | -200,915 | -692,485 |
| Net income | 355,763 | 416,092 | 507,059 | 635,909 |
| U.S. income subject to tax | 221,791 | 295,412 | 373,342 | 475,683 |
| Total U.S. income tax— | | | | |
| Before credits | 84,440 | 122,981 | 154,466 | 181,579 |
| After credits | 72,689 | 92,587 | 129,503 | 143,556 |

[1] Includes "Nature of business not allocable," which is not shown separately.

*Estimate should be used with caution because of the small number of sample returns on which it is based.

Note: Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."



## Table 1A.—Manufacturing: Selected Items, 1984-1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Industry and item | 1984 (1) | 1985 (2) | 1986 (3) | 1987 (4) |
|---|---|---|---|---|
| **TOTAL MANUFACTURING** | | | | |
| Number of returns, total | 3,392 | 4,011 | 3,969 | 4,155 |
| With net income | 1,941 | 1,971 | 1,374 | 2,068 |
| Total receipts | 178,076,536 | 202,466,147 | 213,172,653 | 265,643,887 |
| Net income (less deficit) | 5,296,604 | 2,931,428 | -615,581 | 5,929,872 |
| Net income | 8,185,582 | 6,633,137 | 4,931,562 | 10,094,366 |
| U.S. income subject to tax | 7,542,966 | 5,401,714 | 3,345,716 | 7,502,478 |
| Total U.S. income tax— | | | | |
| Before credits | 3,431,363 | 2,466,796 | 1,506,219 | 2,906,764 |
| After credits | 2,363,459 | 1,353,846 | 1,017,840 | 2,120,865 |
| **PETROLEUM (INCLUDING INTEGRATED) AND COAL PRODUCTS** | | | | |
| Number of returns, total | 106 | 225 | 366 | 95 |
| With net income | 41 | *9 | *18 | *25 |
| Total receipts | 53,270,641 | 51,628,741 | 40,808,819 | 53,520,029 |
| Net income (less deficit) | 4,197,257 | 2,395,790 | -2,170,269 | 202,087 |
| Net income | 4,319,499 | *2,447,683 | *4,043 | *1,047,231 |
| U.S. income subject to tax | 4,268,831 | 2,272,567 | *1,295 | *1,016,407 |
| Total U.S. income tax— | | | | |
| Before credits | 1,939,501 | 1,050,362 | *19,126 | *383,204 |
| After credits | 1,264,753 | 369,789 | *18,825 | *328,722 |
| **CHEMICALS AND ALLIED PRODUCTS** | | | | |
| Number of returns, total | 205 | 169 | 207 | 274 |
| With net income | 119 | 97 | 68 | 98 |
| Total receipts | 27,821,870 | 30,958,699 | 40,577,794 | 55,099,632 |
| Net income (less deficit) | 584,180 | 455,169 | 632,612 | 2,756,279 |
| Net income | 1,050,753 | 1,093,596 | 1,336,848 | 3,159,547 |
| U.S. income subject to tax | 931,197 | 915,918 | 969,334 | 2,444,878 |
| Total U.S. income tax— | | | | |
| Before credits | 424,751 | 420,727 | 440,610 | 947,314 |
| After credits | 263,426 | 263,478 | 250,286 | 545,663 |
| **ELECTRICAL AND ELECTRONIC EQUIPMENT** | | | | |
| Number of returns, total | 693 | 787 | 971 | 356 |
| With net income | 322 | 383 | 133 | 132 |
| Total receipts | 14,096,743 | 15,207,914 | 24,409,838 | 28,195,192 |
| Net income (less deficit) | 276,753 | 36,373 | 155,294 | 108,466 |
| Net income | 517,127 | 449,329 | 684,542 | 723,795 |
| U.S. income subject to tax | 404,426 | 302,762 | 493,195 | 609,924 |
| Total U.S. income tax— | | | | |
| Before credits | 182,575 | 134,329 | 211,869 | 239,368 |
| After credits | 153,145 | 124,177 | 116,727 | 173,855 |
| **FOOD AND KINDRED PRODUCTS** | | | | |
| Number of returns, total | 167 | 135 | 205 | 349 |
| With net income | 104 | 68 | 128 | 92 |
| Total receipts | 13,720,196 | 19,296,441 | 17,558,217 | 25,069,807 |
| Net income (less deficit) | 31,970 | 158,655 | 346,477 | 1,002,573 |
| Net income | 317,327 | 329,465 | 532,482 | 1,242,443 |
| U.S. income subject to tax | 297,515 | 145,928 | 340,221 | 1,003,068 |
| Total U.S. income tax— | | | | |
| Before credits | 134,621 | 63,340 | 137,707 | 352,140 |
| After credits | 111,953 | 44,471 | 75,869 | 213,586 |
| **MACHINERY, EXCEPT ELECTRICAL** | | | | |
| Number of returns, total | 697 | 505 | 190 | 435 |
| With net income | 266 | 158 | 91 | 275 |
| Total receipts | 8,803,863 | 9,582,504 | 8,685,413 | 12,328,798 |
| Net income (less deficit) | -123,232 | -341,149 | -405,778 | 13,668 |
| Net income | 202,119 | 160,448 | 169,238 | 278,370 |
| U.S. income subject to tax | 122,831 | 104,418 | 78,030 | 137,462 |
| Total U.S. income tax— | | | | |
| Before credits | 55,310 | 47,426 | 35,235 | 55,634 |
| After credits | 48,560 | 35,651 | 27,561 | 42,880 |
| **PRIMARY METAL INDUSTRIES** | | | | |
| Number of returns, total | 64 | 60 | 64 | 69 |
| With net income | 41 | 31 | 32 | 40 |
| Total receipts | 8,832,820 | 12,388,236 | 10,220,237 | 12,208,218 |
| Net income (less deficit) | -123,714 | -366,453 | 11,199 | 172,934 |
| Net income | 113,871 | 137,394 | 182,984 | 302,504 |
| U.S. income subject to tax | 75,637 | 118,157 | 110,417 | 131,392 |
| Total U.S. income tax— | | | | |
| Before credits | 34,981 | 54,609 | 47,105 | 56,701 |
| After credits | 27,756 | 42,874 | 39,959 | 53,084 |
| **FABRICATED METAL PRODUCTS** | | | | |
| Number of returns, total | 282 | 619 | 386 | 297 |
| With net income | 204 | 207 | 110 | 110 |
| Total receipts | 10,365,005 | 10,100,154 | 10,349,866 | 11,466,240 |
| Net income (less deficit) | -354,528 | -273,958 | -126,877 | 405,892 |
| Net income | 151,537 | 125,834 | 128,090 | 710,549 |
| U.S. income subject to tax | 133,424 | 87,406 | 80,923 | 112,988 |
| Total U.S. income tax— | | | | |
| Before credits | 60,997 | 37,792 | 35,890 | 71,922 |
| After credits | 50,694 | 27,500 | 26,596 | 65,717 |

*Estimate should be used with caution because of the small number of sample returns on which it is based.

Notes: This table includes only those manufacturing industries which had $10 billion or more of total receipts for 1987.

Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts, but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."

**Table 2.—Selected Items, by Selected Countries, 1984-1987**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Country and item | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| **ALL COUNTRIES** | | | | |
| Number of returns, total | 37,401 | 36,677 | 36,778 | 44,862 |
| With net income | 15,306 | 15,882 | 14,348 | 18,466 |
| Total receipts | 459,161,616 | 513,777,962 | 542,694,669 | 686,785,812 |
| Net income (less deficit) | 4,528,142 | 2,978,286 | -1,519,339 | 5,608,265 |
| Net income | 15,355,593 | 14,500,125 | 12,745,420 | 19,764,758 |
| U.S. income subject to tax | 13,410,975 | 11,428,043 | 9,369,719 | 14,477,187 |
| Total U.S. income tax— | | | | |
| Before credits | 6,049,943 | 5,152,493 | 4,069,605 | 5,675,568 |
| After credits | 4,487,752 | 3,576,147 | 3,042,942 | 4,561,221 |
| **JAPAN** | | | | |
| Number of returns, total | 2,399 | 2,560 | *2,689 | 3,708 |
| With net income | 1,543 | 1,259 | *887 | 1,593 |
| Total receipts | 112,607,206 | 133,489,744 | *139,352,209 | 184,861,431 |
| Net income (less deficit) | 1,815,477 | 1,327,992 | *638,173 | 219,190 |
| Net income | 2,920,631 | 2,759,120 | *2,483,684 | 2,978,723 |
| U.S. income subject to tax | 2,681,977 | 2,636,389 | 2,251,142 | 2,466,468 |
| Total U.S. income tax— | | | | |
| Before credits | 1,224,963 | 1,198,936 | 1,011,878 | 979,174 |
| After credits | 1,143,570 | 1,117,328 | 947,426 | 950,979 |
| **UNITED KINGDOM** | | | | |
| Number of returns, total | 2,680 | 2,841 | 2,588 | 3,801 |
| With net income | 1,111 | 1,308 | 1,491 | 2,011 |
| Total receipts | 76,884,056 | 83,340,020 | 83,822,976 | 102,992,989 |
| Net income (less deficit) | 1,953,078 | 1,817,698 | -667,324 | 3,356,418 |
| Net income | 3,350,336 | 3,387,943 | 2,290,519 | 4,997,255 |
| U.S. income subject to tax | 3,161,220 | 2,712,172 | 1,638,026 | 4,056,219 |
| Total U.S. income tax— | | | | |
| Before credits | 1,442,102 | 1,231,060 | 735,503 | 1,569,525 |
| After credits | 1,147,539 | 904,405 | 587,662 | 1,412,086 |
| **NETHERLANDS** | | | | |
| Number of returns, total | 1,501 | 1,747 | 1,887 | 1,940 |
| With net income | 346 | 427 | 620 | 1,062 |
| Total receipts | 71,623,945 | 70,471,893 | 71,654,985 | 77,164,592 |
| Net income (less deficit) | 796,123 | 138,331 | -812,379 | 453,554 |
| Net income | 2,224,894 | 1,573,586 | 1,344,007 | 2,325,465 |
| U.S. income subject to tax | 2,026,190 | 973,518 | 840,154 | 1,598,746 |
| Total U.S. income tax— | | | | |
| Before credits | 912,880 | 440,248 | 347,136 | 581,224 |
| After credits | 753,038 | 205,353 | 244,765 | 433,520 |
| **WEST GERMANY** | | | | |
| Number of returns, total | 1,842 | 2,214 | 2,662 | 2,390 |
| With net income | 794 | 1,115 | 891 | 1,124 |
| Total receipts | 36,442,085 | 42,945,267 | 53,361,755 | 62,779,037 |
| Net income (less deficit) | 748,219 | 536,697 | -62,164 | 141,931 |
| Net income | 1,431,746 | 1,424,595 | 905,106 | 1,499,008 |
| U.S. income subject to tax | 1,179,722 | 1,260,191 | 772,042 | 1,071,819 |
| Total U.S. income tax— | | | | |
| Before credits | 537,089 | 567,737 | 312,972 | 433,720 |
| After credits | 423,054 | 449,478 | 200,290 | 351,323 |
| **CANADA** | | | | |
| Number of returns, total | 6,389 | 6,151 | 6,708 | 8,264 |
| With net income | 2,827 | 2,387 | 2,704 | 3,190 |
| Total receipts | 31,633,581 | 40,458,451 | 40,354,176 | 51,548,756 |
| Net income (less deficit) | -701,931 | -197,296 | -66,314 | 475,688 |
| Net income | 915,513 | 1,271,083 | 1,391,782 | 1,848,257 |
| U.S. income subject to tax | 606,425 | 634,263 | 841,219 | 1,152,658 |
| Total U.S. income tax— | | | | |
| Before credits | 258,199 | 281,377 | 362,749 | 457,555 |
| After credits | 209,181 | 200,553 | 251,738 | 346,767 |
| **FRANCE** | | | | |
| Number of returns, total | 2,094 | 1,683 | 1,469 | 1,899 |
| With net income | 632 | 640 | 675 | 373 |
| Total receipts | 22,250,703 | 25,673,312 | 21,942,578 | 29,794,083 |
| Net income (less deficit) | -19,464 | -126,433 | -66,588 | 114,188 |
| Net income | 484,536 | 505,017 | 548,933 | 800,838 |
| U.S. income subject to tax | 419,413 | 384,654 | 441,294 | 633,265 |
| Total U.S. income tax— | | | | |
| Before credits | 189,098 | 172,145 | 194,758 | 253,688 |
| After credits | 164,529 | 132,700 | 147,778 | 210,995 |
| **NETHERLANDS ANTILLES** | | | | |
| Number of returns, total | 1,300 | 733 | 767 | 1,757 |
| With net income | 252 | 181 | 120 | 223 |
| Total receipts | 17,646,710 | 20,767,891 | 16,891,714 | 27,255,423 |
| Net income (less deficit) | -384,690 | -535,965 | -364,901 | -376,392 |
| Net income | 300,569 | 411,261 | 551,431 | 581,405 |
| U.S. income subject to tax | 230,102 | 262,524 | 358,074 | 212,640 |
| Total U.S. income tax— | | | | |
| Before credits | 104,975 | 124,887 | 161,875 | 100,326 |
| After credits | 29,441 | 52,841 | 97,232 | 61,624 |

* Revised.

Notes: This table includes only those foreign countries which had $25 billion or more of total receipts for 1987. The foreign country data are based on the location of the corporate owner's place of residence, incorporation, organization, creation, or administration.

Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts, but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."

# Section 7 Foreign Corporations With Income Derived From U.S. Sources

Contents



Foreign corporations with income "effectively connected" with a U.S. trade or business are taxed on that income in a manner similar to the tax treatment of a U.S. corporation. The United States also taxes income derived from investments in the United States that is not effectively connected with a U.S. trade or business. This income is usually taxed at 30 percent. A lower withholding rate may apply if the country of incorporation has a tax treaty with the United States. (See Section 11 of this compendium for additional information about withholding taxes.)

Information for 1984 and 1985 are contained in Section 6 with information pertaining to domestic corporations primarily owned by a foreign entity. Data for 1986 and 1987 are contained in the article and tables listed above.

A foreign corporation with effectively connected income or income from U.S. investment from a U.S. trade or business must file a special corporate tax return, the Form 1120F. The information contained in this section represents Forms 1120F that had income and deduction items effectively connected with U.S. trade or business activities. Some of these returns may also have contained amounts of investment income from U.S. sources. The reader is referred to Section 15 for a copy of this tax form.

* Form 1120F, U.S. Income Tax Return of a Foreign Corporation, and Instructions (p. 468)

# Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987

By James R. Hobbs*

For 1987, 10,500 "foreign" corporations (i.e., those incorporated abroad) reported $61 billion of receipts generated from activities "effectively connected" with a U.S. trade or business. Overall, these companies reported a net deficit of $162 million from these activities. Only 3,300 of these companies reported a profit, totalling $2.2 billion. This resulted in $589 million of tax (referred to as the "Section II" tax in this article), after the reduction of credits and the addition of small amounts of tax from recomputing prior-year investment credits [1].

## FOREIGN OPERATIONS IN THE UNITED STATES

Foreign "persons" can establish business operations in the United States through several forms, including corporations, partnerships, and joint ventures. In regard to corporations, foreigners can either gain control of an existing U.S. company, create a new U.S. company, or operate in the United States as a branch of a foreign company. This article focuses on the latter [2].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [3]. The U.S. tax structure is one of these factors and it is discussed next in this article for foreign corporations operating in the United States.

## U.S. TAXATION

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income "effectively connected" with the conduct of a U.S. trade or business, as well as on income from U.S. sources that is not effectively connected. There are two methods of taxation that apply, depending on whether or not the income is considered to be effectively connected with a trade or business in the United States [4].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. This tax is referred to as "Section II" tax on Form 1120F, U.S. Income Tax Return of a Foreign Corporation. To determine the taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent that such deductions are related to this income [5]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations.

The Tax Reform Act of 1986 changed the regular corporate tax rates, effective July 1, 1987 [6]. For the period before this date, the rates were as follows:

| Taxable income | Tax rate |
|---|---|
| $25,000 or less .......... | 15% |
| $25,001 to $50,000 ........ | 18% |
| $50,001 to $75,000 ........ | 30% |
| $75,001 to $100,000 ....... | 40% |
| Over $100,000 ............ | 46% |

If a corporation's taxable income exceeded $1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over $1 million, or (b) $20,250.

For the period beginning on July 1, 1987 and continuing thereafter, the corporate tax rates were changed to:

| Taxable income | Tax rate |
|---|---|
| $50,000 or less .......... | 15% |
| $50,001 to $75,000 ........ | 25% |
| Over $75,000 ............. | 34% |

If a corporation's taxable income exceeds $100,000, then the corporation is liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over $100,000, or (b) $11,750.

*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

For accounting periods that included July 1, 1987, taxable income was subjected to both the old and new tax rates, with the resulting tax determined based on a proration of the number of days in the accounting period that fell before and after July 1. Because the statistics for 1987 shown in this article represent corporate returns with accounting periods that ended between July 1987 and June 1988 (and, thus, began as early as August 1986 for a 12-month period), the income tax amounts were calculated based on a mix of both the old and revised tax rates.

The 1986 Act also repealed the alternative tax on capital gains beginning July 1, 1987. Previously, companies with net long-term capital gains could elect to use an alternative method of tax computation if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent (34 percent for the period January 1, 1987, to July 1, 1987). The remainder of taxable income was then taxed at the regular rates. Under the 1986 Act, corporate long-term capital gains are taxed as ordinary income; there is no alternative tax computation for capital gains [7].

Credits could be used to reduce the "Section II" tax calculated under either the regular or alternative methods. These credits included, for Tax Year 1987, the foreign tax credit and the general business credit. The Tax Reform Act of 1986 made certain changes to the credits available to corporations. In addition to the regular or alternative tax after credits, a foreign corporation's "Section II" tax could include a tax from recomputing prior-year investment credits.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [8]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation that disposes of U.S. real property interests must treat the gain or loss as effectively connected income, even if the corporation is not otherwise engaged in a U.S. trade or business. In addition, a foreign corporation could elect to treat certain income from U.S. real property as effectively connected income, even if it otherwise would not have been considered to be this type of income. Included were certain gross rents, royalties, and gains. This election permitted the corporation to apply deductions against this gross income. For 1987, over 60 percent of foreign corporations with U.S. effectively connected income were classified as real estate companies. This is discussed in more detail later in this article.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and if the interest was derived from banking activities in the United States. Because foreign income taxes were imposed on such interest, banks accounted for nearly all of the total foreign tax credit claimed by foreign corporations with U.S. effectively connected income for 1987.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. (This tax is referred to as "Section I" tax on Form 1120F.) This income included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [9].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business ("Section II" tax) and (2) the tax on U.S.-source income that was not effectively connected ("Section I" tax) [10]. It could also include (1) an alternative minimum tax, (2) an environmental tax, (3) a Personal Holding Company tax, and (4) branch profits and branch-level interest taxes. The environmental tax was authorized by the Superfund Amendments and Reauthorization Act of 1986. (The statistics for "Total U.S. Income Tax" shown in this article include all of the above taxes, except for the "Section I" tax, which is shown separately.)

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries.

The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch profits and branch-level interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts considered to be a "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch profits and branch-level interest taxes.

Only data for the 10,478 foreign corporations which had income effectively connected with a U.S. trade or business for 1987 are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are therefore excluded.

## GROWTH OF FOREIGN CORPORATIONS

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from $21 billion for 1983 to $61 billion for 1987, a 193 percent increase, using current dollars. This growth rate was notably higher than the 34 percent increase for all U.S. corporation income tax returns (see Figure A). It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. Generally, it also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1987 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983 to 0.64 percent for 1987. While these aggregate percentages are small, foreign corporations accounted for substantially larger portions of receipts for specific industries, particularly banking. This is discussed in the next section of this article.

**Figure A.— Foreign Corporations with Income Effectively Connected with a U.S. Business Compared with All Corporations, 1983–1987**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Year and item | All corporation income tax returns | Returns of foreign corporations with U.S. effectively connected income [1] |
|---|---|---|
| **1987** | | |
| Number of returns | 3,612,133 | 10,478 |
| Total receipts | 9,580,721 | 61,004 |
| Net income (less deficit) | 328,224 | -162 |
| U.S. income subject to tax | 311,841 | 1,647 |
| Total U.S. income tax after credits [2] | 86,989 | 614 |
| **1986** | | |
| Number of returns | 3,428,515 | 11,342 |
| Total receipts | 8,669,379 | 43,626 |
| Net income (less deficit) | 269,530 | -139 |
| U.S. income subject to tax | 276,173 | 1,818 |
| Total U.S. income tax after credits [2] | 73,876 | 564 |
| **1985** | | |
| Number of returns | 3,277,219 | 11,693 |
| Total receipts | 8,398,278 | 50,909 |
| Net income (less deficit) | 240,119 | -1,487 |
| U.S. income subject to tax | 266,061 | 1,025 |
| Total U.S. income tax after credits [2] | 63,348 | 362 |
| **1984** | | |
| Number of returns | 3,170,743 | 10,905 |
| Total receipts | 7,800,711 | 43,656 |
| Net income (less deficit) | 232,901 | -1,513 |
| U.S. income subject to tax | 257,054 | 902 |
| Total U.S. income tax after credits [2] | 63,990 | 317 |
| **1983** | | |
| Number of returns | 2,999,071 | 8,001 |
| Total receipts | 7,135,494 | 20,794 |
| Net income (less deficit) | 188,314 | -1,118 |
| U.S. income subject to tax | 218,686 | 469 |
| Total U.S. income tax after credits [2] | 51,479 | 152 |

[1] Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

[2] For foreign corporations, total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

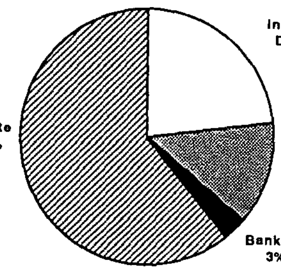
## INDUSTRY CHARACTERISTICS

As can be seen in Figure B, the finance, insurance and real estate industrial division accounted for most of the business activity in the United States by foreign corporations. In fact, for 1987, this division accounted for 77 percent of the returns filed and 80 percent of the total receipts resulting from trade or business effectively connected with a U.S. activity.

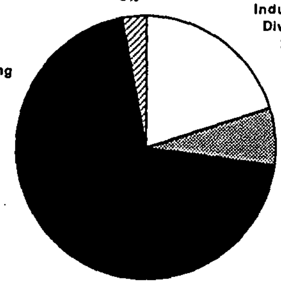
The 6,367 foreign corporations involved in real estate (61 percent of the total) generated only $1.5 billion (or 3 percent) of total receipts. This was an average of just $240,000 per company. As a group, foreign real estate companies reported a net deficit of $332 million for 1987. For every company that reported a profit (i.e., net income for tax purposes), nearly three and one-half others reported losses (see Figure C).

Figure B
**Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, 1987**

**Number of Returns**
**Total: 10,478**




**Total Receipts**
**Total: $61 Billion**




Foreign banks in the United States reported receipts of nearly $43 billion, or 70 percent of the total U.S. effectively connected income. Nearly all ($37 billion) of this income was interest. Only 286 banks, 3 percent of all the foreign companies, generated these receipts for 1987.

The $43 billion in receipts resulting from U.S. effectively connected business operations represented 11 percent of the worldwide receipts ($395 billion) reported on all U.S. corporation income tax returns with banking as their principal business activity. (Refer back to the "U.S. Taxation" section of this article for a discussion of foreign-source interest received by foreign banks which is considered to be U.S. effectively connected income.) The 1987 receipts of foreign banks in the United States represented a 63 percent increase over the $26 billion reported for 1986.

**Figure C.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, 1986 and 1987**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Item | 1986 | 1987 |
|---|---|---|
| Number of returns, total | 7,110 | 6,367 |
| With net income | 2,086 | 1,862 |
| Total receipts | 2,069 | 1,534 |
| Total deductions | 2,409 | 1,856 |
| Total receipts less total deductions | -340 | -322 |
| Net income (less deficit) | -350 | -332 |
| Net income | 589 | 238 |
| Deficit | 939 | 570 |
| U.S. income subject to tax | 428 | 124 |
| Total U.S. income tax:[1] | | |
| Before credits | 133 | 47 |
| After credits | 131 | 46 |
| Section I tax | 5 | 1 |
| Section II tax | 130 | 41 |
| Branch profits and branch-level interest taxes | N/A | 4 |

[1] Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.
N/A - Not applicable.

Figure D compares foreign banks to all banks that filed U.S. income tax returns for 1987. The amount of receipts reported by foreign banks are those effectively connected with a U.S. business, while receipts reported on all U.S. income tax returns of banks represent worldwide activities. Substantially less foreign banks reported profits than did all of the banks, 38 percent compared to 68 percent. However, the 109 profitable foreign banks averaged $15.5 million of net income, while the 8,309 total profitable banks averaged only $2.5 million of net income. Reflecting this information, the ratios of total U.S. income tax before credits to total receipts were somewhat similar, 1.3 percent compared to 1.7 percent. After credits, the difference in the ratios of tax to receipts narrowed to 1.1 percent versus 1.3 percent. U.S. banks had substantial amounts of credits, particularly foreign tax credits.

The wholesale and retail trade industrial division was second to finance, insurance and real estate in total receipts, although it accounted for only 12 percent (or $7.5 billion) of the total receipts of all foreign corporations. The corresponding percentage for the finance, insurance and real estate group was 80. No other industrial division represented more than 2.5 percent of the total (see Table 1).



**Figure D.—Foreign Banks with U.S. Effectively Connected Income Compared with All Banks that Filed U.S. Income Tax Returns, 1987**

[All figures are estimates based on samples—money amounts are in millions of dollars]

| Item | All corporation income tax returns | Returns of foreign banks with U.S. effectively connected income |
|---|---|---|
| Number of returns, total | 12,243 | 286 |
| With net income | 8,309 | 109 |
| Percentage | 67.9% | 38.1% |
| Total receipts | 394,678,345 | 42,828,676 |
| Interest | 300,518,674 | 36,676,217 |
| Total deductions | 371,784,728 | 41,783,357 |
| Interest paid | 216,656,309 | 35,310,938 |
| Net income (less deficit) | 14,224,568 | 1,028,086 |
| Net income | 20,377,186 | 1,693,394 |
| Deficit | 6,152,617 | 665,309 |
| U.S. income subject to tax | 16,830,301 | 1,330,199 |
| Total U.S. income tax before credits[1] | 6,765,723 | 546,353 |
| Regular and alternative tax or Section II tax | 6,484,540 | 533,283 |
| Section I tax[2] | 26,871 | 26,871 |
| Total credits | 1,708,449 | 54,479 |
| Foreign tax credit | 1,366,848 | 52,747 |
| General business credit | 341,270 | 1,732 |
| Total U.S. income tax after credits | 5,057,274 | 491,874 |
| Total U.S. income tax before credits as a percentage of total receipts | 1.7% | 1.3% |
| Total U.S. income tax after credits as a percentage of total receipts | 1.3% | 1.1% |

[1] For all returns, total U.S. income tax before credits includes regular and alternative taxes, Personal Holding Company taxes, taxes from recomputing prior year investment credits, environmental taxes, and alternative minimum taxes. For foreign corporations, total U.S. income tax before credits includes "Section II" tax, which is similar to the regular and alternative taxes and is based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, the tax from recomputing prior year investment credit, environmental tax, and the alternative minimum tax. It also includes the branch profits and branch-level interest taxes for foreign corporations. However, it excludes "Section I" tax for these foreign companies since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.
[2] Only foreign corporations with U.S. effectively connected income could have Section I tax.

## COUNTRY CHARACTERISTICS

Nearly three-fourths of the 10,478 foreign corporations which reported income effectively connected with a U.S. trade or business for 1987 were incorporated in the ten countries shown in Table 2. These 7,592 companies also accounted for 89 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

Table 2 shows that nine of the ten countries with the largest amount of U.S. effectively connected receipts were the same for 1986 and 1987. The only new country on this list was Belgium, in the tenth position, which replaced the Netherlands. Foreign corporations from Belgium accounted for $1 billion of receipts from U.S. effectively connected business activities.

The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 4,375, or nearly 42 percent of the total for 1987. However, these corporations accounted for only 4 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 3,422 of these corporations were principally involved in real estate activities and produced only $870 million of receipts (see Table 3). As previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount ($21.3 billion) of U.S. effectively connected receipts for 1987. This was an increase of nearly 80 percent, up from $11.9 billion for 1986. The majority of the receipts were produced by banks. In fact, U.S. branches of 33 Japanese banks produced $20.8 billion of U.S. effectively connected receipts for 1987. These receipts accounted for 98 percent of the receipts of the 394 Japanese-incorporated businesses operating in the United States.

Twenty of these 33 Japanese banks produced $661 million of taxable (net) income (i.e., "U.S. income subject to tax" in the statistics) as a result of their U.S. effectively connected business activities. (The other 13 banks reported deficits and, as a result, had no taxable income.) This U.S. taxable income resulted in $254 million of "Section II" U.S. taxes, prior to credits. However, this amount was reduced by $51 million of foreign tax credits and $1 million of general business credits. The $51 million represented over 97 percent of the total foreign tax credits claimed by all foreign corporations with income effectively connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "U.S. Taxation.")

Canadian corporations produced the second largest amount ($12.6 billion) of U.S. effectively connected receipts for 1987, a 174 percent increase over the 1986 amount of $4.6 billion. Over 88 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Banks and insurance companies accounted for most of these receipts, with $6.8 and $4.0 billion, respectively.

## INDUSTRY AND COUNTRY COMBINATIONS

Table 3 shows the 13 industry-country combinations with the largest total receipts for 1987. Each of these combinations had over $500 million of U.S. effectively connected receipts. As a group, these 13 combinations accounted for 80 percent of the $61 billion of total receipts of foreign corporations with U.S. effectively connected income.

Nine of the 13 industry-country combinations involve foreign banks, from Japan ($20.8 billion of receipts), Canada ($6.8 billion), Italy ($2.2 billion), West Germany ($2.0 billion), France ($2.0 billion), United Kingdom ($1.9 billion), Switzerland ($1.2 billion), Belgium ($1.1 billion), and Australia ($550 million). Two of the four remaining combinations were "miscellaneous" wholesalers from Switzerland and Bermuda. Miscellaneous wholesale trade included the distribution of the following items:

- Alcoholic beverages
- Apparel, piece goods, and notions
- Chemicals and allied products
- Drugs, drug proprietaries, and druggists' sundries
- Electrical goods
- Farm-product raw materials
- Furniture and home furnishings
- Hardware, plumbing, and heating equipment and supplies
- Lumber and construction materials
- Metals and minerals, except petroleum and scrap
- Motor vehicles and automotive equipment
- Paper and paper products
- Petroleum and petroleum products
- Sporting, recreational, photographic, and hobby goods, toys, and supplies
- Other nondurable goods, except groceries and related products
- Other durable goods, except machinery, equipment, and supplies

The two remaining combinations were Canadian insurance companies and real estate companies from the Netherlands Antilles.

## INCOME STATEMENT AND TAX ITEMS

For 1987, the 10,478 foreign corporations reported receipts totalling $61 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to $20 billion, while $38 billion of the total was interest income.

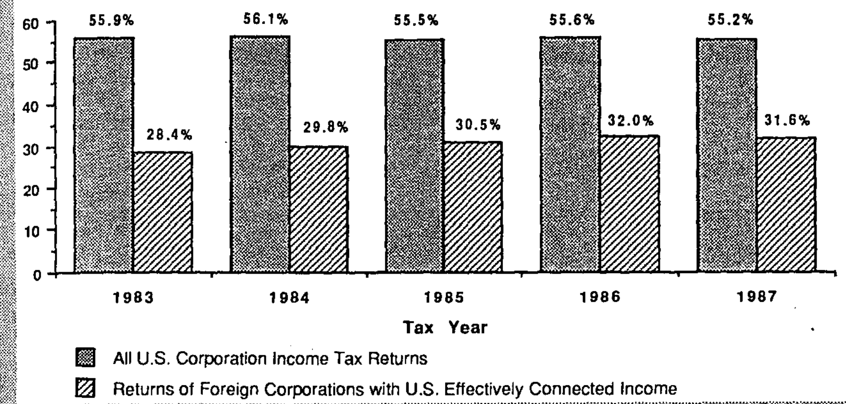
Collectively, foreign corporations claimed $61 billion in deductions for 1987. Cost of sales and operations was $12 billion. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling $35 billion. This amount was 96 percent of the $37 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of $162 million from their effectively connected activities. This was the result of 3,306 corporations having $2.2 billion of profits and 7,172 companies that were without profits, totalling $2.4 billion of deficits. (A small number of these 7,172 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 32 percent of the foreign corporations reported profits for 1987, as compared to 55 percent of all corporations filing U.S. tax returns. The percentages for 1986 were very similar to those for 1987, with only 32 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations. See Figure E for a comparison of the percentages of profitable companies for the period 1983 to 1987. As can be seen in this figure, the percentage of profitable foreign corporations increased somewhat over the 5-year period.

For 1987, the profitable foreign corporations had $1.6 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This amount was after net operating loss deductions and special deductions, and resulted in a "Section II" tax of $645 million before credits. Tax credits of $56 million reduced this U.S. tax liability, with foreign tax credits of $53 million accounting for most of the credits. With the addition of small amounts of tax from recomputing prior-year investment credits, "Section II" tax totalled $589 million. The $589 million of tax represents less than 1 percent of the



Figure E
Percentage of Corporation Returns Reporting Net Income, 1983-1987
[All figures are estimates based on samples]




$61 billion of effectively connected total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred $31 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as $9 million of alternative minimum tax, $12 million of branch profits and branch-level interest taxes, and $4 million of environmental tax. None of the foreign corporations sampled for 1987 had any Personal Holding Company tax. (While "Section I" tax is shown separately in the statistics, the income on which it was based was not tabulated.)

## SUMMARY

Foreign operations in the United States through corporations continued to grow at a relatively fast rate for 1987. While total receipts reported on all U.S. corporation income tax returns increased from 1986 to 1987 by 11 percent (using current dollars), receipts of foreign corporations with U.S. effectively connected income grew by 40 percent.

Foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and real estate activities. For 1987, this division alone accounted for 80 percent of the total receipts, with only 286 banks actually generating 70 percent of the $61 billion of total receipts for all 10,478 foreign corporations.

Tax Year 1987 was not a very profitable year for foreign corporations with income effectively connected with a U.S. trade or business. For 1987, only 32 percent of the foreign corporations reported profits (as computed under the tax code). By comparison, 55 percent of all corporations filing U.S. tax returns reported profits for 1987.

Japanese corporations accounted for $21 billion of the total $61 billion of total receipts for all foreign corporations with U.S. effectively connected income. This was the largest amount of any country, with Canadian companies placing second by producing nearly $13 billion of receipts. The receipts of Japanese and Canadian companies rose dramatically between 1986 and 1987.

## DATA SOURCES AND LIMITATIONS

### Sample

For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a

Foreign Corporation). In addition to this form, the statistics include data from Form 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by foreign companies that carried on a life insurance business in the United States. Thus, data for foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L [11].

Form 1120F samples were stratified based on the size of total assets and the business activity, even though balance sheet information was not actually tabulated from Forms 1120F. The sampling rates specified for these forms were either 20 percent or 100 percent, depending on the size of total assets and the business activity. Forms 1120L were stratified based solely on the size of total assets. The sample rates specified for these forms were either 50 percent or 100 percent, depending on the size of total assets.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's, see *Statistics of Income – 1987, Corporation Income Tax Returns.*

### Nonsampling Limitations

Most of the data in this article relate to 1987. However, for each tax year, the estimates cover returns with accounting periods that ended in a 12-month span beginning in July and ending in June. Thus, for Tax Year 1987, the span covered dates ending between July 1987 and June 1988.

As a result of the 12-month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1987, that span was from August 1986 through June 1988.

Each return used for the studies described in this article was given an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 3 of the article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities. (In general, foreign corporations could not be members of affiliated groups eligible to be included in consolidated returns.) To the extent that some corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, shown separately under the heading of "Section I" tax.

## NOTES AND REFERENCES

[1] "Section II" tax is based on a foreign corporation's income effectively connected with the conduct of a trade or business in the United States. The term "Section II" refers to the part of Form 1120F which requires information on this income.

[2] Also see Hobbs, James R., "Domestic Corporations Controlled by Foreign Persons, 1987," *Statistics of Income Bulletin*, Summer 1990, Volume 10, Number 1.

[3] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is one which is not domestic.

[4] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.

[5] Charitable contributions are deductible, subject to a limitation, whether or not they are related to effectively connected income.

[6] For a complete discussion of this Act, see IRS Publication 921, *Explanation of the Tax Reform Act of 1986 for Business.* This Act is also discussed in *Statistics of Income -- Corporation Income Tax Returns,* for 1986 and 1987.

[7] The Tax Reform Act of 1986 created an alternative minimum tax (AMT). Capital gains of corporations were included in the base of this tax (i.e., the alternative minimum taxable income). The AMT became effective for tax years beginning after December 31, 1986.

[8] While capital gains that were considered to be effectively connected with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.

[9] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations,* Publication 515.

[10] Foreign corporations are also subject to a 4 percent tax on one-half of their gross transportation income. This income is derived from the transportation of people or property that begins or ends in the United States, or from leasing or renting vessels or aircraft in such transportation. The tax is included in "Section I" tax.

[11] For 1987, the statistics may also include data from a small number of returns filed on Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return. This form was new for Tax Year 1987.

## Table 1.—Selected Income and Tax Items, by Industrial Division, 1986 and 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and item | All industrial divisions[1] | Agriculture, forestry, and fishing | Mining | Construction | Manufacturing | Transportation and public utilities | Wholesale and retail trade | Finance, insurance, and real estate | Services |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **1987** | | | | | | | | | |
| Number of returns, total | 10,478 | 330 | 456 | 94 | 208 | 247 | 433 | 8,097 | 567 |
| With net income | 3,306 | 86 | 150 | 47 | 88 | *25 | 181 | 2,512 | 202 |
| Total receipts | 61,004,223 | 91,794 | 492,599 | 195,151 | 1,549,370 | 1,371,329 | 7,464,569 | 49,020,877 | 791,265 |
| Business receipts | 19,971,381 | 74,803 | 417,690 | 171,700 | 1,515,167 | 1,353,202 | 7,422,990 | 8,407,740 | 582,635 |
| Interest[2] | 37,934,117 | 4,192 | 27,247 | 7,029 | 5,232 | *1,417 | 10,102 | 37,860,644 | 18,184 |
| Total deductions | 61,130,044 | 173,085 | 548,585 | 198,264 | 1,641,720 | 1,737,577 | 7,508,374 | 48,458,891 | 835,377 |
| Cost of sales and operations | 11,728,444 | 43,703 | 166,414 | 164,304 | 1,258,767 | 788,703 | 7,018,759 | 2,110,670 | 162,316 |
| Interest paid | 36,611,462 | 13,690 | 97,520 | *8,207 | 37,789 | 78,228 | 38,385 | 36,271,749 | 63,884 |
| Net income (less deficit) | -161,948 | -81,312 | -56,004 | -3,113 | -92,350 | -368,248 | -43,805 | 525,911 | -44,092 |
| Net income | 2,243,914 | 4,828 | 27,518 | 7,268 | 31,408 | *6,481 | 34,487 | 2,097,908 | 33,716 |
| U.S. income subject to tax | 1,647,056 | *2,203 | *1,688 | *1,361 | *22,392 | *5,708 | 13,193 | 1,589,956 | 10,262 |
| Total U.S. income tax[3] | 669,637 | *642 | *1,137 | *463 | *8,683 | *2,166 | 9,199 | 643,350 | 3,953 |
| Section II tax | 644,752 | *613 | *524 | *332 | *8,316 | *2,126 | 4,719 | 624,690 | 3,387 |
| Branch profits and branch-level interest taxes | 11,654 | *29 | *2 | — | *338 | 40 | *1,866 | 9,214 | *164 |
| Foreign tax credit | 52,776 | — | — | — | — | — | — | 52,776 | — |
| Other credits[4] | 3,017 | — | — | *(5) | *220 | — | *263 | 2,521 | *12 |
| Section I tax | 30,997 | — | *(5) | *61 | — | *478 | *401 | 30,017 | 3 |
| Distributions to stockholders except in own stock | 107,657 | *101 | *634 | — | — | 492 | *1,380 | 105,000 | *51 |
| **1986** | | | | | | | | | |
| Number of returns, total | 11,342 | 309 | 551 | 77 | 204 | 144 | 413 | 8,970 | 592 |
| With net income | 3,631 | 75 | 155 | *25 | 62 | 60 | 160 | 2,796 | 252 |
| Total receipts | 43,625,980 | 86,315 | 318,406 | 125,979 | 1,305,108 | 1,232,267 | 7,510,200 | 32,244,709 | 782,098 |
| Business receipts | 15,751,678 | 67,509 | 293,971 | 115,215 | 1,260,288 | 1,186,518 | 7,467,765 | 4,772,429 | 577,263 |
| Interest[2] | 24,292,785 | 5,383 | 2,704 | 3,479 | 6,501 | *3,719 | 8,465 | 24,247,782 | 14,715 |
| Total deductions | 43,739,001 | 126,960 | 535,025 | 153,273 | 1,384,786 | *1,462,864 | 7,552,494 | 31,712,717 | 807,187 |
| Cost of sales and operations | 11,802,435 | 23,225 | 149,867 | 108,132 | 1,018,521 | 835,915 | 7,014,183 | 2,393,305 | 256,576 |
| Interest paid | 23,561,904 | 30,111 | 108,140 | 6,680 | 50,921 | 50,763 | 36,746 | 23,216,551 | 61,984 |
| Net income (less deficit) | -139,186 | -40,654 | -216,909 | -27,332 | -79,678 | -230,597 | -42,376 | 506,248 | -25,090 |
| Net income | 2,492,836 | 5,673 | 8,010 | *610 | 61,783 | 36,112 | 56,879 | 2,251,735 | 54,392 |
| U.S. income subject to tax | 1,817,909 | *3,627 | 1,153 | *290 | 50,818 | 26,065 | 24,267 | 1,648,834 | 45,196 |
| Total U.S. income tax[3] | 687,783 | *1,307 | 423 | *148 | 23,081 | 10,370 | 10,093 | 620,392 | 15,685 |
| Section II tax | 680,695 | *1,307 | 221 | *55 | 23,015 | 10,039 | 10,051 | 614,059 | 15,673 |
| Foreign tax credit | 118,341 | — | — | — | — | — | *49 | 118,291 | *1 |
| Other credits[4] | 5,794 | *87 | *15 | — | *184 | *70 | *75 | 5,029 | 334 |
| Section I tax | 12,907 | — | *7 | *58 | *164 | *1,870 | 3 | 10,712 | *9 |
| Distributions to stockholders except in own stock | 194,903 | — | *5,756 | — | *5,606 | *454 | *57,776 | 119,037 | *5,403 |

* Estimate should be used with caution because of the small number of returns on which it is based.
[1] Includes "Nature of business not allocable," which is not shown separately.
[2] Includes taxable interest received from obligations issued by the U.S. Government, as well as taxable amounts received on loans, notes, mortgages, bank deposits, and corporate bonds.
[3] Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.
[4] Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.
[5] Less than $500 per return.
NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.



## Table 2.—Selected Income and Tax Items, by Selected Country, 1986 and 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Year and country[1] | Number of returns: Total | Number of returns: With net income | Total receipts | Business receipts | Total deductions | Cost of sales and operations | Net income (less deficit) | Net income |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **1987** | | | | | | | | |
| **All countries** | **10,478** | **3,306** | **61,004,223** | **19,971,381** | **61,130,044** | **11,728,444** | **-161,948** | **2,243,914** |
| Japan | 394 | 121 | 21,308,574 | 1,570,319 | 20,809,628 | 328,453 | 491,337 | 693,180 |
| Canada | 1,781 | 593 | 12,599,858 | 7,193,826 | 12,146,075 | 2,800,565 | 452,497 | 909,012 |
| Switzerland | 255 | 85 | 5,545,289 | 4,414,913 | 5,496,043 | 4,187,763 | 49,180 | 74,965 |
| West Germany | 230 | 127 | 3,230,388 | 1,209,094 | 3,213,583 | 988,671 | 7,122 | 61,178 |
| Netherlands Antilles | 4,375 | 1,186 | 2,636,847 | 1,500,968 | 3,030,625 | 796,500 | -403,409 | 165,117 |
| Italy | 15 | (4) | 2,202,559 | 26,607 | 2,318,968 | *5,185 | -116,409 | 808 |
| United Kingdom | 388 | 167 | 2,190,206 | 348,979 | 2,202,559 | 171,987 | -12,419 | 41,876 |
| France | 42 | 27 | 1,970,131 | 78,257 | 1,964,160 | *319 | 5,940 | 34,146 |
| Bermuda | 100 | 40 | 1,329,300 | 1,191,578 | 1,339,508 | 1,164,325 | -11,812 | 28,590 |
| Belgium | *12 | *6 | *1,078,899 | *28,124 | *1,047,689 | — | *31,210 | *32,160 |
| **1986** | | | | | | | | |
| **All countries** | **11,342** | **3,631** | **43,625,980** | **15,751,678** | **43,739,001** | **11,802,435** | **-139,186** | **2,492,836** |
| Japan | 283 | 103 | 11,854,703 | 671,223 | 11,102,864 | 289,769 | 751,794 | 853,443 |
| Switzerland | 271 | 91 | 4,809,878 | 3,704,304 | 4,672,352 | 3,428,957 | 135,847 | 289,920 |
| Canada | 1,641 | 661 | 4,590,725 | 1,715,466 | 4,619,331 | 1,147,891 | -29,038 | 242,919 |
| Netherlands Antilles | 5,226 | 1,389 | 4,376,141 | 3,101,630 | 5,156,662 | 2,313,831 | -794,936 | 288,458 |
| West Germany | 238 | 137 | 3,335,852 | 1,604,029 | 3,247,001 | 1,387,629 | 82,427 | 112,141 |
| United Kingdom | 407 | 158 | 2,622,554 | 909,573 | 2,624,273 | 604,884 | -2,017 | 84,804 |
| Italy | 25 | *3 | 2,154,544 | 97,146 | 2,214,644 | *71,003 | -60,100 | *9,666 |
| France | 43 | *20 | 1,832,224 | 98,667 | 1,932,071 | *12,293 | -99,848 | *5,760 |
| Bermuda | 107 | 62 | 1,413,057 | 1,367,699 | 1,338,930 | 1,231,080 | 74,033 | 91,461 |
| Netherlands | 208 | 69 | 587,811 | 54,980 | 485,264 | *24,374 | 102,547 | 178,538 |

| Year and country[1] | U.S. income subject to tax | Total U.S. income tax[2] | Section II tax | Branch profits and branch-level interest taxes | Foreign tax credit | Other credits[3] | Section I tax | Distributions to stockholders except in own stock |
|---|---|---|---|---|---|---|---|---|
| | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| **1987** | | | | | | | | |
| **All countries** | **1,647,056** | **669,637** | **644,752** | **11,654** | **52,776** | **3,017** | **30,997** | **107,657** |
| Japan | 664,691 | 256,397 | 255,053 | *198 | 51,353 | *891 | *13,629 | — |
| Canada | 670,621 | 279,078 | 277,053 | *1,490 | — | *218 | 12,001 | 42,373 |
| Switzerland | 37,410 | 17,700 | 13,169 | *229 | — | 8 | *278 | *253 |
| West Germany | 56,981 | 22,379 | 22,288 | *4 | 1,366 | *183 | *1 | *47 |
| Netherlands Antilles | 71,951 | 27,179 | 23,882 | 2,385 | *13 | 998 | 829 | 26,644 |
| Italy | — | 3 | — | — | — | — | — | — |
| United Kingdom | 23,736 | 8,946 | 8,783 | *55 | — | *503 | *90 | *8,131 |
| France | *7,032 | 3,597 | *2,739 | *307 | — | 3 | 2 | 6,500 |
| Bermuda | 28,185 | 12,452 | 12,280 | 133 | — | *5 | *22 | *10,464 |
| Belgium | — | *771 | — | — | — | — | *3,943 | — |
| **1986** | | | | | | | | |
| **All countries** | **1,817,909** | **687,783** | **680,695** | **N/A** | **118,341** | **5,794** | **12,907** | **194,903** |
| Japan | 745,227 | 302,213 | 300,968 | N/A | 111,713 | *746 | *222 | *2,408 |
| Switzerland | 231,742 | 70,021 | 66,314 | N/A | — | *11 | *613 | *23,120 |
| Canada | 204,490 | 87,931 | 87,578 | N/A | *1 | 285 | 5,737 | 55,096 |
| Netherlands Antilles | 163,107 | 50,437 | 49,741 | N/A | *573 | 929 | 1,805 | 27,471 |
| West Germany | 69,698 | 31,193 | 31,113 | N/A | *1,617 | *970 | (5) | *3,300 |
| United Kingdom | 28,091 | 12,106 | 12,092 | N/A | 2,731 | *1,749 | *26 | *6,055 |
| Italy | — | — | — | N/A | — | — | 151 | — |
| France | *702 | *176 | *176 | N/A | — | *16 | — | — |
| Bermuda | 47,847 | 21,607 | 21,601 | N/A | *46 | *13 | — | *118 |
| Netherlands | 165,302 | 49,122 | 48,472 | N/A | — | *251 | — | *45,246 |

* Estimate should be used with caution because of the small number of returns on which it is based.
[1] Country is based on the location of incorporation of the foreign corporation.
[2] Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.
[3] Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.
[4] Estimate not shown to avoid disclosure of information.
[5] Less than $500 per return.
N/A - Not applicable.
NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

**Table 3.—Selected Items, by Selected Industry and Country Combinations, 1987**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Industry | Country [1] | Number of returns (1) | Total receipts (2) | Net income (less deficit) (3) | Net income (4) | U.S. income subject to tax (5) |
|---|---|---|---|---|---|---|
| **All Industries** | **All countries** | **10,478** | **61,004,223** | **-161,948** | **2,243,914** | **1,647,056** |
| Banking | Japan | 33 | 20,847,742 | 573,829 | 687,462 | 660,586 |
| Banking | Canada | *18 | *6,770,740 | *730,162 | *771,931 | *576,904 |
| Miscellaneous wholesale trade | Switzerland | 6 | 4,236,954 | 9,748 | 12,731 | 1,517 |
| Insurance | Canada | *16 | *3,966,671 | *-179,679 | *21,963 | *20,103 |
| Banking | Italy | 10 | 2,196,362 | -114,331 | 808 | — |
| Banking | West Germany | 12 | 2,035,273 | 22,357 | 46,413 | 45,234 |
| Banking | France | 9 | 1,958,331 | 2,706 | 27,097 | — |
| Banking | United Kingdom | 20 | 1,897,266 | -9,970 | *20,832 | *10,303 |
| Banking | Switzerland | 5 | 1,188,000 | 8,004 | 18,671 | 7,999 |
| Miscellaneous wholesale trade | Bermuda | *7 | *1,103,037 | *-11,860 | *680 | *680 |
| Banking | Belgium | *7 | *1,078,898 | *31,234 | *32,160 | — |
| Real estate | Netherlands Antilles | 3,422 | 870,064 | -319,793 | 111,949 | 48,281 |
| Banking | Australia | 5 | 553,069 | 10,057 | 12,731 | 6,878 |

| Industry | Country [1] | Total U.S. income tax [2] (6) | Section II tax (7) | Branch profits and branch-level interest taxes (8) | Credits [3] (9) | Section I tax [4] (10) |
|---|---|---|---|---|---|---|
| **All Industries** | **All countries** | **669,637** | **644,752** | **11,654** | **55,793** | **30,997** |
| Banking | Japan | 255,022 | 253,881 | — | 52,237 | 13,172 |
| Banking | Canada | *242,048 | *242,047 | — | *4 | *9,474 |
| Miscellaneous wholesale trade | Switzerland | 3,408 | 586 | 214 | 8 | 5 |
| Insurance | Canada | *7,543 | *7,519 | — | — | *1,437 |
| Banking | Italy | 3 | — | — | — | — |
| Banking | West Germany | 18,152 | 18,083 | — | 1,520 | — |
| Banking | France | 820 | — | 271 | — | — |
| Banking | United Kingdom | *4,130 | *4,044 | — | *486 | — |
| Banking | Switzerland | 4,590 | 3,196 | — | — | 263 |
| Miscellaneous wholesale trade | Bermuda | *370 | *236 | *133 | — | — |
| Banking | Belgium | *771 | — | — | — | *3,943 |
| Real estate | Netherlands Antilles | 17,984 | 15,828 | 2,038 | *733 | 565 |
| Banking | Australia | 2,968 | 2,941 | — | 117 | — |

* Estimate should be used with caution because of the small number of returns on which it is based.

[1] Country is based on the location of incorporation of the foreign corporation.

[2] Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes.

[3] Includes foreign tax and general business credits.

[4] "Section I" tax is excluded from total U.S. income tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

# Section 8 U.S. Possessions Corporations

Contents



Under Section 936 of the Internal Revenue Code, a domestic corporation can elect to be treated as a U.S. possessions corporation to claim certain tax benefits. To qualify for these benefits, a corporation must receive 80 percent or more of its gross income from sources within a U.S. possession and 75 percent or more of its gross income from the active conduct of trade or business within the U.S. possession.

Corporations that meet the percentage criteria during the applicable period are allowed a tax credit against their United States income tax liability . The applicable period is the shorter of thirty-six months or the period when the corporation actively conducted business in a possession. The credit is limited to the amount of tax attributable to possessions business income and qualified possessions source investment income. The majority of possessions corporations are located in Puerto Rico and are involved with manufacturing.

The corporations described above differ from companies which are actually incorporated in a U.S. possession. Corporations incorporated in a U.S. possession are regarded as foreign corporations for U.S. tax purposes. They are subject to a withholding tax on certain U.S. source investment income and are subject to taxes on income "effectively connected" with a U.S. trade or business. However, the company incorporated in a U.S. possession is not subject to U.S. tax on foreign source income.

The reader is also referred to Section 15 of this compendium for the forms and instructions related to possessions corporations.

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, and Instructions (p. 512)

* Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, and Instructions (p. 520)

* Schedule P (Form 5735), Allocation of Income and Expenses Under Section 936(h)(5), and Instructions (p. 521)

# U.S. Possessions Corporations, 1985

A possessions corporation may take a credit equal to that portion of its U.S. tax attributable to income related to activity in U.S. possessions. A possessions corporation is a U.S. corporation that meets two requirements. First, eighty percent or more of the corporation's gross income for the applicable period (generally, the three year period immediately preceding the close of the corporation's taxable year) must be from sources within a U.S. possession. Second, sixty-five percent or more of the corporation's gross income must be derived from the active conduct of a trade or business in a possession.

If these requirements are met, the corporation may credit the portion of its U.S. tax attributable to income from the active conduct of a trade or business within a U.S. possession and qualified possession source investment income. Income from the active conduct of a trade or business within a U.S. possession includes income from the sale of substantially all of the assets used in the active conduct of a trade or business within the possession. Qualified possession source investment income is income attributable to investment in a possession of funds derived from the active conduct of a business in the same possession.

For more information about the rules applicable to U.S. possessions corporations, see Bradford, John J., "U.S. Possessions Corporations, 1987," Statistics of Income Bulletin, Summer 1991, Vol. 11, No. 1, pp. 51-60; Hartzok, Jeff, "U.S. Possessions Corporation Returns, 1983," Statistics of Income Bulletin, Spring 1988, Vol. 7, No. 5, pp. 55-64.

Table 1 contains financial data for the 594 possessions corporations that filed a return for 1985. The data are classified by the industry of the possessions corporation. These 594 possessions corporations reported assets of over $27.7 billion. They had taxable income of over $5.3 billion and had a pre-credit tax liability of nearly $2.5 billion. The corporations utilized the possessions tax credit to reduce this liability by over $2.4 billion to $22.9 million.

The largest industry group was Chemical and Allied Products, composed largely of drug manufacturing companies. Of the 109 possessions corporations manufacturing chemicals and allied products, seventy-three returns were filed by drug companies. These returns accounted for about twelve percent of the total number of returns filed. However, drug companies claimed possession tax credits of nearly $1.1 billion, about forty-five percent of the total amount of possession tax credits taken. The second largest industry group was companies manufacturing electrical and electronic equipment. These companies filed 104 returns, or eighteen of the total number of returns filed. They claimed possession tax credits of $455.8 million, about nineteen percent of the total possessions tax credits claimed.

Table 2 contains data, classified by selected manufacturing industries, showing the tax benefits derived by possessions corporations from the possessions tax credit, employment in Puerto Rico and compensation of Puerto Rican employees of possessions corporations. These data are for the 365 possessions corporations for which Federal unemployment insurance tax returns were available for statistical processing for 1985. These data were weighted to represent those possessions corporations with manufacturing operations in Puerto Rico. (Of the 497 possessions corporations involved in manufacturing, 459 had operations in Puerto Rico.) Gross compensation includes total wages and estimated employer paid non-payroll costs. Compensation per worker is gross compensation divided by the gross number of workers. Benefits per worker measures the tax benefits to possessions corporations from the possessions tax credit and is equal to the reduction in U.S. tax liability divided by the gross number of workers. These amounts are compared to get the ratio of tax benefits per worker over compensation per worker. This ratio gives an indication of the tax benefits that each corporation received for each dollar spent on Puerto Rican labor. For industries in which the ratio is over 100, possessions corporations received tax benefits in excess of the amount that employees were compensated. Overall, the ratio was 134.6 for 1985 (i.e., tax benefits from the possessions tax credit exceeded compensation for Puerto Rican employees by about thirty-five percent). Most industry groups had ratios below 100. However, a few significant industries, particularly certain industries in the Chemicals and Allied Products industry group, received tax benefits that were greater than compensation provided by the possessions corporations to their Puerto Rican employees.



**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry**

[Money amounts are in thousands of dollars]

| Item | All industries | Construction | Manufacturing: Total | Manufacturing: Food and kindred products | Manufacturing: Textile mill products | Manufacturing: Apparel and other textile products | Manufacturing: Paper and allied products | Manufacturing: Printing and publishing | Manufacturing: Chemicals and allied products: Total |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Number of returns** | **594** | **9** | **497** | **32** | **8** | **70** | **7** | **7** | **109** |
| **Total assets** | **27,734,768** | **23,752** | **20,797,980** | **2,436,869** | **12,312** | **629,389** | **27,733** | **44,380** | **9,407,563** |
| Cash | 5,108,697 | 253 | 4,709,276 | 728,114 | 2,005 | 152,838 | 1,882 | 932 | 1,782,754 |
| Notes and accounts receivable | 4,954,077 | 12,943 | 3,720,731 | 411,237 | 4,564 | 239,499 | 10,045 | 3,326 | 1,490,438 |
| Less: allowance for bad debts | 48,447 | 30 | 43,871 | 8,429 | 14 | 97 | 219 | 69 | 3,089 |
| Ending inventories | 1,956,399 | 133 | 1,821,253 | 281,531 | 1,416 | 107,077 | 3,480 | 1,160 | 537,318 |
| Investment in government obligations | 1,019,254 | — | 780,401 | — | — | 1,224 | 5,357 | — | 506,458 |
| Other current assets | 1,477,629 | 2,863 | 643,018 | 23,098 | 471 | 17,108 | 3,614 | 35,041 | 338,898 |
| Loans to stockholders | 248,529 | — | 240,811 | 41,760 | — | 13,020 | 115 | — | 67,136 |
| Mortgage and real estate loans | 2,044,813 | — | 110,151 | — | — | 1,976 | — | — | 4,165 |
| Other investments | 6,609,450 | 1,039 | 5,700,366 | 552,834 | 3,431 | 57,105 | — | 1,496 | 3,276,424 |
| Depreciable assets | 5,079,375 | 12,644 | 3,607,452 | 413,563 | 808 | 62,769 | 6,459 | 5,735 | 1,552,310 |
| Less: accumulated depreciation | 1,903,302 | 8,289 | 1,388,597 | 152,629 | 433 | 35,842 | 3,223 | 3,417 | 511,259 |
| Depletable assets | 872 | — | 561 | — | — | — | — | — | 541 |
| Less: accumulated depletion | 416 | — | 416 | — | — | — | — | — | 416 |
| Land | 130,099 | 304 | 89,092 | 12,297 | — | 818 | 209 | 9 | 32,507 |
| Intangible assets (amortizable) | 197,008 | — | 187,295 | — | 2 | 547 | 5 | — | 137,985 |
| Less: accumulated amortization | 129,822 | — | 128,839 | — | 2 | 427 | 2 | — | 94,016 |
| Other assets | 990,552 | 1,893 | 749,293 | 133,492 | 64 | 11,774 | 11 | 168 | 289,411 |
| **Total liabilities and stockholders' equity** | **27,734,768** | **23,752** | **20,797,980** | **2,436,869** | **12,312** | **629,389** | **27,733** | **44,380** | **9,407,563** |
| Accounts payable | 1,575,011 | 8,360 | 1,128,542 | 303,582 | 154 | 87,965 | 784 | 3,666 | 312,670 |
| Mortgages, notes and bonds payable in less than 1 year | 1,310,579 | 1,361 | 277,642 | 53,708 | 3 | 8,470 | 4,415 | 50 | 160,851 |
| Other current liabilities | 4,379,641 | 3,631 | 525,166 | 71,312 | 175 | 19,189 | 371 | 7,375 | 249,798 |
| Loans from stockholders | 52,191 | — | 46,982 | 372 | 5 | 508 | — | — | 33,885 |
| Mortgages, notes and bonds payable in 1 year or more | 688,306 | 2,833 | 343,486 | 38,512 | — | 2,273 | — | 248 | 249,077 |
| Other liabilities | 330,974 | 85 | 234,731 | 27,184 | 14 | 912 | 2 | — | 86,423 |
| Capital stock | 342,628 | 134 | 311,115 | 38,063 | 137 | 9,252 | 305 | 691 | 147,180 |
| Paid-in or capital surplus | 2,043,810 | 27 | 1,122,695 | 98,470 | — | 16,525 | 2,154 | 1,048 | 325,236 |
| Retained earnings, appropriated | 7,042 | — | 6,993 | 15 | — | 743 | — | — | — |
| Retained earnings, unappropriated | 17,095,381 | 7,337 | 16,885,072 | 1,808,064 | 11,824 | 484,858 | 19,702 | 31,896 | 7,911,932 |
| Less: cost of treasury stock | 90,796 | 15 | 84,443 | 2,414 | — | 1,306 | — | 594 | 69,491 |
| **Total receipts** | **16,230,091** | **52,942** | **14,444,856** | **1,877,316** | **16,302** | **633,823** | **29,481** | **37,545** | **4,451,887** |
| Business receipts [1] | 13,178,938 | 52,192 | 12,322,456 | 1,654,928 | 15,235 | 606,804 | 28,707 | 35,130 | 3,068,080 |
| Interest, except state and local government obligations [1] | 1,184,180 | 379 | 724,290 | 86,052 | 894 | 20,421 | 473 | 2,096 | 339,675 |
| Interest on state and local government obligations [1] | 40,439 | — | 37,246 | 524 | 130 | 1,036 | 75 | 115 | 23,619 |
| Rents [1] | 411,927 | 97 | 4,523 | 533 | — | 42 | 8 | — | 187 |
| Royalties [1] | 2,823 | — | 2,810 | — | — | 78 | — | — | 2,711 |
| Net short-term capital gain [1] | 2,561 | — | 2,561 | — | — | — | — | — | 2,561 |
| Net long-term capital gain [1] | 6,431 | 164 | 6,090 | 1,270 | — | 29 | — | — | 1,483 |
| Net gain, noncapital assets [1] | 10,129 | 38 | 1,123 | 104 | 2 | 752 | — | 5 | 17 |
| Dividends other than constructive distributions [1] | 45,018 | — | 41,123 | 5,731 | — | 31 | — | — | 20,951 |
| Other receipts [1] | 1,347,645 | 72 | 1,302,635 | 128,174 | 41 | 4,630 | 218 | 199 | 992,604 |
| **Total deductions** | **10,831,000** | **54,170** | **9,241,642** | **1,368,756** | **11,623** | **512,261** | **23,823** | **24,072** | **1,845,056** |
| Cost of sales and operations | 7,790,815 | 47,417 | 7,182,730 | 1,192,506 | 9,503 | 474,253 | 21,459 | 16,382 | 999,625 |
| Compensation of officers | 24,369 | 183 | 10,319 | 1,998 | — | 451 | — | 127 | 2,403 |
| Salaries and wages | 402,510 | 1,066 | 264,054 | 29,817 | 791 | 7,008 | 481 | 2,189 | 58,212 |
| Repairs | 140,417 | 355 | 39,919 | 5,910 | 4 | 295 | 18 | 166 | 14,470 |
| Bad debts | 21,450 | (2) | 4,903 | 1,624 | 1 | 10 | 23 | 51 | 790 |
| Rents paid | 48,391 | 89 | 25,268 | 1,971 | 121 | 1,463 | 159 | 331 | 3,669 |
| Taxes paid | 215,062 | 1,016 | 178,328 | 16,564 | 159 | 8,606 | 242 | 675 | 15,784 |
| Interest paid | 332,524 | 444 | 30,641 | 6,365 | 1 | 539 | 278 | 29 | 13,015 |
| Contributions | 2,181 | 2 | 2,004 | 340 | 1 | 34 | 1 | 11 | 679 |
| Amortization | 69,462 | — | 69,297 | — | — | 101 | — | — | 1,007 |
| Depreciation | 281,281 | 1,538 | 179,713 | 21,259 | 182 | 2,819 | 478 | 541 | 60,517 |
| Depletion | 118 | — | 118 | — | — | — | — | — | — |
| Advertising | 79,616 | 10 | 55,498 | 25,500 | 1 | 68 | 1 | 301 | 20,353 |
| Pension, profit-share, stock bonus, and annuity plans | 22,466 | 29 | 13,848 | 3,053 | — | 263 | 34 | 110 | 3,786 |
| Employee benefit programs | 75,492 | 123 | 60,289 | 7,430 | 394 | 3,359 | 16 | 112 | 14,786 |
| Net loss, noncapital assets | 6,164 | — | 5,787 | 365 | — | 33 | — | 10 | 1,013 |
| Other deductions | 1,318,683 | 1,897 | 1,118,928 | 54,053 | 465 | 12,962 | 635 | 3,035 | 634,945 |
| **Total receipts less total deductions** | **5,399,091** | **-1,228** | **5,203,214** | **508,560** | **4,680** | **121,562** | **5,658** | **13,474** | **2,606,832** |
| Net income (less deficit) | 5,358,652 | -1,228 | 5,165,969 | 508,037 | 4,550 | 120,526 | 5,583 | 13,358 | 2,583,213 |
| Net income | 5,392,443 | 464 | 5,186,326 | 510,516 | 4,550 | 123,299 | 5,583 | 13,358 | 2,588,708 |
| Deficit | 33,791 | 1,691 | 20,358 | 2,479 | — | 2,773 | — | — | 5,495 |
| Net income (less deficit) per books | 5,336,525 | -486 | 5,134,130 | 505,992 | 4,702 | 116,710 | 5,492 | 12,608 | 2,550,749 |
| **Income subject to tax** | **5,335,917** | **464** | **5,148,194** | **503,985** | **4,550** | **123,122** | **5,583** | **13,358** | **2,570,543** |
| **U.S. income tax before credits: total** | **2,454,673** | **167** | **2,368,885** | **231,824** | **2,073** | **56,385** | **2,508** | **6,155** | **1,183,939** |
| Regular and alternative tax | 2,452,743 | 167 | 2,366,955 | 231,824 | 2,073 | 56,385 | 2,508 | 6,155 | 1,182,138 |
| U.S. possessions tax credit | 2,429,397 | 53 | 2,345,927 | 231,170 | 1,871 | 53,864 | 2,470 | 6,023 | 1,169,861 |
| Foreign tax credit | 1,837 | — | 955 | — | — | 19 | — | — | 65 |
| Research activities credit | 213 | — | 213 | — | — | — | — | — | — |
| General business credit | 284 | — | 247 | 8 | — | 163 | — | 31 | 13 |
| Other credits | — | — | — | — | — | — | — | — | — |
| Total U.S. income tax after credits | 22,943 | 114 | 21,543 | 646 | 202 | 2,340 | 38 | 101 | 14,001 |
| Reduction in U.S. tax liability | 2,150,320 | 180 | 2,085,196 | 209,829 | 1,780 | 48,770 | 2,359 | 5,507 | 1,042,602 |
| Distributions to stockholders | 3,311,232 | 376 | 3,165,831 | 198,060 | 34 | 86,505 | — | 3,998 | 1,499,169 |

Footnotes at end of table.

**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued**

[Money amounts are in thousands of dollars]

| Item | Manufacturing: Chemicals and allied products: Drugs | Manufacturing: Petroleum (including integrated) and coal products | Manufacturing: Rubber and miscellaneous plastics products | Manufacturing: Leather and leather products | Manufacturing: Stone, clay and glass products | Manufacturing: Fabricated metal products | Manufacturing: Machinery, except electrical | Manufacturing: Electrical and electronic equipment | Manufacturing: Transportation equipment |
|---|---|---|---|---|---|---|---|---|---|
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) |
| **Number of returns** | 73 | 5 | 12 | 16 | 4 | 32 | 15 | 104 | 5 |
| **Total assets** | **8,921,844** | **878,436** | **191,430** | **223,930** | **35,735** | **335,025** | **865,574** | **3,957,870** | **61,157** |
| Cash | 1,717,851 | 154,389 | 7,103 | 31,970 | 2,174 | 45,727 | 530,228 | 916,066 | 5,139 |
| Notes and accounts receivable | 1,337,999 | 244,530 | 42,911 | 57,734 | 5,452 | 53,800 | 73,777 | 806,958 | 18,836 |
| Less: allowance for bad debts | 2,177 | 39 | 23 | 100 | 15 | 469 | 1,096 | 29,276 | 45 |
| Ending inventories | 475,179 | 135,156 | 12,445 | 33,671 | 3,857 | 42,341 | 123,370 | 390,498 | 6,982 |
| Investment in government obligations | 488,874 | 5,005 | 15 | 160 | — | — | 2,306 | 192,819 | — |
| Other current assets | 313,005 | 53,420 | 401 | 3,328 | 137 | 12,241 | 12,653 | 73,562 | 432 |
| Loans to stockholders | 38,910 | 27,045 | — | 1,719 | — | 10,266 | 41 | 23,932 | — |
| Mortgage and real estate loans | 4,165 | — | — | 1,446 | — | — | — | 102,564 | — |
| Other investments | 3,229,602 | 77,152 | 75,596 | 85,650 | — | 64,257 | 20,468 | 1,010,931 | 26,584 |
| Depreciable assets | 1,449,793 | 373,147 | 66,772 | 14,568 | 9,886 | 106,907 | 114,538 | 587,510 | 4,926 |
| Less: accumulated depreciation | 474,400 | 196,801 | 21,526 | 7,402 | 6,939 | 43,880 | 52,811 | 255,627 | 1,789 |
| Depletable assets | 69 | — | — | — | — | 20 | — | — | — |
| Less: accumulated depletion | — | — | — | — | — | — | — | — | — |
| Land | 28,910 | 48 | 4,325 | 141 | — | 5,422 | 1,585 | 23,392 | 36 |
| Intangible assets (amortizable) | 128,911 | 22,452 | 47 | 3 | — | 1,134 | 5 | 4,245 | — |
| Less: accumulated amortization | 86,267 | 17,484 | 30 | 2 | — | 33 | 2 | 278 | — |
| Other assets | 271,419 | 418 | 3,394 | 1,044 | 21,182 | 37,292 | 40,513 | 110,575 | 56 |
| **Total liabilities and stockholders' equity** | **8,921,844** | **878,436** | **191,430** | **223,930** | **35,735** | **335,025** | **865,574** | **3,957,870** | **61,157** |
| Accounts payable | 275,606 | 23,548 | 7,215 | 20,827 | 229 | 38,561 | 33,452 | 189,494 | 1,502 |
| Mortgages, notes and bonds payable in less than 1 year | 151,311 | — | 6,313 | 1,933 | 796 | 1,210 | 2,791 | 19,969 | 1,148 |
| Other current liabilities | 237,113 | 8,964 | 4,284 | 7,126 | 573 | 5,344 | 25,971 | 80,142 | 1,024 |
| Loans from stockholders | 33,052 | 6,272 | 111 | — | — | — | — | 5,478 | — |
| Mortgages, notes and bonds payable in 1 year or more | 247,960 | — | 3,688 | 266 | 1,500 | 4,405 | 3,178 | 19,058 | — |
| Other liabilities | 86,012 | 527 | 422 | 2,202 | — | 2,786 | 1,640 | 107,467 | — |
| Capital stock | 132,902 | 34,403 | 2,410 | 2,075 | 160 | 5,923 | 1,938 | 24,324 | 81 |
| Paid-in or capital surplus | 320,990 | 403,287 | 18,800 | 1,637 | 428 | 23,220 | 3,982 | 134,346 | 157 |
| Retained earnings, appropriated | — | — | — | 7 | — | — | 3,385 | 37 | — |
| Retained earnings, unappropriated | 7,506,376 | 401,436 | 148,317 | 194,529 | 35,549 | 253,859 | 789,236 | 3,377,605 | 57,266 |
| Less: cost of treasury stock | 69,478 | — | 135 | 6,672 | 3,500 | 282 | — | 50 | — |
| **Total receipts** | **4,094,212** | **1,833,027** | **126,836** | **226,845** | **27,877** | **344,223** | **732,642** | **2,759,388** | **47,539** |
| Business receipts [1] | 2,778,388 | 1,806,126 | 112,449 | 218,486 | 25,385 | 333,992 | 680,791 | 2,515,650 | 46,364 |
| Interest, except state and local government obligations [1] | 324,755 | 19,018 | 5,007 | 3,312 | 870 | 8,842 | 31,990 | 138,699 | 263 |
| Interest on state and local government obligations [1] | 23,619 | 2,679 | — | 1,382 | — | — | — | 2,772 | 132 |
| Rents [1] | 119 | 111 | 2,816 | 104 | 197 | 162 | — | 21 | — |
| Royalties [1] | 2,695 | — | — | — | — | — | — | — | — |
| Net short-term capital gain [1] | 2,561 | — | — | — | — | — | — | — | — |
| Net long-term capital gain [1] | 1,285 | — | 37 | 1 | — | 8 | — | 241 | — |
| Net gain, noncapital assets [1] | 12 | 25 | (2) | 3 | 5 | 2 | 97 | 45 | — |
| Dividends other than constructive distributions [1] | 20,887 | 5,000 | — | — | — | — | 2 | 2,946 | — |
| Other receipts [1] | 939,892 | 68 | 6,527 | 3,558 | 1,420 | 1,217 | 19,761 | 99,012 | 780 |
| **Total deductions** | **1,654,828** | **1,706,660** | **82,285** | **185,656** | **24,697** | **286,887** | **596,846** | **1,764,317** | **34,725** |
| Cost of sales and operations | 863,924 | 1,644,344 | 65,796 | 169,447 | 20,408 | 259,035 | 436,676 | 1,311,311 | 31,842 |
| Compensation of officers | 1,931 | 186 | 261 | 855 | 763 | 159 | 62 | 1,830 | 58 |
| Salaries and wages | 51,198 | 12,576 | 2,283 | 2,163 | 304 | 4,993 | 30,363 | 82,084 | 923 |
| Repairs | 14,142 | 5,622 | 199 | 109 | 8 | 1,077 | 2,912 | 6,934 | 53 |
| Bad debts | 596 | 30 | 71 | 36 | 46 | 232 | 334 | 1,378 | 28 |
| Rents paid | 3,007 | 5,749 | 10 | 396 | 32 | 530 | 1,063 | 7,289 | 170 |
| Taxes paid | 13,433 | 4,137 | 1,982 | 3,631 | 666 | 2,352 | 7,051 | 21,890 | 436 |
| Interest paid | 12,497 | 528 | 625 | 249 | 557 | 911 | 450 | 4,683 | 12 |
| Contributions | 657 | 3 | 4 | 43 | 3 | 87 | 481 | 107 | 20 |
| Amortization | 989 | 300 | (2) | 43 | — | 17 | 65,221 | 1,962 | — |
| Depreciation | 57,979 | 18,353 | 1,003 | 892 | 647 | 6,678 | 12,229 | 38,302 | 257 |
| Depletion | — | — | — | — | 118 | — | — | — | — |
| Advertising | 15,963 | 1,145 | 908 | 77 | 17 | 43 | 114 | 231 | 24 |
| Pension, profit-share, stock bonus, and annuity plans | 3,695 | 295 | 358 | 64 | 45 | 87 | 1,930 | 1,913 | 111 |
| Employee benefit programs | 14,332 | 3,022 | 410 | 1,952 | 97 | 1,846 | 843 | 17,215 | 161 |
| Net loss, noncapital assets | 968 | 227 | 43 | 3 | — | 72 | 160 | 1,762 | — |
| Other deductions | 599,515 | 10,143 | 8,332 | 5,896 | 987 | 8,769 | 36,956 | 265,427 | 610 |
| **Total receipts less total deductions** | **2,439,385** | **126,367** | **44,551** | **40,989** | **3,180** | **57,338** | **135,796** | **995,070** | **12,813** |
| Net income (less deficit) | 2,415,766 | 123,688 | 44,551 | 39,607 | 3,180 | 57,336 | 135,796 | 992,298 | 12,681 |
| Net income | 2,421,117 | 123,688 | 44,551 | 39,607 | 4,061 | 57,450 | 137,379 | 998,397 | 12,681 |
| Deficit | 5,351 | — | — | — | 881 | 114 | 1,583 | 6,100 | — |
| Net income (less deficit) per books | 2,395,964 | 124,526 | 43,285 | 39,687 | 3,367 | 51,589 | 154,062 | 990,569 | 12,945 |
| **Income subject to tax** | **2,403,154** | **118,688** | **44,551** | **39,505** | **4,061** | **57,438** | **137,377** | **995,747** | **12,681** |
| **U.S. income tax before credits: total** | **1,107,001** | **54,596** | **20,476** | **18,183** | **1,868** | **26,359** | **63,096** | **458,074** | **5,823** |
| Regular and alternative tax | 1,105,199 | 54,596 | 20,476 | 18,183 | 1,868 | 26,359 | 63,096 | 457,945 | 5,823 |
| U.S. possessions tax credit | 1,093,244 | 54,496 | 20,467 | 17,437 | 1,717 | 25,732 | 62,883 | 455,788 | 5,822 |
| Foreign tax credit | 65 | — | — | 540 | — | 246 | — | 84 | — |
| Research activities credit | — | — | — | — | — | — | — | — | — |
| General business credit | 13 | — | 2 | 2 | — | — | — | 25 | — |
| Other credits | — | — | — | — | — | — | — | — | — |
| Total U.S. income tax after credits | 13,679 | 100 | 7 | 204 | 151 | 381 | 213 | 2,177 | 1 |
| Reduction in U.S. tax liability | 973,844 | 44,878 | 18,773 | 16,584 | 1,579 | 22,161 | 55,161 | 406,996 | 5,334 |
| Distributions to stockholders | 1,410,215 | 125,448 | 11,164 | 9,816 | 32 | 44,616 | 111,928 | 571,944 | 4,742 |

Footnotes at end of table.



**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued**

[Money amounts are in thousands of dollars]

| Item | Manufacturing: Instruments and related products | Wholesale and Retail Trade: Total | Wholesale and Retail Trade: Wholesale trade | Wholesale and Retail Trade: Retail trade | Finance, insurance, and real estate | Services |
|---|---|---|---|---|---|---|
| | (19) | (20) | (21) | (22) | (23) | (24) |
| **Number of returns** | 46 | 31 | 23 | 8 | 23 | 29 |
| **Total assets** | **1,214,162** | **200,464** | **39,019** | **157,790** | **5,540,026** | **155,358** |
| Cash | 259,542 | 7,424 | 6,101 | 862 | 356,463 | 7,696 |
| Notes and accounts receivable | 133,922 | 20,725 | 13,440 | 4,882 | 1,083,641 | 48,055 |
| Less: allowance for bad debts | 55 | 493 | 384 | 8 | 760 | 890 |
| Ending inventories | 79,279 | 40,848 | 10,090 | 30,175 | 36,778 | 4,435 |
| Investment in government obligations | 67,045 | 1,361 | — | 1,361 | 237,479 | 12 |
| Other current assets | 40,029 | 26,900 | 3,854 | 22,904 | 801,189 | 2,702 |
| Loans to stockholders | 53,139 | 92 | 61 | — | 7,624 | — |
| Mortgage and real estate loans | — | — | — | — | 1,934,662 | — |
| Other investments | 371,577 | 39,400 | 2 | 39,398 | 852,262 | 16,330 |
| Depreciable assets | 188,623 | 83,416 | 4,024 | 79,202 | 51,254 | 78,662 |
| Less: accumulated depreciation | 63,672 | 35,041 | 2,293 | 32,693 | 3,387 | 24,602 |
| Depletable assets | — | — | — | — | — | — |
| Less: accumulated depletion | — | — | — | — | — | — |
| Land | 5,323 | 7,816 | 454 | 7,362 | 16,084 | 9,067 |
| Intangible assets (amortizable) | 20,869 | — | — | — | — | 9,712 |
| Less: accumulated amortization | 16,561 | — | — | — | — | 982 |
| Other assets | 75,103 | 8,017 | 3,672 | 4,345 | 166,738 | 5,159 |
| **Total liabilities and stockholders' equity** | **1,214,162** | **200,464** | **39,019** | **157,790** | **5,540,026** | **155,358** |
| Accounts payable | 71,425 | 45,197 | 6,737 | 37,909 | 329,871 | 34,816 |
| Mortgages, notes and bonds payable in less than 1 year | 3,365 | 13,169 | 8,282 | 4,411 | 991,291 | 16,743 |
| Other current liabilities | 32,765 | 8,566 | 2,300 | 3,076 | 3,767,050 | 12,819 |
| Loans from stockholders | 351 | 101 | 100 | — | — | 4,298 |
| Mortgages, notes and bonds payable in 1 year or more | 8,217 | 49,330 | 140 | 49,190 | 196,286 | 14,284 |
| Other liabilities | 1,464 | 5,753 | 647 | 5,105 | 87,565 | 2,658 |
| Capital stock | 42,117 | 6,075 | 1,107 | 4,894 | 22,934 | 2,185 |
| Paid-in or capital surplus | 39,146 | 11,669 | 1,102 | 10,417 | 36,725 | 43,388 |
| Retained earnings, appropriated | — | — | — | — | 49 | — |
| Retained earnings, unappropriated | 1,015,311 | 64,865 | 18,739 | 46,914 | 109,411 | 25,086 |
| Less: cost of treasury stock | — | 4,261 | 134 | 4,127 | 1,157 | 920 |
| **Total receipts** | **838,663** | **600,815** | **75,649** | **510,613** | **530,814** | **157,052** |
| Business receipts [1] | 742,997 | 598,086 | 74,538 | 509,007 | 36,771 | 141,638 |
| Interest, except state and local government obligations [1] | 54,227 | 947 | 423 | 513 | 453,816 | 3,368 |
| Interest on state and local government obligations [1] | 4,782 | 101 | 101 | — | 3,093 | — |
| Rents [1] | 282 | 560 | 204 | 357 | 7,032 | — |
| Royalties [1] | 12 | 13 | 13 | — | — | — |
| Net short-term capital gain [1] | — | — | — | — | — | — |
| Net long-term capital gain [1] | 3,021 | 16 | 16 | — | 153 | 7 |
| Net gain, noncapital assets [1] | 39 | 3 | 3 | — | 8,965 | (2) |
| Dividends other than constructive distributions [1] | 6,461 | 241 | 6 | 235 | 3,655 | — |
| Other receipts [1] | 26,842 | 846 | 344 | 502 | 17,330 | 12,038 |
| **Total deductions** | **453,248** | **587,126** | **71,089** | **499,885** | **485,935** | **148,730** |
| Cost of sales and operations | 347,685 | 457,516 | 56,427 | 388,972 | 20,203 | 59,891 |
| Compensation of officers | 927 | 2,255 | 423 | 1,656 | 10,903 | 709 |
| Salaries and wages | 15,641 | 47,704 | 4,267 | 42,867 | 11,398 | 30,452 |
| Repairs | 1,319 | 3,943 | 193 | 3,749 | 1,949 | 3,174 |
| Bad debts | 30 | 1,000 | 236 | 547 | 8,405 | 1,136 |
| Rents paid | 1,644 | 8,480 | 742 | 7,720 | 2,252 | 6,218 |
| Taxes paid | 5,797 | 11,232 | 1,536 | 9,644 | 8,258 | 6,994 |
| Interest paid | 666 | 4,067 | 998 | 3,059 | 287,779 | 1,810 |
| Contributions | 125 | 106 | 7 | 99 | 41 | 28 |
| Amortization | 520 | 61 | 52 | 8 | 42 | 62 |
| Depreciation | 10,724 | 5,751 | 370 | 5,368 | 3,859 | 2,992 |
| Depletion | — | — | — | — | — | — |
| Advertising | 533 | 7,214 | 826 | 6,387 | 5,824 | 8,641 |
| Pension, profit-share, stock bonus, and annuity plans | 1,241 | 561 | 57 | 504 | 1,447 | 863 |
| Employee benefit programs | 5,320 | 109 | 29 | 71 | 3,866 | 1,662 |
| Net loss, noncapital assets | 2,047 | 10 | — | 10 | — | 1 |
| Other deductions | 59,028 | 37,118 | 4,925 | 29,223 | 119,709 | 24,095 |
| **Total receipts less total deductions** | **385,415** | **13,689** | **4,560** | **10,728** | **44,879** | **8,322** |
| Net income (less deficit) | 380,633 | 13,588 | 4,459 | 10,728 | 41,786 | 8,322 |
| Net income | 380,915 | 15,228 | 4,459 | 10,754 | 41,810 | 13,368 |
| Deficit | 282 | 1,640 | — | 26 | 24 | 5,046 |
| Net income (less deficit) per books | 379,882 | 7,674 | 3,724 | 5,560 | 49,366 | 6,645 |
| **Income subject to tax** | **375,423** | **14,893** | **4,324** | **10,555** | **23,809** | **13,310** |
| **U.S. income tax before credits: total** | **172,456** | **6,664** | **1,853** | **4,809** | **10,760** | **5,991** |
| Regular and alternative tax | 172,456 | 6,664 | 1,853 | 4,809 | 10,760 | 5,991 |
| U.S. possessions tax credit | 171,437 | 5,788 | 1,852 | 3,934 | 9,483 | 5,940 |
| Foreign tax credit | 1 | 845 | — | 845 | 37 | — |
| Research activities credit | 213 | — | — | — | — | — |
| General business credit | — | 29 | — | 29 | 9 | (2) |
| Other credits | — | — | — | — | — | — |
| Total U.S. income tax after credits | 805 | 3 | 1 | 2 | 1,232 | 51 |
| Reduction in U.S. tax liability | 145,969 | 5,033 | 1,829 | 3,198 | 9,429 | 5,379 |
| Distributions to stockholders | 393,255 | 2,166 | 1,094 | 1,071 | 4,092 | 3,547 |

[1] These amounts were not required to be shown separately for 67 possessions corporations electing the profit split method to allocate intangible property income. For these corporations, the individual line items were included in the "Other receipts" category.

[2] Money amount less than $500.

**Table 2.—Returns of Active Manufacturing U.S. Possessions Corporations: Tax Benefits, Employment, and Compensation of Employees, by Selected Industry[1]**

[Money amounts are in thousands of dollars, except as noted]

| Selected industries | Actual data: Number of returns | Actual data: Reported number of workers | Actual data: Reported compensation | Weighted data: Number of returns | Weighted data: Gross number of workers | Weighted data: Gross compensation[2] | Weighted data: Compensation per worker (whole dollars) | Weighted data: Benefits per worker (whole dollars)[3] | Weighted data: Benefits per worker over compensation per worker |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All manufacturing industries** | **385** | **82,436** | **1,360,462** | **459** | **97,726** | **1,597,995** | **16,352** | **22,004** | **134.6** |
| Food and kindred products | 23 | 9,057 | 146,825 | 27 | 9,452 | 152,957 | 16,182 | 21,078 | 130.3 |
| Textile mill products | 4 | 241 | 2,612 | 6 | 393 | 4,264 | 10,840 | 4,525 | 41.7 |
| Apparel and other textile products | 53 | 13,957 | 146,046 | 61 | 18,565 | 193,970 | 10,448 | 2,618 | 25.1 |
| Men's and boys' clothing | 11 | 3,230 | 36,830 | 11 | 3,358 | 38,292 | 11,404 | 3,398 | 29.8 |
| Women's and children's clothing | 22 | 6,754 | 67,603 | 28 | 10,737 | 108,488 | 10,104 | 2,577 | 25.5 |
| Hats, caps, and other accessories | 10 | 1,815 | 20,376 | 12 | 2,311 | 25,953 | 11,230 | 2,026 | 18.0 |
| All other textile products | 10 | 2,159 | 21,236 | 10 | 2,159 | 21,236 | 9,835 | 2,242 | 22.8 |
| Paper and allied products | 4 | 129 | 1,978 | 6 | 145 | 2,238 | 15,443 | 14,807 | 95.9 |
| Printing and publishing | 6 | 296 | 4,731 | 6 | 296 | 4,731 | 15,986 | 15,274 | 95.5 |
| Chemicals and allied products | 77 | 12,396 | 293,795 | 102 | 16,345 | 383,871 | 23,485 | 63,751 | 271.5 |
| Industrial chemicals, plastics materials, and synthetics | 10 | 649 | 15,705 | 11 | 659 | 15,956 | 24,209 | 63,370 | 261.8 |
| Drugs | 51 | 10,948 | 263,933 | 68 | 14,184 | 341,721 | 24,093 | 68,660 | 285.0 |
| Soap, cleaners, and toilet goods | 7 | 437 | 8,174 | 10 | 868 | 15,026 | 17,313 | 15,377 | 88.8 |
| All other chemical and allied products | 9 | 361 | 5,983 | 13 | 634 | 11,167 | 17,601 | 20,589 | 117.0 |
| Rubber and miscellaneous plastics products | 10 | 1,469 | 22,091 | 12 | 1,469 | 22,091 | 15,043 | 12,784 | 85.0 |
| Leather and leather products | 12 | 3,117 | 34,269 | 15 | 3,588 | 39,408 | 10,982 | 4,486 | 40.8 |
| Footwear, except rubber | 9 | 2,961 | 32,307 | 12 | 3,432 | 37,446 | 10,912 | 4,148 | 38.0 |
| Fabricated metal products | 26 | 1,563 | 28,461 | 31 | 1,936 | 32,931 | 17,008 | 11,446 | 67.3 |
| Metal cans and containers | 5 | 260 | 4,251 | 8 | 534 | 8,720 | 16,335 | 14,997 | 91.8 |
| Cutlery, hand tools, screws, and bolts | 4 | 376 | 5,603 | 4 | 376 | 5,603 | 14,916 | 3,602 | 24.1 |
| All other fabricated metal products | 17 | 1,027 | 18,608 | 19 | 1,027 | 18,608 | 18,123 | 12,469 | 68.8 |
| Machinery, except electrical | 11 | 4,902 | 91,322 | 14 | 5,191 | 95,345 | 18,366 | 10,625 | 57.9 |
| Electrical and electronic equipment | 79 | 21,887 | 355,046 | 99 | 25,138 | 402,466 | 16,011 | 16,174 | 101.0 |
| Radio, television, and communication equipment | 13 | 2,945 | 42,107 | 19 | 4,902 | 69,370 | 14,151 | 10,639 | 75.2 |
| Electronic components | 36 | 6,512 | 108,849 | 43 | 7,170 | 118,574 | 16,537 | 15,073 | 91.1 |
| All other electrical and electronic equipment | 30 | 12,431 | 204,091 | 37 | 13,065 | 214,523 | 16,419 | 18,856 | 114.8 |
| Transportation equipment | 4 | 695 | 9,631 | 4 | 695 | 9,631 | 13,858 | 7,475 | 53.9 |
| Instruments and related products | 36 | 8,888 | 154,080 | 44 | 9,676 | 166,879 | 17,246 | 15,061 | 87.3 |
| Scientific instruments | 7 | 1,165 | 21,746 | 10 | 1,615 | 28,665 | 17,753 | 22,424 | 126.3 |
| All other instruments and related products | 29 | 7,722 | 132,334 | 34 | 8,061 | 138,213 | 17,145 | 13,587 | 79.2 |
| Miscellaneous manufacturing and manufacturing not allocable | 13 | 2,284 | 35,315 | 20 | 3,350 | 51,792 | 15,459 | 11,383 | 73.6 |

[1] The data contained in this table represent those U.S. possessions corporations for which Federal unemployment tax return data were available for statistical processing for 1985.

[2] Gross compensation of employees is computed by multiplying total wages by 1.235. The additional 23.5 percent reflects employer paid non-payroll costs (such as social security payments) and is supplied by the Office of Tax Analysis.

[3] To calculate the tax benefit, the qualified possessions source income of each corporation was multiplied by the appropriate corporate tax rate. Credits for taxes paid to possessions governments (such as Puerto Rican income taxes and the "tollgate" tax on dividends) were estimated and subtracted from this amount. The resulting figure was the estimated reduction in U.S. tax liability.

# U.S. Possessions Corporation Returns, 1987

By John J. Bradford*

U.S. corporations are allowed a credit for the full amount of U.S. tax liability on certain income derived from sources in the U.S. possessions. For 1987, approximately $2.8 billion was claimed as possessions tax credit on U.S. corporate income tax returns. This amount was more than 14 percent greater than the 1985 amount. There were 516 active possessions corporations for 1987, representing a decrease of 13 percent from 1985, the most recent prior year for which statistics were compiled.

The vast majority of possessions corporations conducted business in Puerto Rico. For 1987, nearly 97 percent of all U.S. possessions corporations operated in Puerto Rico and virtually all of the total possessions tax credit was claimed by these companies. Figure A shows the number of corporations reporting business activity in each possession [1].

Figure A

**Possessions Corporations Filing a Form 5735 in Support of Possessions Tax Credit Claimed, 1987**

[Money amounts are in thousands of dollars]

| U.S. possession | Number of corporations | Possessions tax credit |
|---|---|---|
| **Total** | **442** | **$2,775,463** |
| Puerto Rico | 428 | 2,754,054 |
| U.S. Virgin Islands | 3 | 2,885 |
| Guam | 8 | 5,705 |
| Other | 3 | 12,820 |

As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of all possessions corporations.

## BACKGROUND

The main elements of the possessions corporation system of taxation were adopted with the Revenue Act of 1921. These provisions were enacted primarily to help U.S. corporations compete with foreign firms in the Philippines, which was a U.S. possession until 1946. An exemption from taxation on all income derived from sources outside the United States was granted to those corporations which met two gross income tests. First, the corporation had to derive at least 80 percent of its gross income from U.S. possessions. Second, 50 percent or more of the corporation's gross income had to come from the active conduct of trade or business in these possessions. For a corporation to qualify for this exemption, these conditions had to be met on an aggregate basis for the year of the exemption and the previous 2 years.

The Tax Reform Act of 1976 created a new section 936 of the Internal Revenue Code for the possessions corporation system of taxation. The new section significantly modified the previous provisions. Before the changes, a possessions corporation was allowed an exemption from U.S. taxation on *all* income derived from sources outside the United States. The 1976 Act granted a tax credit only on (1) income from the active conduct of trade or business in a possession and (2) "qualified possessions source investment income (see "Explanations of Selected Terms")." This new statute was enacted entirely for the benefit of Puerto Rico [2].

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) significantly altered the manner of determining

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

the taxable income of a possessions corporation by adding a new subsection (h) to section 936. This subsection provided that, in general, income of the possessions corporation from "intangibles," such as patents and copyrights, would be taxable to the U.S. shareholders. The purpose was to "lessen the abuse caused by taxpayers claiming tax-free income generated by intangibles developed outside of Puerto Rico [3]." However, the section also allowed for an election out of the general rule if the corporation demonstrated that it had a significant business presence in a possession with respect to a specific product or type of service. To demonstrate a significant business presence, a corporation had to satisfy either a value-added test or a direct labor test [4]. Eligible corporations could choose to allocate income between the possessions corporation and the U.S. parent through either the cost sharing or profit-split method [5].

With the Tax Reform Act of 1986, several modifications were made to the possessions provisions. One of the most important changes increased to 75 percent the required percentage of the corporation's income which had to come from the *active* conduct of trade or business in the particular possession. Also, the U.S. Virgin Islands was added to the list of eligible U.S. possessions. Congress retained the possessions tax credit provisions despite recommendations from both the Treasury Department and the President that it be replaced with a wage credit. The wage credit would have operated by granting a tax credit for a fixed dollar amount per hour worked by each employee.

Since 1948, Puerto Rico has provided its own tax incentives to companies involved in manufacturing and other business activities. The Government of the Commonwealth grants partial exemptions from income tax and other taxes for specified periods of time. However, in addition to its income tax, Puerto Rico imposes a "tollgate tax" on dividends paid out of Puerto Rican source earnings and profits to a U.S. or foreign parent corporation. Most countries impose similar taxes. This withholding rate ranges from a high of 25 percent to a low of 5 percent [6].

A corporation can elect the status of a possessions corporation by filing a Form 5712, Election to be Treated as a Possessions Corporation under Section 936. The election is valid for 10 years and cannot be revoked. For each year that the election is valid, the corporation must file a Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, even if no possessions credit is claimed. In general, the term "possessions corporations" refers to all corporations which made the election and filed a Form 1120.

## DATA HIGHLIGHTS

For 1987, there were 516 active possessions corporations, a decrease from the 594 corporations for 1985. The reduction in the number of possessions corporations may be a reflection of the uncertainty of the fate of the possessions provisions during the negotiations of the Tax Reform Act of 1986. In addition, mergers and acquisitions may have accounted for some of the difference.

The estimated reduction in U.S. tax liability as a result of the possessions tax credit for 1987 was approximately $2.4 billion. This amount was less than the total possessions tax credit claimed because possessions corporations could not claim certain other tax benefits which would have otherwise been available to them [7]. As a result of the possessions credit, total U.S. income tax liability of possessions corporations amounted to only $30.2 million, although these companies generated net income of almost $7.1 billion. Most of these taxes were attributed to income derived from sources outside of the possessions.

Of the 516 possessions corporations which filed Forms 1120 for 1987, 452 claimed the possessions credit. As for the 64 corporations which claimed no possessions credit for 1987, the bulk of these, 55, had no taxable income. Forty of those corporations reported losses and, therefore, claimed no credit. Although the number of corporations which have claimed the possessions credit has declined over the years, the amount of the credit has increased steadily (Figure B).

Figure B
**Corporations Claiming the Possessions Tax Credit, 1983-1987**
[Money amounts are in billions of dollars]

| Year | Number of corporations | Possessions tax credit |
|---|---|---|
| 1983 | 553 | $2.0 |
| 1985 | 510 | 2.4 |
| 1987 | 452 | 2.8 |

Table 1 includes balance sheet and income statement data for all active possessions corporations. For 1987, 419 of the 516 possessions corporations reported a manufacturing business activity. The predominance of manufacturing firms in Puerto Rico reflects the incentives which the Commonwealth has enacted to attract manufacturers. Under Puerto Rico's Industrial Incentive Act, most U.S. corporations which have established manufacturing subsidiaries on the island have been granted exemptions, up to 100 percent, from Puerto Rican taxes. For 1987, all Puerto Rican corporations paid an average of 3.7 percent of their earnings in taxes to the Commonwealth [8].

The industrial classification with the largest number of possessions corporations was chemicals and allied products, with 93 companies or approximately 18 percent of the total. These companies, which are predominantly drug manufacturers, also reported 56 percent of the income subject to tax and claimed 57 percent of the tax benefits claimed by all possessions corporations. This is a reflection of the rapid growth of the chemical industry in Puerto Rico during the 1970's [9]. For 1985, there were 109 possessions corporations in the chemicals and allied products industry and these companies claimed 48 percent of the tax benefits.

For 1987, the second largest industrial classification was electrical and electronic equipment. These 74 companies claimed approximately 16 percent of the total possessions tax credit. Figure C shows the percentages of corporations and possessions tax credit by industry for 1987.

For possessions corporations as a whole, average net income (less deficit) increased more than 51 percent from 1985 to 1987, to almost $13.7 million. Similarly, average asset size grew almost 38 percent to $64 million. These increases are reflections of the economic recovery of the mid-1980's which had spread to U.S. possessions. Earlier in the decade, the economic recession had been particularly hard on Puerto Rico. However, from 1985 to 1987, the Gross National Product (GNP) of Puerto Rico grew by more than 14 percent [10]. This compares favorably to the 12.7 percent GNP growth rate for the United States [11].

The largest corporations (as classified by size of assets) claimed the bulk of the possessions tax credit. The largest 20 corporations (less than 4 percent of all possessions corporations) claimed 48 percent of the total credit amount. Furthermore, the largest 50 corporations (approximately 10 percent of the total) claimed 66 percent of the credit.

## EMPLOYMENT DATA

The stated objective of the possessions tax credit provisions was to provide jobs to the U.S. possessions by attracting employment-producing investment from U.S. firms. Unemployment has been a chronic problem in Puerto Rico, where the unemployment rate has not fallen below 10 percent since 1950 and has averaged more than twice the rate of the United States [12].

An examination of Federal unemployment insurance tax returns (Forms 940) for possessions corporations involved in manufacturing industries provides an indication of how the provisions have aided the Puerto Rican economy [13]. A total of 100,916 workers were employed by manufacturing possessions corporations for 1987, compared to 122,471 employed by all manufacturing firms in Puerto Rico. The average annual wages for employees of manufacturing possessions corporations amounted to $17,818. This compares to an average annual wage of $11,173 for all production workers in the Commonwealth [14].

Table 2 presents tax benefit, employment, and compensation information classified by industry for Puerto Rican manufacturing corporations for which Federal unemployment data were available. Chemical companies, particularly drug manufacturers, claimed the highest amount of tax benefits per worker employed. Drug companies received nearly $71,000 in tax benefits per worker and all chemical companies averaged more than $65,000. For all possessions corporations, the average tax benefit per employee was $16,835, about $1,000 less than the average wage ($17,818).

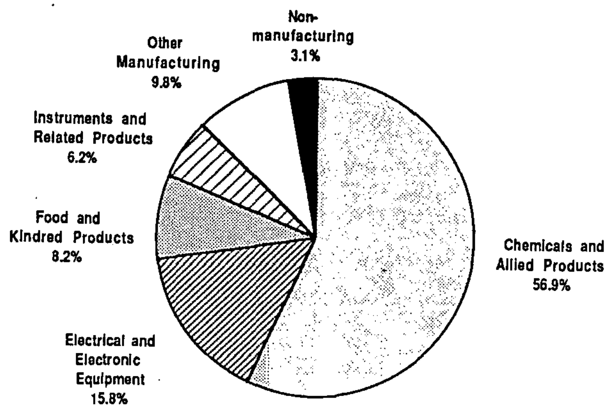
## SUMMARY

Though the number of corporations claiming the possessions tax credit continued to decline for 1987, the amount of the credit continued to increase. For 1987, U.S. corporations claimed approximately $2.8 billion as possessions tax credit, resulting in a net reduction of U.S. tax liability of more than $2.4 billion.

Puerto Rico remained the most common business location for possessions corporations to conduct business, with 97 percent of the total. Nearly 100 percent of the tax credit was claimed by these corporations.

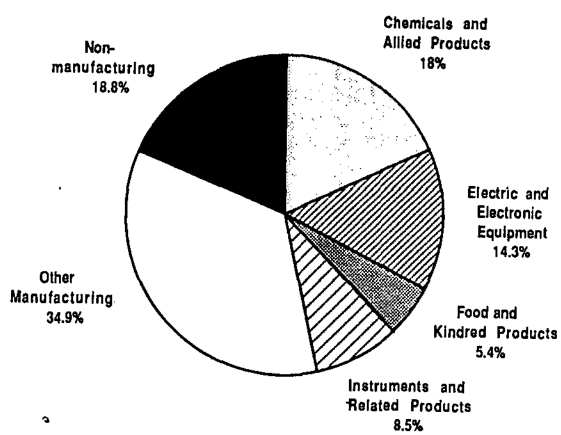
Figure C

**Percentage of Possessions Tax Credit by Industry, 1987**




**Total Credit $2.8 Billion**

**Percentage of Possessions Corporations by Industry, 1987**




**516 Total Possessions Corporations**



As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of possessions corporations.

Possessions corporations employed over 100,000 people for 1987, a 3 percent increase from 1985. The average tax benefit per worker for manufacturing possessions companies amounted to $16,835.

## EXPLANATION OF SELECTED TERMS

*Qualified Gross Income in Current Year* -- The sum of gross income (gross receipts minus cost of sales and operations) from the active conduct of a trade or business in the possessions, the net gain (or loss) from the sale or exchange of assets used by a possessions corporation in the active conduct of business, and "qualified possessions source investment income."

*Qualified Possessions Source Investment Income* -- Non-business income derived from the possession in which the possession had its trade or business and which was attributable to the investment of funds derived from such trade or business.

## DATA SOURCES AND LIMITATIONS

The statistics in this article were compiled from all returns filed through June 1989 by U.S. possessions corporations with accounting periods ending between July 1987 and June 1988. Because 100 percent of the returns filed were prescribed for inclusion in the sample, the statistics are not subject to sampling error. General information regarding nonsampling error may be found in the Appendix to this report.

Information from Forms 1120 for possessions corporations was transferred from the annual Corporation Statistics of Income study. Additional data items from Forms 5712, 5735, and 940 were later obtained.

The statistics in this article may differ slightly from the data presented in the U.S. Department of the Treasury report, *The Operation and Effect of the Possessions Corporation System of Taxation* for 1987. These differences are due to minor revisions made to the underlying data by the Office of Tax Analysis for estimates made in its report to Congress.

## NOTES AND REFERENCES

[1] The estimated reduction in U.S. tax liability was calculated by obtaining the "qualified taxable income" of each possessions corporation. This amount was found on Line 10 of the Form 5735. If the corporation did not file a Form 5735, then the sum of "taxable income" (Line 30, Form 1120) was used as a proxy. From these figures, an approximation of the accelerated depreciation deduction was calculated and subtracted. Once this reduced taxable income was obtained, it was multiplied by the appropriate tax rate. For 1987, an additional consideration had to be made for the change in the corporate tax structure which was effective July 1, 1987. Credits for taxes paid to possessions Governments (such as Puerto Rican income taxes and the "tollgate" tax) were estimated and subtracted from the tax liability since, in the absence of the possessions tax credit, these taxes would be creditable under the foreign tax credit provisions.

[2] For the purposes of the possessions tax credit provisions, the eligible U.S. possessions include Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, the Northern Marianas, and other smaller U.S. territories.

[3] Davidson, Ann, "A Credit for All Reasons," *University of Miami Inter-American Law Review*. Fall, 1987, pp. 97-136.

[4] U.S. Department of the Treasury, *The Operation and Effect of the Possessions Corporation System of Taxation*, Sixth Report, p. 9. Prior to the revisions in 1982, U.S. corporations could development certain technologies, arrange for a transfer of such an "intangible" to a possessions corporation, and the resulting income would be free from U.S. taxation.

[5] *Ibid.*, p. 9.

[6] *Ibid.*, p. 10.

[7] *Ibid.*, p. 12.

[8] This figure was supplied by the U.S. Department of the Treasury, Office of Tax Analysis.

[9] Davidson, p. 120.

[10] *Economic Report to the Governor,* Puerto Rico Planning Board, 1990. The statistics in this source were based on calendar year 1987 while the Statistics of Income figures were based on corporations with accounting periods ending between July, 1987 and June, 1988.

[11] U.S. Bureau of Economic Analysis, *Survey of Current Business,* July, 1988.

[12] Tax Analysts, *Tax Notes,* Volume 36, number 10, September 7, 1987, p. 945.

[13] Possessions corporations outside of the manufacturing sector were not included in this analysis because they were presumed to pay income taxes to Puerto Rico at a rate at least equal to the effective U. S. corporate rate. In the absence of the possessions provisions, these non-manufacturing companies would be eligible for a foreign tax credit for the amount of these taxes. Therefore, U.S. tax liability would be effectively nullified for these corporations in the absence of the possessions provisions.

[14] U.S. Department of Commerce, Bureau of the Census, *1987 Economic Censuses of Outlying Areas: Puerto Rico.* July, 1990.



**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry**

[Money amounts are in thousands of dollars]

| Item | All industries | Agriculture, forestry, and fishing | Manufacturing: Total | Manufacturing: Food and kindred products | Manufacturing: Textile mill products | Manufacturing: Apparel and other textile products | Manufacturing: Paper and allied products | Manufacturing: Printing and publishing | Manufacturing: Chemicals and allied products: Total |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Number of returns** | **516** | **4** | **419** | **28** | **5** | **57** | **7** | **5** | **93** |
| **Total assets** | **33,183,925** | **41,337** | **24,375,852** | **2,792,280** | **13,414** | **570,028** | **19,301** | **56,187** | **11,725,444** |
| Cash | 5,819,543 | 182 | 5,277,238 | 1,420,954 | 2,010 | 29,401 | 496 | 2,364 | 1,863,705 |
| Notes and accounts receivable | 6,721,648 | 13,804 | 4,859,762 | 360,208 | 8,828 | 340,333 | 7,887 | 7,707 | 2,287,069 |
| Less: allowance for bad debts | 35,912 | — | 17,565 | 6,133 | 83 | 333 | 121 | 61 | 4,886 |
| Ending inventories | 1,953,225 | 12,992 | 1,811,620 | 236,561 | 2,338 | 86,989 | 3,038 | 1,404 | 568,878 |
| Investment in government obligations | 1,031,552 | — | 645,884 | 291 | — | 2,558 | 2,365 | — | 452,532 |
| Other current assets | 1,546,763 | 1,616 | 1,026,261 | 72,890 | 101 | 19,887 | 95 | 35,058 | 447,766 |
| Loans to stockholders | 195,596 | — | 187,982 | 4,656 | — | 3,702 | — | — | 42,319 |
| Mortgage and real estate loans | 2,912,182 | — | 135,064 | — | — | — | 4 | — | 1,200 |
| Other investments | 7,702,153 | 4,997 | 6,708,361 | 105,357 | — | 27,821 | — | 325 | 4,421,708 |
| Depreciable assets | 6,161,297 | 11,758 | 4,315,518 | 432,556 | 891 | 84,729 | 8,335 | 7,737 | 2,064,073 |
| Less: accumulated depreciation | 2,326,662 | 4,033 | 1,690,853 | 153,687 | 786 | 43,268 | 3,517 | 4,380 | 729,642 |
| Depletable assets | 3,700 | — | 3,154 | 911 | — | — | — | — | — |
| Less: accumulated depletion | 1,606 | — | 1,464 | 668 | — | — | — | — | — |
| Land | 131,900 | — | 87,274 | 12,450 | — | 692 | 471 | 9 | 44,809 |
| Intangible assets (amortizable) | 295,835 | 32 | 238,349 | 31,025 | 2 | 1,532 | 21 | 5,919 | 103,511 |
| Less: accumulated amortization | 120,053 | 10 | 118,155 | 6,221 | 2 | 123 | 4 | — | 72,812 |
| Other assets | 1,192,762 | — | 907,420 | 281,130 | 114 | 16,107 | 234 | 106 | 235,212 |
| **Total liabilities and stockholders equity** | **33,183,925** | **41,337** | **24,375,852** | **2,792,280** | **13,414** | **570,028** | **19,301** | **56,187** | **11,725,444** |
| Accounts payable | 2,382,749 | 5,116 | 1,640,383 | 265,533 | 266 | 150,690 | 980 | 3,230 | 750,593 |
| Mortgages, notes and bonds payable in less than 1 year | 1,799,454 | 14,340 | 624,260 | 95,610 | 11 | 24,489 | — | — | 223,275 |
| Other current liabilities | 4,980,770 | 1,546 | 631,672 | 71,551 | 18 | 17,880 | 1,242 | 17,688 | 159,247 |
| Loans from stockholders | 75,261 | — | 51,589 | — | 224 | 1,128 | 171 | — | 21,407 |
| Mortgages, notes and bonds pay in 1 year or more | 432,658 | 2,643 | 175,730 | 43,490 | — | 6,912 | — | 194 | 95,921 |
| Other liabilities | 917,307 | — | 299,462 | 87,623 | — | 3,914 | 199 | 277 | 132,260 |
| Capital stock | 433,495 | 13,051 | 334,044 | 21,575 | 96 | 13,567 | 472 | 691 | 186,870 |
| Paid-in or capital surplus | 2,521,808 | 149 | 1,356,449 | 135,094 | — | 24,127 | 1,596 | 1,048 | 347,349 |
| Retained earnings, appropriated | 1,334 | — | 1,126 | — | — | 122 | 1 | — | — |
| Retained earnings, unappropriated | 19,677,072 | 4,492 | 19,286,785 | 2,072,618 | 12,798 | 334,354 | 14,931 | 33,654 | 9,808,534 |
| Less: cost of treasury stock | 37,983 | — | 25,649 | 814 | — | 7,156 | 290 | 594 | 13 |
| **Total receipts** | **20,024,446** | **81,152** | **17,393,500** | **2,112,331** | **11,005** | **666,127** | **25,000** | **35,937** | **6,611,605** |
| Business receipts [1] | 16,499,405 | 80,632 | 14,540,816 | 1,864,732 | 10,880 | 658,840 | 24,327 | 29,878 | 4,684,305 |
| Interest, except state and local government obligations [1] | 1,194,280 | 234 | 689,974 | 93,358 | — | 2,609 | 101 | 1,955 | 351,724 |
| Interest on state and local government obligations [1] | 41,286 | — | 39,019 | 6,432 | 96 | 271 | 185 | — | 15,424 |
| Rents [1] | 21,437 | — | 4,753 | 867 | — | 2 | — | — | 214 |
| Royalties [1] | 7,075 | — | 6,777 | — | — | — | — | — | 6,777 |
| Net short-term capital gain [1] | 1,545 | — | 1,544 | — | — | 32 | 10 | — | 1,420 |
| Net long-term capital gain [1] | 16,451 | — | 16,110 | 18 | — | 182 | 66 | 85 | 13,419 |
| Net gain, noncapital assets [1] | 16,772 | — | 2,901 | 14 | (2) | 94 | — | — | 924 |
| Dividends other than constructive distributions [1] | 18,049 | — | 12,679 | 31 | — | 63 | — | — | 8,585 |
| Other receipts [1] | 2,208,146 | 286 | 2,078,927 | 146,879 | 29 | 4,035 | 311 | 4,020 | 1,528,813 |
| **Total deductions** | **12,915,562** | **76,486** | **10,530,939** | **1,525,687** | **9,823** | **568,731** | **20,129** | **22,797** | **2,618,199** |
| Cost of sales and operations | 8,978,529 | 63,887 | 7,869,864 | 1,255,928 | 8,657 | 519,457 | 18,081 | 12,616 | 1,466,423 |
| Compensation of officers | 30,071 | — | 10,279 | 2,767 | — | 497 | 30 | 191 | 2,171 |
| Salaries and wages | 430,259 | 2,079 | 230,390 | 40,260 | 275 | 10,334 | 474 | 2,399 | 49,998 |
| Repairs | 168,125 | 997 | 46,813 | 9,193 | 15 | 499 | 18 | 160 | 15,549 |
| Bad debts | 29,705 | — | 4,014 | 1,212 | 43 | 34 | 11 | 66 | 439 |
| Rents paid | 53,760 | 123 | 27,711 | 2,928 | 25 | 1,492 | 157 | 312 | 3,766 |
| Taxes paid | 158,068 | 2,914 | 109,693 | 12,495 | 340 | 13,576 | 487 | 684 | 19,457 |
| Interest paid | 306,609 | 1,102 | 29,174 | 8,978 | 1 | 2,617 | 8 | 110 | 5,483 |
| Contributions | 4,902 | (2) | 4,732 | 473 | 1 | 32 | 1 | 19 | 1,823 |
| Amortization | 14,964 | 3 | 9,586 | 29 | — | 15 | — | 594 | 1,535 |
| Depreciation | 362,585 | 1,301 | 209,951 | 25,263 | 62 | 4,206 | 346 | 538 | 86,312 |
| Depletion | 1,294 | — | 1,294 | 664 | — | 45 | — | 251 | 42 |
| Advertising | 71,564 | 6 | 43,983 | 28,117 | (2) | 80 | 1 | 361 | 5,924 |
| Pension, profit-share, stock bonus and annuity plans | 20,106 | — | 12,955 | 2,567 | — | 296 | 4 | 126 | 3,887 |
| Employee benefit programs | 74,084 | 138 | 55,298 | 10,117 | 31 | 2,077 | 49 | 135 | 15,035 |
| Net loss, noncapital assets | 4,357 | — | 4,305 | 925 | — | 11 | — | — | 1,748 |
| Other deductions | 2,206,635 | 3,935 | 1,860,952 | 123,772 | 374 | 13,461 | 462 | 4,235 | 938,607 |
| **Total receipts less total deductions** | **7,108,884** | **4,666** | **6,862,561** | **586,644** | **1,182** | **97,396** | **4,872** | **13,141** | **3,993,406** |
| Net income (less deficit) | 7,067,612 | 4,666 | 6,823,557 | 580,212 | 1,086 | 97,140 | 4,687 | 13,141 | 3,977,982 |
| Net income | 7,112,940 | 5,181 | 6,841,675 | 581,034 | 1,086 | 103,059 | 4,689 | 13,141 | 3,978,391 |
| Deficit | 45,328 | 515 | 18,118 | 822 | — | 5,919 | 2 | — | 409 |
| Net income (less deficit) per books | 6,795,062 | 3,090 | 6,553,259 | 602,643 | 1,120 | 93,502 | 4,351 | 11,078 | 3,761,181 |
| **Income subject to tax** | **7,075,466** | **5,181** | **6,824,276** | **581,009** | **1,086** | **102,128** | **4,689** | **13,141** | **3,970,481** |
| **U.S. income tax before credits: total** | **2,819,720** | **1,917** | **2,719,974** | **229,101** | **403** | **39,499** | **1,844** | **5,218** | **1,599,480** |
| Regular and alternative tax | 2,817,059 | 1,917 | 2,717,322 | 228,382 | 403 | 39,499 | 1,844 | 5,218 | 1,598,841 |
| U.S. possessions tax credit | 2,784,931 | 1,858 | 2,697,350 | 227,530 | 403 | 39,467 | 1,844 | 5,218 | 1,583,862 |
| Foreign tax credit | 4,774 | — | 525 | 11 | — | — | — | — | 226 |
| General business credit | 155 | 35 | 91 | — | — | — | — | — | 25 |
| Total U.S. income tax after credits | 30,212 | 24 | 22,314 | 1,568 | — | 32 | — | 5 | 15,436 |
| Reduction in U.S. tax liability | 2,410,248 | 1,647 | 2,328,214 | 188,966 | 384 | 35,099 | 1,697 | 3,994 | 1,376,902 |
| **Distributions to stockholders** | **2,938,289** | **—** | **2,788,608** | **398,374** | **—** | **14,546** | **412** | **18,535** | **1,418,123** |

Footnotes at end of table.

**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued**

[Money amounts are in thousands of dollars]

| Item | Manufacturing: Chemicals and allied products: Drugs | Manufacturing: Petroleum (including integrated) and coal products | Manufacturing: Rubber and miscellaneous plastics products | Manufacturing: Leather and leather products | Manufacturing: Fabricated metal products | Manufacturing: Machinery, except electrical | Manufacturing: Electrical and electronic equipment | Manufacturing: Transportation equipment | Manufacturing: Instruments and related products |
|---|---|---|---|---|---|---|---|---|---|
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) |
| **Number of returns** | **62** | **5** | **15** | **15** | **31** | **6** | **74** | **6** | **44** |
| **Total assets** | **11,048,803** | **883,304** | **260,198** | **230,281** | **340,649** | **804,601** | **4,239,403** | **78,651** | **1,800,079** |
| Cash | 1,789,666 | 308,181 | 27,161 | 26,263 | 15,314 | 577,841 | 674,598 | 860 | 272,539 |
| Notes and accounts receivable | 2,105,112 | 74,113 | 87,960 | 47,377 | 61,345 | 31,308 | 1,038,292 | 22,207 | 355,943 |
| Less: allowance for bad debts | 3,977 | 18 | 94 | 56 | 1,172 | 3 | 3,145 | 16 | 483 |
| Ending inventories | 502,869 | 102,235 | 20,754 | 36,670 | 69,404 | 99,667 | 375,947 | 9,187 | 113,889 |
| Investment in government obligations | 442,365 | 15,000 | 1,141 | 49,727 | — | 775 | 68,978 | — | 39,348 |
| Other current assets | 386,069 | 37,055 | 605 | 643 | 43,664 | 2,553 | 240,861 | 149 | 88,053 |
| Loans to stockholders | 42,264 | 11,230 | — | 3,161 | — | — | 22,840 | 1,250 | 95,949 |
| Mortgage and real estate loans | 1,200 | — | — | — | — | — | 133,861 | — | — |
| Other investments | 4,236,848 | 166,288 | 42,338 | 57,122 | 46,486 | 1,691 | 1,259,531 | 38,698 | 444,248 |
| Depreciable assets | 1,921,951 | 391,817 | 108,268 | 13,947 | 155,132 | 121,581 | 491,732 | 8,694 | 312,033 |
| Less: accumulated depreciation | 675,943 | 225,870 | 35,491 | 5,271 | 59,690 | 65,709 | 239,535 | 2,514 | 77,286 |
| Depletable assets | — | — | 664 | — | — | — | 1,579 | — | — |
| Less: accumulated depletion | — | — | — | — | — | — | 796 | — | — |
| Land | 41,500 | 288 | 4,137 | 95 | 4,167 | 1,506 | 9,943 | 36 | 6,352 |
| Intangible assets (amortizable) | 103,425 | 24,687 | 6 | 3 | 2,420 | — | 49,735 | — | 19,439 |
| Less: accumulated amortization | 72,770 | 21,729 | 1 | 3 | 141 | — | 1,031 | — | 16,087 |
| Other assets | 228,223 | 29 | 2,749 | 603 | 3,719 | 33,391 | 116,014 | 101 | 146,124 |
| **Total liabilities and stockholders equity** | **11,048,803** | **883,304** | **260,198** | **230,281** | **340,649** | **804,601** | **4,239,403** | **78,651** | **1,800,079** |
| Accounts payable | 710,653 | 25,397 | 11,193 | 21,619 | 45,739 | 8,893 | 242,058 | 1,314 | 85,015 |
| Mortgages, notes and bonds payable in less than 1 year | 219,073 | 2,744 | 9,258 | 119 | 2,615 | — | 91,805 | — | 136,706 |
| Other current liabilities | 145,772 | 3,708 | 6,340 | 3,848 | 21,223 | 64,540 | 120,840 | 3,445 | 124,798 |
| Loans from stockholders | 21,096 | 11,250 | 230 | — | 644 | — | 15,627 | — | 908 |
| Mortgages, notes and bonds pay in 1 year or more | 95,520 | — | 1,120 | 52 | 517 | — | 15,496 | — | 10,046 |
| Other liabilities | 131,687 | 5 | 426 | 798 | 348 | 85 | 21,381 | 142 | 37,689 |
| Capital stock | 162,929 | 35,156 | 2,558 | 13,652 | 1,113 | 734 | 11,502 | 62 | 43,574 |
| Paid-in or capital surplus | 345,056 | 406,887 | 24,369 | 1,248 | 60,501 | 3,585 | 248,642 | 761 | 42,470 |
| Retained earnings, appropriated | — | — | — | — | — | — | 241 | — | — |
| Retained earnings, unappropriated | 9,217,017 | 398,126 | 208,431 | 199,942 | 207,969 | 726,765 | 3,471,861 | 72,928 | 1,320,862 |
| Less: cost of treasury stock | — | — | 3,726 | 10,996 | 21 | — | 51 | — | 1,988 |
| **Total receipts** | **6,160,313** | **1,300,106** | **203,953** | **227,117** | **443,988** | **734,418** | **3,291,570** | **63,573** | **1,135,103** |
| Business receipts [1] | 4,330,767 | 1,280,006 | 188,326 | 218,144 | 434,243 | 667,528 | 3,002,882 | 63,147 | 908,671 |
| Interest, except state and local government obligations [1] | 333,679 | 16,717 | 4,640 | 1,861 | 4,643 | 36,598 | 124,790 | 91 | 37,966 |
| Interest on state and local government obligations [1] | 15,396 | 2,373 | — | 3,339 | — | 538 | 2,604 | — | 6,820 |
| Rents [1] | 141 | — | 3,150 | — | 182 | — | 53 | — | 282 |
| Royalties [1] | 6,769 | — | — | — | — | — | — | — | — |
| Net short-term capital gain [1] | 1,420 | — | — | — | — | — | 81 | — | 1 |
| Net long-term capital gain [1] | 9,936 | — | 770 | 1,379 | — | — | 143 | — | 5 |
| Net gain, noncapital assets [1] | 883 | 14 | ([2]) | 22 | 17 | 655 | 873 | 39 | 12 |
| Dividends other than constructive distributions [1] | 8,585 | — | — | — | — | — | 1,877 | — | 2,106 |
| Other receipts [1] | 1,452,736 | 996 | 7,066 | 2,371 | 4,904 | 29,100 | 158,267 | 296 | 179,241 |
| **Total deductions** | **2,383,679** | **1,220,225** | **127,925** | **186,326** | **380,779** | **563,818** | **2,163,597** | **45,066** | **703,302** |
| Cost of sales and operations | 1,313,463 | 1,141,336 | 100,094 | 171,499 | 337,592 | 402,865 | 1,668,894 | 39,929 | 409,445 |
| Compensation of officers | 1,746 | 274 | 139 | 128 | 222 | 45 | 2,236 | 57 | 1,174 |
| Salaries and wages | 41,139 | 12,074 | 5,038 | 1,974 | 8,791 | 17,148 | 53,331 | 774 | 17,269 |
| Repairs | 14,821 | 6,294 | 402 | 315 | 2,433 | 3,942 | 5,120 | 269 | 1,607 |
| Bad debts | 70 | 6 | 225 | — | 127 | — | 1,534 | 17 | 129 |
| Rents paid | 2,440 | 7,740 | 173 | 536 | 729 | 1,440 | 5,115 | 184 | 1,961 |
| Taxes paid | 17,275 | 7,393 | 3,494 | 2,083 | 4,930 | 6,120 | 23,780 | 840 | 5,750 |
| Interest paid | 4,607 | 787 | 804 | 326 | 548 | 180 | 2,890 | 5 | 4,137 |
| Contributions | 1,809 | 4 | 1,339 | 29 | 176 | 481 | 144 | 14 | 100 |
| Amortization | 1,495 | 1,217 | 1 | 18 | 6 | — | 1,655 | — | 4,364 |
| Depreciation | 81,507 | 17,094 | 2,860 | 902 | 11,268 | 11,870 | 30,953 | 615 | 10,265 |
| Depletion | — | — | — | — | 5 | — | — | 16 | — |
| Advertising | 215 | 105 | 1,433 | 76 | 41 | 685 | 417 | 2 | 334 |
| Pension, profit-share, stock bonus and annuity plans | 3,772 | — | 36 | 3 | 229 | 2,039 | 2,036 | 145 | 1,323 |
| Employee benefit programs | 14,377 | 3,191 | 1,242 | 2,517 | 1,730 | 331 | 10,514 | 867 | 3,140 |
| Net loss, noncapital assets | 1,738 | 20 | 17 | 8 | 359 | 9 | 747 | — | 359 |
| Other deductions | 883,207 | 22,689 | 10,627 | 5,912 | 11,594 | 116,663 | 354,285 | 1,330 | 241,944 |
| **Total receipts less total deductions** | **3,776,634** | **79,881** | **76,028** | **40,791** | **63,209** | **170,600** | **1,127,973** | **18,507** | **431,801** |
| Net income (less deficit) | 3,761,238 | 77,508 | 76,028 | 37,451 | 63,209 | 170,062 | 1,125,369 | 18,507 | 424,981 |
| Net income | 3,761,621 | 81,170 | 76,028 | 37,451 | 63,296 | 170,062 | 1,132,446 | 18,507 | 425,121 |
| Deficit | 383 | 3,662 | — | — | 87 | — | 7,077 | — | 140 |
| Net income (less deficit) per books | 3,557,597 | 87,358 | 75,312 | 38,473 | 52,005 | 139,547 | 1,108,535 | 18,122 | 408,536 |
| **Income subject to tax** | **3,753,760** | **81,170** | **76,028** | **37,451** | **61,219** | **170,062** | **1,130,244** | **18,507** | **423,465** |
| **U.S. income tax before credits: total** | **1,514,115** | **33,090** | **29,884** | **14,313** | **25,568** | **58,722** | **440,836** | **7,667** | **173,381** |
| Regular and alternative tax | 1,513,489 | 32,428 | 29,884 | 14,313 | 25,568 | 58,722 | 440,743 | 7,667 | 172,876 |
| U.S. possessions tax credit | 1,498,596 | 32,279 | 29,855 | 13,506 | 25,519 | 58,722 | 440,109 | 7,631 | 172,175 |
| Foreign tax credit | 195 | — | — | — | — | — | 267 | — | 21 |
| General business credit | 25 | — | — | — | — | — | — | — | 67 |
| Total U.S. income tax after credits | 15,367 | 813 | 45 | 807 | 52 | 157 | 481 | 35 | 1,122 |
| Reduction in U.S. tax liability | 1,302,121 | 26,615 | 24,735 | 12,170 | 21,310 | 48,190 | 381,313 | 6,687 | 151,142 |
| **Distributions to stockholders** | **1,362,599** | **60,302** | **44,135** | **9,104** | **42,320** | **100,018** | **406,872** | **6,500** | **131,906** |

Footnotes at end of table.



**Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued**

[Money amounts are in thousands of dollars]

| Item | Wholesale trade | Retail trade | Finance, insurance, and real estate | Services |
|---|---|---|---|---|
| | (19) | (20) | (21) | (22) |
| **Number of returns** | **21** | **4** | **27** | **32** |
| **Total assets** | **278,644** | **195,960** | **6,819,273** | **200,971** |
| Cash | 40,930 | 16,728 | 441,093 | 18,174 |
| Notes and accounts receivable | 84,064 | 3,773 | 1,618,708 | 45,906 |
| Less: allowance for bad debts | 2,247 | — | 7,645 | 3,355 |
| Ending inventories | 51,279 | 33,692 | 1,742 | 5,026 |
| Investment in government obligations | 342 | — | 385,326 | — |
| Other current assets | 2,171 | 40,449 | 481,881 | 10,027 |
| Loans to stockholders | 44 | — | — | 7,556 |
| Mortgage and real estate loans | 41 | — | 2,777,076 | — |
| Other investments | 772 | 6 | 969,441 | 18,539 |
| Depreciable assets | 89,928 | 126,958 | 30,333 | 81,526 |
| Less: accumulated depreciation | 6,621 | 49,180 | 3,875 | 24,006 |
| Depletable assets | — | — | 233 | 2 |
| Less: accumulated depletion | — | — | 142 | ([1]) |
| Land | 823 | 7,131 | 8,253 | 16,654 |
| Intangible assets (amortizable) | 4 | — | 35,495 | 21,956 |
| Less: accumulated amortization | — | — | — | 1,888 |
| Other assets | 17,115 | 16,405 | 101,353 | 4,854 |
| **Total liabilities and stockholders equity** | **278,644** | **195,960** | **6,819,273** | **200,971** |
| Accounts payable | 56,352 | 42,687 | 570,103 | 16,465 |
| Mortgages, notes and bonds payable in less than 1 year | 67,879 | 9,790 | 1,061,936 | 13,938 |
| Other current liabilities | 66,598 | 20,608 | 4,174,120 | 15,916 |
| Loans from stockholders | 235 | — | 20,449 | 2,092 |
| Mortgages, notes and bonds pay in 1 year or more | 4,122 | 58,113 | 4,338 | 22,343 |
| Other liabilities | 256 | 1,262 | 615,323 | 850 |
| Capital stock | 14,775 | 4,915 | 66,064 | 381 |
| Paid-in or capital surplus | 13,682 | 10,643 | 94,402 | 66,067 |
| Retained earnings, appropriated | — | — | 208 | — |
| Retained earnings, unappropriated | 54,879 | 55,605 | 216,029 | 63,759 |
| Less: cost of treasury stock | 134 | 7,661 | 3,700 | 839 |
| **Total receipts** | **586,581** | **593,105** | **617,324** | **182,164** |
| Business receipts [1] | 573,881 | 587,462 | 55,100 | 112,715 |
| Interest, except state and local government obligations [1] | 2,259 | 1,075 | 494,809 | 3,426 |
| Interest on state and local government obligations [1] | — | — | 2,267 | — |
| Rents [1] | 1,857 | 3,252 | 350 | 11,224 |
| Royalties [1] | — | — | 298 | — |
| Net short-term capital gain [1] | — | — | — | ([1]) |
| Net long-term capital gain [1] | 237 | — | 101 | 3 |
| Net gain, noncapital assets [1] | — | 1 | 13,870 | 1 |
| Dividends other than constructive distributions [1] | — | 741 | 4,629 | — |
| Other receipts [1] | 8,347 | 575 | 45,899 | 54,796 |
| **Total deductions** | **576,367** | **578,336** | **551,118** | **153,181** |
| Cost of sales and operations | 473,631 | 462,778 | 7,289 | 67,425 |
| Compensation of officers | 552 | 1,678 | 16,529 | 849 |
| Salaries and wages | 24,545 | 50,203 | 24,859 | 16,249 |
| Repairs | 1,376 | 2,454 | 2,786 | 1,086 |
| Bad debts | 499 | 1,100 | 12,918 | 2,728 |
| Rents paid | 2,085 | 9,914 | 3,996 | 6,055 |
| Taxes paid | 6,888 | 11,642 | 7,203 | 3,601 |
| Interest paid | 3,283 | 4,712 | 248,678 | 4,127 |
| Contributions | 110 | 9 | 33 | 18 |
| Amortization | ([1]) | — | 55 | 241 |
| Depreciation | 6,155 | 6,730 | 6,437 | 5,608 |
| Depletion | — | — | — | — |
| Advertising | 9,447 | 4,396 | 8,518 | 2,746 |
| Pension, profit-share, stock bonus and annuity plans | 195 | 904 | 1,855 | 159 |
| Employee benefit programs | 994 | 66 | 1,490 | 724 |
| Net loss, noncapital assets | — | 51 | — | ([1]) |
| Other deductions | 46,608 | 21,700 | 208,471 | 41,563 |
| **Total receipts less total deductions** | **10,213** | **14,770** | **66,207** | **28,983** |
| Net income (less deficit) | 10,213 | 14,770 | 63,939 | 28,983 |
| Net income | 12,469 | 14,804 | 66,454 | 30,714 |
| Deficit | -2,256 | -35 | -2,514 | -1,731 |
| Net income (less deficit) per books | 9,730 | 6,278 | 64,753 | 27,141 |
| **Income subject to tax** | **12,279** | **14,212** | **51,931** | **28,545** |
| **U.S. income tax before credits: total** | **4,728** | **5,529** | **20,691** | **11,130** |
| Regular and alternative tax | 4,728 | 5,529 | 20,684 | 11,128 |
| U.S. possessions tax credit | 4,701 | 4,903 | 9,642 | 10,726 |
| Foreign tax credit | ([1]) | — | 4,234 | 15 |
| General business credit | — | — | — | 29 |
| Total U.S. income tax after credits | 27 | 640 | 6,847 | 360 |
| Reduction in U.S. tax liability | 4,170 | 4,312 | 19,802 | 9,756 |
| **Distributions to stockholders** | **7,082** | **905** | **3,449** | **5,317** |

[1] These amounts were not required to be shown separately for 89 possessions corporations electing the profit-split method to allocate intangible property income. For these corporations, the individual line items were included in the "Other receipts" category.

[2] Money amount less than $500.

**Table 2.—Returns of Active Manufacturing U.S. Possessions Corporations: Tax Benefits, Employment, and Compensation of Employees, by Selected Industry[1]**

[Money amounts are in thousands of dollars, except as noted]

| Selected industries | Actual data: Number of returns | Actual data: Reported number of workers | Actual data: Reported compensation | Weighted data: Number of returns | Weighted data: Gross number of workers | Weighted data: Gross compensation[2] | Weighted data: Compensation per worker (whole dollars) | Weighted data: Tax benefits per worker (whole dollars)[3] | Weighted data: Tax benefits per worker over compensation per worker |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All manufacturing industries** | **299** | **78,253** | **1,394,188** | **397** | **100,916** | **1,798,127** | **17,818** | **16,835** | **94.5** |
| Food and kindred products | 17 | 8,731 | 147,981 | 25 | 10,364 | 174,072 | 16,795 | 17,338 | 103.2 |
| Textile mill products | 3 | 233 | 4,185 | 4 | 255 | 4,581 | 17,964 | 1,215 | 6.8 |
| Apparel and other textile products | 42 | 13,455 | 146,751 | 53 | 17,363 | 187,131 | 10,778 | 2,022 | 18.8 |
| Men's and boys' clothing | 8 | 4,076 | 47,272 | 12 | 4,546 | 52,727 | 11,597 | 2,585 | 22.3 |
| Women's and children's clothing | 20 | 6,383 | 67,177 | 24 | 7,004 | 73,711 | 10,524 | 2,164 | 20.6 |
| Hats, caps, and other accessories | 7 | 1,009 | 10,353 | 10 | 3,825 | 38,743 | 10,128 | 1,465 | 14.5 |
| All other textile products | 7 | 1,987 | 21,949 | 7 | 1,987 | 21,949 | 11,048 | 1,302 | 11.8 |
| Paper and allied products | 3 | 119 | 2,125 | 6 | 135 | 2,452 | 18,098 | 12,522 | 69.2 |
| Printing and publishing | 4 | 235 | 3,750 | 4 | 235 | 3,750 | 15,976 | 11,594 | 72.6 |
| Chemicals and allied products | 62 | 13,351 | 352,184 | 89 | 21,116 | 546,680 | 25,890 | 65,173 | 251.7 |
| Industrial chemicals, plastics materials, and synthetics | 6 | 549 | 15,556 | 11 | 1,012 | 27,694 | 27,362 | 45,476 | 166.2 |
| Drugs | 42 | 11,751 | 316,298 | 60 | 18,384 | 486,654 | 26,471 | 70,788 | 267.4 |
| Soap, cleaners, and toilet goods | 9 | 738 | 14,376 | 9 | 738 | 14,376 | 19,493 | 19,481 | 99.9 |
| All other chemical and allied products | 5 | 314 | 5,954 | 9 | 982 | 17,957 | 18,291 | 14,655 | 80.1 |
| Petroleum (including integrated) and coal products | 3 | 665 | 25,634 | 5 | 716 | 27,602 | 38,549 | 37,170 | 96.4 |
| Rubber and miscellaneous plastics products | 9 | 1,839 | 29,573 | 15 | 2,449 | 39,119 | 15,972 | 10,099 | 63.2 |
| Leather and leather products | 12 | 3,037 | 32,735 | 15 | 4,036 | 43,600 | 10,802 | 3,015 | 27.9 |
| Footwear, except rubber | 8 | 2,754 | 29,418 | 11 | 3,753 | 40,283 | 10,734 | 2,791 | 26.0 |
| All other leather products | 4 | 283 | 3,317 | 4 | 283 | 3,317 | 11,714 | 5,982 | 51.1 |
| Fabricated metal products | 22 | 2,689 | 44,063 | 29 | 3,189 | 52,130 | 16,348 | 5,793 | 35.4 |
| Metal cans and containers | 4 | 1,292 | 21,577 | 6 | 1,559 | 25,997 | 16,670 | 3,463 | 20.8 |
| Cutlery, hand tools, screws, and bolts | 4 | 335 | 4,094 | 5 | 384 | 4,628 | 12,048 | 2,723 | 22.6 |
| All other fabricated metal products | 14 | 1,063 | 18,391 | 18 | 1,245 | 21,505 | 17,270 | 9,658 | 55.9 |
| Machinery, except electrical | 5 | 2,794 | 69,440 | 6 | 2,799 | 69,582 | 24,858 | 17,216 | 69.3 |
| Electrical and electronic equipment | 60 | 19,770 | 333,493 | 73 | 23,180 | 390,793 | 16,859 | 16,450 | 97.6 |
| Radio, television, and communication equipment | 11 | 2,684 | 41,265 | 16 | 3,803 | 58,696 | 15,433 | 17,945 | 116.3 |
| Electronic components | 26 | 5,281 | 93,325 | 31 | 7,181 | 126,643 | 17,635 | 14,733 | 83.5 |
| All other electrical and electronic equipment | 23 | 11,805 | 198,903 | 26 | 12,195 | 205,453 | 16,847 | 16,995 | 100.9 |
| Transportation equipment | 4 | 838 | 12,390 | 5 | 858 | 12,689 | 14,795 | 7,731 | 52.3 |
| Instruments and related products | 32 | 6,473 | 130,854 | 43 | 7,071 | 143,685 | 20,319 | 21,374 | 105.2 |
| Scientific instruments | 5 | 774 | 19,207 | 9 | 1,040 | 25,728 | 24,750 | 50,405 | 203.7 |
| All other instruments and related products | 27 | 5,699 | 111,647 | 34 | 6,032 | 117,957 | 19,556 | 16,370 | 83.7 |
| Miscellaneous manufacturing and manufacturing not allocable | 17 | 2,912 | 44,005 | 19 | 3,115 | 47,333 | 15,193 | 8,125 | 53.5 |

[1] The data contained in this table represent those U.S. possessions corporations for which Federal unemployment tax return data were available for statistical processing for 1987.

[2] Gross compensation of employees is computed by multiplying total wages by 1.235. The additional 23.5 percent reflects employer paid non-payroll costs (such as social security payments) and is supplied by the Office of Tax Analysis.

[3] To calculate the tax benefit, the qualified possessions source income of each corporation was multiplied by the appropriate corporate tax rate. Credits for taxes paid to possessions governments (such as Puerto Rican income taxes and the "tollgate" tax on dividends) were estimated and subtracted from this amount. The resulting figure was the estimated reduction in U.S. tax liability.

# Section 9 International Boycotts

Contents



U.S. persons with operations in boycotting countries are required to report separately to the Internal Revenue Service their business operations in those countries, as well as requests and agreements to participate in, or cooperate with, international boycotts (other than boycotts sanctioned by the U.S. Government). The reporting requirement has been effective since 1976. Most boycott requests are made by countries which belong to the League of Arab States. These boycott requests are usually directed against Israel. The requests are related to business or commercial activities, and are categorized into five groups.

Under the Tax Reform Act of 1976, persons who agree to participate in, or cooperate with, unsanctioned international boycotts can be penalized by the loss of certain U.S. tax benefits. These lost benefits include the foreign tax credit (Sections 2 and 8 of this compendium) and the deferral of taxation on the earnings of Controlled Foreign Corporations (Section 3), Foreign Sales Corporations (Section 4) and Interest Charge-Domestic International Sales Corporations (Section 5). Apart from the tax consequences, a person may be subject to a fine imposed by the Department of Commerce under the provisions of the 1979 Export Administration Act.

The basis of the statistics tabulated for the international boycott report studies is Form 5713 and related schedules, listed below. Forms and schedules are reproduced in Section 15 of this compendium. For an explanation of the types of boycott requests contained in Tables 1 and 2, see page 516 of the Forms and Instructions.

* Form 5713, International Boycott Report, and Instructions (p. 513)

* Schedule A (Form 5713), Computation of the International Boycott Factor (p. 517)

* Schedule B (Form 5713), Specifically Attributable Taxes and Income (p. 518).

* Schedule C (Form 5713), Tax Effect of the International Boycott Provisions (p. 519)

**Table 1.—Operations in Boycotting Countries and Types of Boycott Requests and Agreements, by Type of Person Filing Boycott Reports and Size of Total Assets of Active Corporations**

| Type of person and size of total assets of active corporations | Number of returns | Operations in boycotting countries involved in boycotting: Israel | Operations in boycotting countries involved in boycotting: Other countries | Requests to participate in or cooperate with an international boycott: Number of persons receiving requests | Number of return occurences of requests made, by type of request: Total | Type 1 | Type 2 | Type 3 | Type 4 | Type 5 | Number of persons who agreed to participate |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| **All persons, total** | **2,104** | **10,954** | **824** | **533** | **532** | **412** | **202** | **221** | **154** | **421** | **44** |
| **All active corporations, total** | **1,900** | **9,941** | **815** | **419** | **418** | **298** | **105** | **116** | **58** | **309** | **44** |
| Assets zero or not reported | 119 | 490 | 19 | 13 | 13 | 12 | 6 | 7 | 6 | 10 | — |
| $1 under $10,000,000 | 562 | 2,454 | 139 | 86 | 86 | 62 | 20 | 36 | 16 | 64 | 9 |
| $10,000,000 under $100,000,000 | 379 | 1,560 | 77 | 65 | 65 | 48 | 14 | 19 | 8 | 48 | 3 |
| $100,000,000 under $250,000,000 | 174 | 719 | 55 | 28 | 28 | 19 | 5 | 4 | 3 | 19 | * |
| $250,000,000 under $500,000,000 | 114 | 567 | 73 | 29 | 29 | 19 | 5 | 5 | * | 18 | 3 |
| $500,000,000 under $1,000,000,000 | 129 | 763 | 39 | 29 | 29 | 22 | 3 | 3 | * | 20 | * |
| $1,000,000,000 or more | 423 | 3,388 | 413 | 169 | 168 | 116 | 52 | 42 | 22 | 130 | 26 |
| Active FSC and IC-DISC corporations (included above) | 303 | 1,636 | 88 | 48 | 48 | 39 | 13 | 14 | 8 | 38 | 7 |
| **Individuals** | **100** | **499** | * | **87** | **87** | **87** | **81** | **81** | **80** | **88** | — |
| **All other persons** | **104** | **514** | * | **27** | **27** | **27** | **16** | **24** | **16** | **26** | — |

* Data deleted to avoid disclosure of information for specific persons.

**Table 2.—Tax Effects of International Boycott Participation, by Type of Person Filing Boycott Reports**

[Money amounts are in thousands of dollars]

| Type of person | Tax benefits prior to boycott reduction | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of returns | Foreign tax credit | | Deferred earnings of CFC | | IC-DISC deferred income | | FSC exempt income | |
| | | Number of returns | Amount before boycott reduction | Number of returns | Earnings before boycott reduction | Number of returns | Income before boycott reduction | Number of returns | Exempt income before boycott reduction |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **All persons, total** | **2,104** | **616** | **20,582,894** | **450** | **23,726,079** | **77** | **28,280** | **418** | **2,148,207** |
| All active corporations | 1,900 | 572 | 20,576,398 | 372 | 23,725,409 | 77 | 28,280 | * | ** |
| All other persons | 204 | 44 | 6,496 | 78 | 670 | — | — | * | ** |

| Type of person | Tax effect of the international boycott provisions — Boycott factor method | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of returns electing method | Reduction of foreign tax credit | | | | Denial of foreign trade income exemption of FSC | | |
| | | Number of returns | Before boycott adjustment | Amount of reduction | Credit after reduction | Number of returns | Foreign sales corporations | |
| | | | | | | | Exempt foreign trade income before adjustment | Exempt foreign trade boycott income |
| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| **All persons, total** | **14** | **8** | **470,978** | **687** | **470,290** | **4** | **35,129** | **37** |
| All active corporations | 14 | 8 | 470,978 | 687 | 470,290 | 4 | 35,129 | 37 |
| All other persons | — | — | — | — | — | — | — | — |

| Type of person | Tax effect of the international boycott provisions—continued — Boycott factor method—continued — Denial of subpart F boycott income deferral | | | | |
|---|---|---|---|---|---|
| | Number of returns | Controlled foreign corporations | | | Subpart F boycott income |
| | | Earnings & profits after taxes | Includable income before boycott adjustment | Earnings and profits less includable income | |
| | (18) | (19) | (20) | (21) | (22) |
| **All persons, total** | **8** | **1,084,752** | **322,512** | **762,240** | **1,736** |
| All active corporations | 8 | 1,084,752 | 322,512 | 762,240 | 1,736 |
| All other persons | — | — | — | — | — |

| Type of person | Tax effect of the international boycott provisions—continued — Specifically attributable taxes and income method | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of returns electing method | Reduction in taxes eligible for foreign tax credit | | Subpart F boycott income | | IC-DISC boycott income | | FSC boycott income | |
| | | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (23) | (24) | (25) | (26) | (27) | (28) | (29) | (30) | (31) |
| **All persons, total** | **26** | **14** | **432** | **19** | **2,966** | — | — | **5** | **136** |
| All active corporations | 26 | 14 | 432 | 19 | 2,966 | — | — | 5 | 136 |
| All other persons | — | — | — | — | — | — | — | — | — |

* Data deleted to avoid disclosure of information for specific persons.





**Table 3.—Operations in Boycotting Countries and Types of Boycott Requests and Agreements, by Country Requesting the Boycott**

| Country | Operations in countries boycotting | | Number of persons receiving requests | Number and type of requests | | | | | | Number of persons agreeing to participate | Number and type of agreements total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Israel | Other countries | | Total | Type 1 | Type 2 | Type 3 | Type 4 | Type 5 | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (11) | (12) |
| **All countries, total** | **10,954** | **824** | **533** | **11,248** | **3,548** | **2,287** | **740** | **517** | **4,154** | **44** | **1,450** |
| Bahrain | 952 | 3 | 129 | 498 | 94 | 163 | 9 | 3 | 229 | 13 | 30 |
| Iraq | 690 | 13 | 229 | 1,624 | 621 | 233 | 162 | 74 | 534 | 16 | 304 |
| Jordan | 814 | 4 | 96 | 601 | 131 | 224 | 15 | * | 230 | 20 | 156 |
| Kuwait | 1,211 | 35 | 224 | 1,991 | 486 | 409 | 25 | 37 | 1,034 | 19 | 228 |
| Lebanon | 709 | 3 | 43 | 164 | 13 | 88 | 4 | — | 59 | 10 | 18 |
| Libya | 448 | 5 | 68 | 491 | 284 | 27 | 27 | 20 | 133 | 5 | 136 |
| Oman | 845 | 9 | 117 | 824 | 244 | 187 | 72 | 55 | 266 | 18 | 83 |
| Qatar | 686 | 9 | 64 | 414 | 82 | 161 | 14 | 14 | 143 | 10 | 51 |
| Saudi Arabia | 1,541 | 12 | 313 | 1,957 | 516 | 429 | 248 | 180 | 584 | 17 | 137 |
| Syria | 575 | 3 | 98 | 503 | 189 | 65 | 50 | 39 | 160 | 13 | 29 |
| United Arab Emirates (UAE) | 1,122 | 11 | 213 | 1,385 | 449 | 239 | 82 | 74 | 541 | 16 | 248 |
| Yemen (Arab Republic) | 410 | * | 30 | 89 | 29 | 14 | 17 | 12 | 17 | 4 | 5 |
| Yemen (People's Democratic Republic) | 294 | — | 27 | 59 | 22 | 9 | — | — | 28 | * | * |

* Data deleted to avoid disclosure of information for specific persons.

Note: Country amounts do not sum to totals because selected countries are not included.

# Section 10 Individual Foreign Tax Credit and Foreign Earned Income

Contents



The income of U.S. citizens and residents is subject to the U.S. income tax regardless of where the income is earned. The taxpayer may choose among several options to avoid double taxation of foreign source income: the taxpayer may credit foreign income taxes against their U.S. income tax liability or deduct the foreign taxes from gross income. If the credit option is chosen, the taxpayer may credit income taxes paid to a foreign country against their U.S. tax liability. The individual foreign tax credit is limited to the amount of U.S. tax that is imposed on foreign-source income. For 1987, this limitation had to be calculated separately for each of eight separate types of income. For each income type, the taxpayer could credit the lesser of creditable foreign taxes or the limitation. The foreign tax credit equaled the sum of the credits for each separate income type. As an alternative to the credit, the taxpayer may deduct foreign taxes paid in determining taxable income.

The taxpayer may choose to deduct or exclude foreign income from gross income. If this option is chosen, the taxpayer could deduct excess costs of living in a foreign country from their gross income. As an alternative to this deduction, a taxpayer could elect to take an annual exclusion, of up to $70,000 of their foreign earned income, from their gross income. In order to qualify for either the deduction or the exclusion, an individual living abroad had to meet either a bona fide residence test or a physical presence test.

Many U.S. citizens living in foreign countries were not entitled to a deduction from, or an exclusion of, foreign earned income. These persons included: (1) civilian U.S. Government employees; (2) members of the U.S. Armed Forces; and (3) residents of Puerto Rico, Guam, the U.S. Virgin Islands, Johnston Island, American Samoa, Midway and Wake Islands. Finally, an individual taxpayer while computing their foreign tax credit, could not use any foreign income excluded from U.S. income taxation, or any foreign taxes paid or accrued on the excluded income. Listed above are tables providing information for foreign earned income and the foreign tax credit claimed by individuals for 1983 or 1987.

The reader is referred to Section 15 of this compendium for the form and instructions listed below, which provided the basis of the individual foreign tax credit data.

* Form 1040, U.S. Individual Income Tax Return (p. 437)

* Form 1116, Computation of Foreign Tax Credit, Individuals, and Instructions (p. 441)

* Form 2555, Deduction from, or Exclusion of, Income Earned Abroad, and Instructions (p. 495)

# Foreign Income And Taxes Reported On U.S. Individual Tax Returns, 1983: An Overview

By David Paris*

During Calendar Year 1984 more than 159,000 taxpayers reported approximately $7.2 billion of foreign earned income on their U.S. individual income tax returns. More than $5.7 billion of this income was excluded from domestic taxation under the foreign earned income exclusion provisions of the tax law. Foreign taxes paid on the foreign earned income which was not excluded, as well as on the income from foreign investments reported by these and other U.S. taxpayers, were eligible for a foreign tax credit. For Tax Year 1983, almost 372,000 individual returns reported approximately $617 million in foreign tax credits.

More detailed information about taxpayers reporting either foreign earned income or a foreign tax credit will be presented in a forthcoming issue of the SOI Bulletin.

## OVERVIEW OF THE FOREIGN EARNED INCOME AND FOREIGN TAX CREDIT PROVISIONS

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions of U.S. tax law. Prior to the 1981 Act, U.S. citizens with foreign earned income were allowed a deduction for "excess" foreign living expenses and an exclusion of income earned abroad while living in a hardship area "camp" [1].

For 1983, a qualifying taxpayer who worked abroad and received earned income from foreign sources could elect to exclude up to $80,000 of such income from U.S. taxation. In general, to have qualified for the foreign earned income exclusion a U.S. citizen working abroad either had to have been a bona fide resident of a foreign country or countries for an uninterrupted period that included a full tax year or had to have lived in a foreign country or countries for at least 330 days out of any 12 consecutive-month period.

Moreover, for those qualifying U.S. citizens living and working abroad there were two additional tax provisions in effect for Tax Year 1983. Where foreign housing expenses were provided by an employer, a taxpayer could elect to exclude from taxation an amount of foreign housing expenses; and for self-employed individuals, a deduction for foreign housing costs was available.

The United States imposes its income tax on the worldwide income of its citizens and residents without regard to the geographic source of the income. U.S. individual taxpayers who accrue or pay foreign taxes on their foreign-source income are eligible to use those taxes to claim a tax credit (or to itemize them as a deduction) on their U.S. income tax return. In most cases the credit is more advantageous to the taxpayer than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability.

## INCOME EARNED ABROAD

As shown in Figure A, salaries, wages, allowances and reimbursements accounted for the overwhelming majority (94 percent) of foreign earned income reported by U.S. citizens abroad.

**Figure A.—Selected Sources of Foreign Earned Income, 1983**

[Amounts in thousands of dollars]

| Income sources | Number of returns | Amount |
|---|---|---|
| Total | 159,194 | $7,185,955 |
| Salaries and wages | 153,724 | 5,293,462 |
| Allowances, reimbursements and expenses paid on employee's behalf | 59,227 | 1,444,919 |
| Noncash income | 22,301 | 165,088 |
| Business/profession (net) | 5,694 | 119,753 |
| Partnership (net) | 736 | 37,005 |

More than $5.7 billion of the approximately $7.2 billion of foreign earned income was excluded from U.S. taxation by 154,429 taxpayers [2]. The average for all returns was $36,955, about 46 percent of the maximum $80,000 foreign earned income exclusion. The exclusion was reported on Form 2555, Foreign Earned Income, attached to Form 1040.

## FOREIGN TAX CREDIT

The foreign tax credit is the third largest credit claimed by individual U.S. taxpayers, surpassed only by the investment

*Assistant Chief, Individual Statistics Branch and child care credits. For Tax Year 1983, 371,945 taxpayers claimed foreign tax credits totaling more than $617 million on Form 1040, U.S. Individual Income Tax Return. However, only 351,789 returns had a supporting Form 1116, Computation of Foreign Tax Credit attached to Form 1040 [3]. Form 1116 was the source of the data on foreign income and taxes. More than $595 million of foreign tax credit was computed on the Form 1116.

Figure B shows that salaries and wages accounted for more than 78 percent of all foreign-source income reported on Form 1116. However, the type of foreign-source income reported by the most taxpayers was dividend income.

**Figure B.—Returns With Foreign Tax Credit: Selected Sources of Foreign Income Reported on Form 1116, 1983**

[Amounts in thousands of dollars]

| Income source | Number of returns | Amount |
|---|---|---|
| Total | 350,785 | $4,368,096 |
| Salaries and wages | 61,523 | 3,410,293 |
| Dividends [1] | 203,363 | 564,866 |
| Net gain (less loss) from sales of capital assets | 11,132 | 255,461 |
| Rents and royalties | 8,950 | 84,631 |
| Estates and trusts | 7,447 | 60,603 |
| Business or profession | 6,610 | 355,708 |
| Certain interest [2] | 35,693 | 107,530 |
| Domestic International Sales Corporation dividends | 12,250 | 15,299 |
| All other income (less loss) | 70,847 | -488,298 |

[1] Excludes dividends from Domestic International Sales Corporations, shown separately.
[2] See footnote 4 under Notes and References.

## DATA SOURCES AND LIMITATIONS

A general description of the sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this report. Specific information applicable to the 1983 returns with foreign earned income or foreign tax credit is presented below.

### Sample Selection and Criteria

The 1983 estimates in this article are based on a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue service centers during 1984. Generally, for most taxpayers, those returns filed during a particular calendar year are for the previous tax year. As was the case for the general tax filing population, approximately 98 percent of the "foreign returns" processed during Calendar Year 1984 were for Tax Year 1983. The remaining returns filed were for prior tax years or were noncalendar year returns. Returns for prior years were used in place of 1983 returns filed after December 31, 1984. This was done in the belief that the characteristics of returns due but not yet filed could best be represented by the returns for previous years filed in Calendar Year 1984.

The sample was stratified based on the larger of total income or loss and the size of business plus farm receipts, and the presence or absence of a Form 2555, Foreign Earned Income; a Form 1116, Computation of Foreign Tax Credit; a Schedule C, Profit (or Loss) from a Business or Profession; and a Schedule F, Farm Income and Expenses. The sampling rates for the "foreign returns" ranged from 0.73 percent to 100 percent. Figure C presents the number of returns in the population and in the sample.

Because the data presented in this article are based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure the magnitude.

**Figure C.—Number of Form 1040 Returns Filed in 1984 with Form 2555 and/or Form 1116 and Number in Sample**

| Description of sample strata | | | Number of Returns with Form 2555 or 1116 | |
|---|---|---|---|---|
| | | | Population | Sample |
| Grand total | | | 524,601 | 13,038 |
| High income nontaxable returns, total [1] | | | 447 | 129 |
| Large business returns, total [2] | | | 14,456 | 855 |
| Other Forms 1040 with Form 2555, total | | | 160,308 | 7,486 |
| Larger of total income or total loss amount: | and | Size of business plus farm receipts: | | |
| Under $1,000,000 | | Under $20,000,000 | 160,257 | 7,438 |
| $1,000,000 and over<br>Under $1,000,000 | | Any amount<br>$20,000,000 and over | 51 | 48 |
| Other Forms 1040 with Form 1116, total | | | 349,390 | 4,568 |
| Under $1,000,000 | | Under $20,000,000 | 347,078 | 2,338 |
| $1,000,000 and over<br>Under $1,000,000 | | Any amount<br>$20,000,000 and over | 2,312 | 2,230 |

[1] Form 1040 returns with adjusted gross income of $200,000 and over with no income tax after credits and no additional tax for tax preferences.
[2] Form 1040 returns only with combined Schedule C (business or profession) net profit or loss of $200,000 and over.



Figure D presents "upper-limit" CV's for frequency estimates for both the foreign earned income and foreign tax credit data. The approximate CV's shown here were computed from a formula based on the sum-of-the-squares method and are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation.

**Figure D.—Coefficients of Variation, 1983**

| Approximate coefficient of variation | Estimated number of returns | |
|---|---|---|
| | Form 2555 | Form 1116 |
| 0.02 | 51,000 | 340,000 |
| 0.05 | 8,200 | 54,000 |
| 0.10 | 2,000 | 13,600 |
| 0.15 | 900 | 6,000 |
| 0.20 | 500 | 3,400 |
| 0.30 | 230 | 1,510 |
| 0.40 | 130 | 850 |
| 0.50 | 80 | 540 |

## NOTES AND REFERENCES

[1] For further information on the foreign earned income provisions of U.S. tax law prior to 1981, see *Statistics of Income—1976–1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Income Tax Returns.*

[2] The 4,765 return difference between the number of Forms 2555 filed and those claiming the foreign earned income exclusion is primarily attributable to the Calendar Year 1984 filings for Tax Year 1981 and prior years when U.S. tax law did not provide for the exclusion. For further information about the use of prior year returns in the 1983 statistics, see Sample Selection and Criteria under Data Sources and Limitations.

[3] The data presented in this article do not reflect any adjustments to the taxpayer's account resulting from IRS audit activities. For those taxpayers who claimed a credit but did not file a Form 1116, an audit by IRS would require taxpayers to provide evidence such as withholding statements or tax payment receipts to support the foreign tax credit claimed.

[4] A separate foreign tax credit computation for certain interest income was required by section 904 of the Internal Revenue Code. The interest to which this computation applied was defined as all interest income except the following:

(1) amounts derived from any transaction which was directly related to the active conduct of a trade or business;
(2) amounts derived from the conduct of banking, financing, or a similar business;
(3) amounts received from a foreign corporation in which the taxpayer owned at least 10 percent of the voting stock; and
(4) amounts received on obligations acquired where it was necessary to dispose of an active foreign trade or business, or of securities in a foreign corporation in which the taxpayer owned 10 percent (or more) of the voting stock.

## Table 1.—All Returns with Form 2555: Number of Returns, Adjusted Gross Income, Income Earned Abroad and Foreign Earned Income Exclusion, and Income Tax

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Number of returns: Total | Number of returns: Bonafide residence | Number of returns: Physical presence | Adjusted gross income: Number of returns | Adjusted gross income: Amount | Taxable income: Number of returns | Taxable income: Amount |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| All returns, total | 159,194 | 99,624 | 57,987 | 140,180 | 2,611,840 | 96,159 | 2,120,549 |
| Under $10,000 | 95,046 | 64,112 | 30,053 | 78,032 | 127,473 | 33,014 | 95,243 |
| $10,000 under $25,000 | 31,013 | 15,225 | 15,363 | 31,013 | 507,917 | 30,161 | 382,787 |
| $25,000 under $50,000 | 20,155 | 10,678 | 9,308 | 20,155 | 698,242 | 20,046 | 554,608 |
| $50,000 under $100,000 | 9,234 | 6,580 | 2,588 | 9,234 | 629,349 | 9,213 | 539,181 |
| $100,000 under $200,000 | 3,056 | 2,412 | 623 | 3,056 | 414,285 | 3,035 | 361,480 |
| $200,000 under $500,000 | 631 | 563 | *67 | 631 | 163,379 | 631 | 144,140 |
| $500,000 under $1,000,000 | 32 | 32 | — | 32 | 19,998 | 32 | 18,387 |
| $1,000,000 or more | 27 | 22 | *5 | 27 | 51,197 | 27 | 44,743 |
| Taxable returns, total | 69,656 | 37,610 | 31,635 | 69,656 | 2,345,290 | 69,486 | 1,927,691 |
| Under $25,000 | 39,310 | 19,617 | 19,246 | 39,310 | 525,941 | 39,161 | 391,713 |
| $25,000 under $50,000 | 18,527 | 9,371 | 9,009 | 18,527 | 643,526 | 18,527 | 514,311 |
| $50,000 or more | 11,819 | 8,622 | 3,110 | 11,819 | 1,175,823 | 11,798 | 1,021,687 |
| Nontaxable returns, total | 89,538 | 62,014 | 26,622 | 70,524 | 266,550 | 26,673 | 192,858 |
| Under $25,000 | 86,749 | 59,720 | 26,170 | 67,735 | 109,449 | 24,014 | 86,297 |
| $25,000 under $50,000 | 1,628 | 1,307 | 299 | 1,628 | 54,717 | 1,519 | 40,297 |
| $50,000 or more | 1,161 | 987 | 153 | 1,161 | 102,385 | 1,140 | 86,264 |

| Size of adjusted gross income | U.S. income tax before credits: Number of returns | U.S. income tax before credits: Amount | Foreign tax credit: Number of returns | Foreign tax credit: Amount | Foreign earned income: Total | Foreign earned income: Salaries and wages: Number of returns | Foreign earned income: Salaries and wages: Amount |
|---|---|---|---|---|---|---|---|
| | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| All returns, total | 76,422 | 533,229 | 28,302 | 201,409 | 7,185,955 | 153,724 | 5,293,482 |
| Under $10,000 | 14,308 | 4,750 | 2,292 | 456 | 3,348,823 | 91,627 | 2,734,452 |
| $10,000 under $25,000 | 29,195 | 41,211 | 7,103 | 6,912 | 1,245,644 | 30,286 | 945,134 |
| $25,000 under $50,000 | 20,003 | 100,392 | 8,887 | 26,648 | 1,121,717 | 19,575 | 737,499 |
| $50,000 under $100,000 | 9,191 | 153,806 | 6,747 | 60,662 | 836,775 | 8,807 | 503,250 |
| $100,000 under $200,000 | 3,035 | 138,460 | 2,680 | 70,336 | 450,675 | 2,792 | 253,793 |
| $200,000 under $500,000 | 631 | 63,906 | 542 | 32,275 | 149,739 | 582 | 103,996 |
| $500,000 under $1,000,000 | 32 | 8,701 | *30 | *1,853 | 22,142 | *30 | *6,871 |
| $1,000,000 or more | 27 | 22,003 | 21 | 2,268 | 10,440 | 25 | 8,468 |
| Taxable returns, total | 69,635 | 493,437 | 22,090 | 162,074 | 3,647,404 | 67,416 | 2,490,933 |
| Under $25,000 | 39,310 | 41,935 | 5,712 | 3,642 | 1,378,712 | 38,259 | 1,055,963 |
| $25,000 under $50,000 | 18,527 | 93,013 | 7,476 | 19,378 | 973,136 | 17,991 | 653,378 |
| $50,000 or more | 11,798 | 358,488 | 8,902 | 139,054 | 1,295,556 | 11,166 | 781,592 |
| Nontaxable returns, total | 6,787 | 39,792 | 6,212 | 39,335 | 3,538,550 | 86,308 | 2,802,529 |
| Under $25,000 | 4,193 | 4,026 | 3,683 | 3,727 | 3,215,754 | 83,654 | 2,623,623 |
| $25,000 under $50,000 | 1,476 | 7,379 | 1,411 | 7,270 | 148,581 | 1,584 | 84,121 |
| $50,000 or more | 1,118 | 28,387 | 1,118 | 28,338 | 174,215 | 1,070 | 94,785 |

| Size of adjusted gross income | Foreign earned income exclusion: Number of returns | Foreign earned income exclusion: Amount | Foreign housing exclusion: Number of returns | Foreign housing exclusion: Amount | Foreign housing deduction: Number of returns | Foreign housing deduction: Amount |
|---|---|---|---|---|---|---|
| | (15) | (16) | (17) | (18) | (19) | (20) |
| All returns, total | 154,429 | 5,707,052 | 27,788 | 314,767 | 1,100 | 13,385 |
| Under $10,000 | 93,438 | 3,149,663 | 9,462 | 98,807 | 452 | 4,109 |
| $10,000 under $25,000 | 29,888 | 1,058,738 | 5,048 | 49,103 | *129 | *1,407 |
| $25,000 under $50,000 | 18,975 | 601,784 | 6,458 | 73,843 | *193 | *3,574 |
| $50,000 under $100,000 | 8,491 | 459,480 | 4,709 | 55,799 | *129 | *1,609 |
| $100,000 under $200,000 | 2,972 | 194,928 | 1,678 | 25,438 | *149 | *2,312 |
| $200,000 under $500,000 | 607 | 37,961 | 398 | 11,278 | *45 | *321 |
| $500,000 under $1,000,000 | 32 | 2,595 | *26 | *388 | ** | *14 |
| $1,000,000 or more | 26 | 1,905 | *7 | *113 | ** | *39 |
| Taxable returns, total | 66,651 | 2,550,655 | 16,978 | 193,061 | 579 | 8,124 |
| Under $25,000 | 38,143 | 1,222,105 | 5,209 | 47,692 | *107 | *1,878 |
| $25,000 under $50,000 | 17,497 | 710,039 | 5,686 | 61,971 | *171 | *2,842 |
| $50,000 or more | 11,011 | 618,512 | 6,083 | 83,398 | 301 | 3,403 |
| Nontaxable returns, total | 87,778 | 3,156,397 | 10,808 | 121,707 | 521 | 5,262 |
| Under $25,000 | 85,183 | 2,986,295 | 9,301 | 100,217 | 474 | 3,637 |
| $25,000 under $50,000 | 1,478 | 91,746 | 772 | 11,873 | *22 | *732 |
| $50,000 or more | 1,117 | 78,356 | 735 | 9,617 | *25 | *893 |

*Estimate should be used with caution because of the small number of sample returns on which it is based.
**Data combined to avoid disclosure of information for specific taxpayers.
NOTE: Detail may not add to total because of rounding.



## Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Number of returns | Adjusted gross income | Itemized deductions | Taxable income | U.S. income tax before credits | Foreign tax credit claimed | U.S. income tax after credits |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| All returns, total | 371,945 | 30,233,571 | 6,510,794 | 23,522,952 | 8,217,269 | 617,166 | 7,384,345 |
| Under $10,000 | 26,073 | 178,075 | 17,977 | 138,744 | 10,262 | 4,046 | 5,893 |
| $10,000 Under $25,000 | 77,938 | 1,376,069 | 231,840 | 1,058,082 | 135,778 | 31,921 | 99,904 |
| $25,000 Under $50,000 | 120,756 | 4,350,792 | 814,937 | 3,476,928 | 647,892 | 92,791 | 544,917 |
| $50,000 Under $100,000 | 87,517 | 6,085,557 | 1,238,787 | 4,822,714 | 1,310,791 | 154,974 | 1,130,260 |
| $100,000 Under $200,000 | 35,446 | 4,876,443 | 1,095,805 | 3,772,870 | 1,345,624 | 150,703 | 1,154,223 |
| $200,000 Under $500,000 | 18,068 | 5,316,456 | 1,233,393 | 4,082,782 | 1,772,161 | 117,802 | 1,599,325 |
| $500,000 Under $1,000,000 | 4,061 | 2,750,062 | 696,424 | 2,052,600 | 964,446 | 13,174 | 924,109 |
| $1,000,000 or more | 2,086 | 5,300,117 | 1,181,632 | 4,118,253 | 2,030,316 | 51,758 | 1,925,714 |
| Taxable returns, total | 342,474 | 29,453,469 | 6,390,297 | 22,922,870 | 8,089,737 | 492,951 | 7,384,345 |
| Under $25,000 | 85,506 | 1,304,121 | 216,527 | 1,016,413 | 126,704 | 18,628 | 105,797 |
| $25,000 Under $50,000 | 112,560 | 4,081,647 | 767,591 | 3,273,990 | 613,106 | 59,079 | 544,917 |
| $50,000 or more | 144,408 | 24,067,701 | 5,406,179 | 18,632,467 | 7,349,927 | 415,243 | 6,733,631 |
| Nontaxable returns, total | 29,471 | 780,102 | 120,497 | 600,082 | 127,532 | 124,215 | — |
| Under $25,000 | 15,444 | 181,548 | 22,060 | 130,113 | 12,525 | 11,046 | — |
| $25,000 Under $50,000 | 11,257 | 337,620 | 58,576 | 253,216 | 41,596 | 40,004 | — |
| $50,000 or more | 2,770 | 260,934 | 39,861 | 216,752 | 73,411 | 73,165 | — |

| Size of adjusted gross income | Total U.S. income tax | Returns with a Form 1116 in support of credit claimed: Number of returns | Adjusted gross income | Salaries and wages | Domestic and foreign dividends in AGI | Business and profession net profit (less loss) | Sales of capital assets net gain (less loss) |
|---|---|---|---|---|---|---|---|
| | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| All returns, total | 7,612,248 | 351,789 | 28,860,168 | 13,835,555 | 5,378,436 | 1,181,655 | 4,109,863 |
| Under $10,000 | 5,893 | 23,606 | 161,087 | 149,731 | 33,247 | 4,288 | 4,600 |
| $10,000 Under $25,000 | 100,444 | 73,674 | 1,305,786 | 1,112,922 | 198,725 | 45,882 | 39,223 |
| $25,000 Under $50,000 | 553,401 | 113,605 | 4,079,492 | 2,919,444 | 570,565 | 139,342 | 183,358 |
| $50,000 Under $100,000 | 1,160,830 | 83,612 | 5,822,024 | 3,715,158 | 930,573 | 251,117 | 400,828 |
| $100,000 Under $200,000 | 1,200,966 | 34,047 | 4,671,989 | 2,573,050 | 808,787 | 245,747 | 440,633 |
| $200,000 Under $500,000 | 1,659,248 | 17,470 | 5,165,026 | 2,045,700 | 1,056,637 | 204,133 | 868,484 |
| $500,000 Under $1,000,000 | 955,125 | 3,762 | 2,552,811 | 520,568 | 705,467 | 77,352 | 546,785 |
| $1,000,000 or more | 1,978,342 | 2,013 | 5,101,974 | 798,983 | 1,074,234 | 213,795 | 1,627,752 |
| Taxable returns, total | 7,612,248 | 323,501 | 28,097,343 | 12,791,875 | 5,333,727 | 1,161,438 | 4,091,682 |
| Under $25,000 | 106,337 | 79,821 | 1,230,659 | 875,971 | 213,312 | 45,133 | 37,841 |
| $25,000 Under $50,000 | 553,401 | 105,546 | 3,813,794 | 2,578,415 | 553,319 | 131,170 | 182,168 |
| $50,000 or more | 6,952,510 | 138,134 | 23,052,889 | 9,339,488 | 4,567,096 | 985,134 | 3,871,673 |
| Nontaxable returns, total | — | 28,288 | 762,845 | 1,043,681 | 44,709 | 20,217 | 17,981 |
| Under $25,000 | — | 14,556 | 171,051 | 283,662 | 18,868 | 271 | 5,620 |
| $25,000 Under $50,000 | — | 10,962 | 330,860 | 446,050 | 19,040 | 12,937 | 1,551 |
| $50,000 or more | — | 2,770 | 260,934 | 313,969 | 8,802 | 7,009 | 10,810 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued: Rent and royalty net income (less loss) | Itemized deductions | Taxable income | U.S. income tax before credits | Foreign tax credit claimed | U.S. income tax after credits | Total U.S. income tax |
|---|---|---|---|---|---|---|---|
| | (15) | (16) | (17) | (18) | (19) | (20) | (21) |
| All returns, total | 541,502 | 6,241,264 | 22,427,908 | 7,850,110 | 604,868 | 7,044,856 | 7,263,321 |
| Under $10,000 | 5,071 | 15,466 | 125,339 | 9,330 | 3,794 | 5,229 | 5,229 |
| $10,000 Under $25,000 | -43,338 | 217,817 | 1,006,021 | 129,494 | 31,131 | 94,540 | 95,080 |
| $25,000 Under $50,000 | -13,771 | 762,965 | 3,259,246 | 606,981 | 90,543 | 507,814 | 516,214 |
| $50,000 Under $100,000 | 43,372 | 1,183,714 | 4,615,591 | 1,255,174 | 150,732 | 1,079,273 | 1,109,841 |
| $100,000 Under $200,000 | 65,170 | 1,050,442 | 3,613,729 | 1,289,401 | 149,156 | 1,101,407 | 1,147,686 |
| $200,000 Under $500,000 | 180,007 | 1,207,099 | 3,958,051 | 1,719,751 | 118,034 | 1,558,303 | 1,613,103 |
| $500,000 Under $1,000,000 | 213,700 | 662,661 | 1,889,278 | 887,818 | 12,722 | 848,477 | 877,510 |
| $1,000,000 or more | 91,290 | 1,141,098 | 3,960,653 | 1,952,162 | 50,755 | 1,849,813 | 1,898,658 |
| Taxable returns, total | 573,102 | 6,126,842 | 21,838,001 | 7,723,507 | 481,471 | 7,044,856 | 7,263,321 |
| Under $25,000 | -30,994 | 205,178 | 958,942 | 120,161 | 18,149 | 99,769 | 100,309 |
| $25,000 Under $50,000 | -1,991 | 716,510 | 3,058,508 | 572,450 | 57,086 | 507,814 | 516,214 |
| $50,000 or more | 606,087 | 5,205,154 | 17,820,551 | 7,030,895 | 406,235 | 6,437,273 | 6,646,798 |
| Nontaxable returns, total | -31,600 | 114,422 | 589,907 | 126,604 | 123,397 | — | — |
| Under $25,000 | -2,384 | 16,991 | 124,478 | 12,112 | 10,744 | — | — |
| $25,000 Under $50,000 | -16,673 | 57,570 | 248,677 | 41,081 | 39,489 | — | — |
| $50,000 or more | -12,543 | 39,861 | 216,752 | 73,411 | 73,165 | — | — |

Footnotes at end of table

**Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued: Foreign income and taxes: Gross income: Total number of returns | Other than DISC dividends and certain interest: Total: Number of returns | Total: Amount | Dividends | Net gain from sale of capital assets | Salaries and wages | Business or profession |
|---|---|---|---|---|---|---|---|
| | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| All returns, total | 350,785 | 310,934 | 4,245,267 | 584,866 | 255,461 | 3,410,293 | 355,708 |
| Under $10,000 | 23,606 | 20,212 | 105,052 | 8,124 | *1,501 | 100,464 | *12,233 |
| $10,000 Under $25,000 | 73,379 | 63,564 | 476,308 | 44,189 | 2,266 | 568,937 | 10,945 |
| $25,000 Under $50,000 | 113,194 | 99,247 | 921,110 | 118,402 | 3,702 | 946,335 | 48,627 |
| $50,000 Under $100,000 | 83,317 | 74,496 | 1,030,878 | 149,831 | 12,598 | 961,994 | 38,284 |
| $100,000 Under $200,000 | 34,047 | 31,026 | 657,566 | 74,291 | 27,514 | 549,248 | 52,128 |
| $200,000 Under $500,000 | 17,468 | 16,894 | 617,128 | 51,605 | 130,283 | 241,164 | 128,203 |
| $500,000 Under $1,000,000 | 3,762 | 3,594 | 133,926 | 54,930 | 7,443 | 23,021 | 13,547 |
| $1,000,000 or more | 2,012 | 1,901 | 303,300 | 63,495 | 70,154 | 19,130 | 51,740 |
| Taxable returns, total | 322,497 | 283,704 | 3,343,611 | 515,234 | 242,747 | 2,552,159 | 288,811 |
| Under $25,000 | 79,526 | 67,311 | 278,649 | 40,055 | 2,451 | 350,532 | 6,402 |
| $25,000 Under $50,000 | 105,135 | 91,252 | 619,586 | 96,709 | 3,631 | 662,085 | 21,216 |
| $50,000 or more | 137,836 | 125,141 | 2,445,376 | 378,470 | 236,664 | 1,539,542 | 261,192 |
| Nontaxable returns, total | 28,288 | 27,230 | 901,656 | 49,632 | 12,714 | 858,134 | 68,897 |
| Under $25,000 | 14,556 | 13,562 | 223,583 | 11,903 | *1,316 | 222,673 | 13,829 |
| $25,000 Under $50,000 | 10,962 | 10,898 | 380,653 | 22,047 | *71 | 380,447 | *30,359 |
| $50,000 or more | 2,770 | 2,770 | 297,421 | 15,682 | 11,328 | 255,014 | 22,710 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued: Foreign income and taxes—Continued: Gross income—Continued: DISC dividends[1]: Number of returns | DISC dividends: Amount | Certain interest income: Number of returns | Certain interest income: Amount | Total deductions: Number of returns | Total deductions: Amount | Taxable income (less loss before loss recapture: Other than DISC dividends and certain interest |
|---|---|---|---|---|---|---|---|
| | (29) | (30) | (31) | (32) | (33) | (34) | (35) |
| All returns, total | 12,250 | 15,299 | 35,693 | 107,530 | 200,989 | 1,121,603 | 3,138,689 |
| Under $10,000 | *411 | *317 | 3,587 | 6,352 | 9,560 | 28,606 | 77,253 |
| $10,000 Under $25,000 | 3,447 | 4,755 | 8,081 | 15,945 | 36,717 | 139,759 | 338,560 |
| $25,000 Under $50,000 | 3,976 | 4,165 | 11,915 | 24,593 | 58,384 | 273,949 | 650,024 |
| $50,000 Under $100,000 | 3,701 | 4,510 | 7,258 | 24,303 | 51,553 | 269,455 | 763,837 |
| $100,000 Under $200,000 | *274 | *441 | 3,658 | 18,190 | 25,345 | *130,743 | 528,367 |
| $200,000 Under $500,000 | *277 | *190 | 822 | 9,530 | 14,213 | 157,388 | 463,689 |
| $500,000 Under $1,000,000 | *142 | *158 | 189 | 2,152 | 3,516 | 35,552 | 98,849 |
| $1,000,000 or more | 22 | 764 | 183 | 6,465 | 1,701 | 86,151 | 218,111 |
| Taxable returns, total | 11,839 | 12,897 | 34,684 | 99,872 | 184,411 | 940,048 | 2,418,175 |
| $25,000 | 3,447 | 2,670 | 10,862 | 17,904 | 37,076 | 97,895 | 183,258 |
| $25,000 Under $50,000 | 3,976 | 4,165 | 11,787 | 22,431 | 53,028 | 210,887 | 411,480 |
| $50,000 or more | 4,416 | 6,063 | 12,035 | 59,537 | 94,307 | 631,266 | 1,823,437 |
| Nontaxable returns, total | *411 | 2,402 | 1,009 | 7,658 | 16,578 | 181,555 | 720,515 |
| Under $25,000 | *411 | 2,402 | 669 | 4,372 | 7,495 | 56,911 | 166,982 |
| $$25,000 Under $50,000 | — | — | *265 | *2,183 | 7,062 | 76,621 | 304,118 |
| $50,000 or more | — | — | 75 | 1,103 | 2,021 | 48,023 | 249,415 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued: Foreign income and taxes—Continued: Taxable income (less loss) before loss recapture—Continued: DISC dividends | Taxable income (less loss) before loss recapture—Continued: Certain interest | Taxable income after loss recapture | Foreign taxes available for credit: Total | Foreign taxes available for credit: On income other than DISC dividends and certain interest | Foreign taxes available for credit: On certain interest | Foreign tax credit computed |
|---|---|---|---|---|---|---|---|
| | (36) | (37) | (38) | (39) | (40) | (41) | (42) |
| All returns, total | 14,693 | 93,099 | 3,250,047 | 1,141,206 | 1,114,414 | 24,670 | 595,966 |
| Under $10,000 | *317 | 5,544 | 83,112 | 26,657 | 24,498 | 2,128 | 3,990 |
| $10,000 Under $25,000 | 4,501 | 14,185 | 351,660 | 77,463 | 73,261 | 3,648 | 30,973 |
| $25,000 Under $50,000 | 3,981 | 21,914 | 670,667 | 195,798 | 190,917 | 4,338 | 90,952 |
| $50,000 Under $100,000 | 4,484 | 21,907 | 788,813 | 292,584 | 286,593 | 5,171 | 150,760 |
| $100,000 Under $200,000 | *439 | 16,649 | 547,340 | 254,183 | 247,976 | 6,141 | 149,171 |
| $200,000 Under $500,000 | *189 | 5,580 | 478,573 | 216,359 | 214,780 | 1,550 | 107,198 |
| $500,000 Under $1,000,000 | *138 | 1,696 | 101,209 | 16,371 | 16,009 | 338 | 12,716 |
| $1,000,000 or more | 644 | 5,623 | 228,674 | 61,791 | 60,380 | 1,357 | 50,205 |
| Taxable returns, total | 12,307 | 85,840 | 2,526,449 | 859,383 | 835,096 | 22,512 | 471,686 |
| Under $25,000 | 2,432 | 15,635 | 200,813 | 55,509 | 50,477 | 4,794 | 17,896 |
| $25,000 Under $50,000 | 3,981 | 19,834 | 431,530 | 124,808 | 120,634 | 3,631 | 57,042 |
| $50,000 or more | 5,894 | 50,371 | 1,894,106 | 679,066 | 663,986 | 14,087 | 396,748 |
| Nontaxable returns, total | *2,386 | 7,259 | 723,598 | 281,824 | 279,318 | 2,158 | 124,280 |
| Under $25,000 | *2,386 | 4,078 | 171,041 | 34,844 | 33,514 | 982 | 10,972 |
| $25,000 Under $50,000 | — | *2,096 | 302,055 | 84,758 | 84,051 | *707 | 40,005 |
| $50,000 or more | — | 1,085 | 250,502 | 162,221 | 161,752 | 469 | 73,303 |

[1] DISC means Domestic International Sales Corporations.
* Estimate should be used with caution because of small returns on which it was based
NOTE. Detail may not add to total because of rounding

# Individual Foreign Tax Credit and Foreign Earned Income, 1987

The Foreign Earned Income and Foreign Tax Credit Study is a study of the foreign income and taxes of U.S. citizens and resident aliens reported on Forms 2555, Foreign Earned Income, and 1116, Computation of Foreign Tax Credit - Individual, Fiduciary, or Nonresident Alien Individual. These forms are attached to Form 1040, U.S. Individual Income Tax Return. Taxpayers use Form 2555 to claim the foreign earned income exclusion or housing deduction and Form 1116 to claim the foreign tax credit.

The foreign earned income exclusion was originally passed in 1926 to encourage U.S. exports by allowing all U.S. citizens who lived abroad for six months or more to exclude all of their foreign earnings from their U.S. gross income. In the subsequent years, Congress passed several enhancements and restrictions. The most significant was the 1978 Foreign Earned Income Act. This act addressed the complaints of U.S. companies operating in high cost, low tax jurisdictions (primarily the Middle East) by permitting taxpayers to deduct certain expenses, like excess housing costs, as well as their foreign earnings.

For 1987, individuals who resided in a foreign country for the entire tax year or who maintained a tax home abroad for at least eleven consecutive months, could exclude up to $70,000 of their foreign earnings and reasonable excess housing costs.

The foreign tax credit was first enacted in 1918 to eliminate double taxation on foreign-source income. Since the U.S. taxes its citizens on their worldwide income, this law enables taxpayers to take their foreign taxes as a credit against their U.S. income tax liability, subject to a limitation. This limitation is calculated by taking the ratio of the foreign-source taxable income to the worldwide taxable income and multiplying it by the U.S. tax. The limitation prevents taxpayers from using taxes paid in a relatively high tax country to offset their domestic tax liability. Further restrictions passed since 1918 require a separate limitation calculation on certain types of income. After the Tax Reform Act of 1986, these types of income are: passive, high withholding tax interest, financial services, shipping, IC-DISC dividends, distributions from Foreign Sales Corporations and general limitation income (all other). Passive income usually includes dividends, rents, royalties, annuities, and interest, except for that interest subject to a withholding tax of at least five percent. High withholding tax interest is subject to a separate limitation. General limitation income consists primarily of wages. Taxpayers can carry taxes paid in excess of the limitation back two years and then forward up to five years. Taxes carried to another year could be used in the foreign tax credit calculation for that year. Taxpayers were not permitted to credit foreign taxes on income reported on Form 2555.

The three tables that follow contain data for the 1987 Individual Foreign Earned Income and Foreign Tax Credit study. Table 1 contains foreign tax credit data classified by size of adjusted gross income reported on the Form 1040. The data contained in columns 1 through 3 are reported on the Forms 1040 with a foreign tax credit. The data contained in columns 4 through 7 are reported on those Forms 1040 that had a Form 1116 attached. Columns 8 through 13 contain data reported on Form 1116. A total of 561,109 individual income tax returns claimed foreign tax credits of $1.04 billion, a 67.9 percent increase from 1983. The 518,350 returns with an attached Form 1116 offset their U.S. income tax of $16.35 billion with foreign tax credits of $1.02 billion.

Table 2 contains Form 1116 data classified by geographical area. The single largest source of foreign income was Canada. A total of 131,918 returns reported Canadian-source taxable income of $840 million, about fifteen percent of total foreign-source taxable income. The largest share of foreign taxes were paid or accrued to the United Kingdom. The U.K. imposed $299 million of taxes on the U.K.-source income of U.S. citizens and residents. This amounted to 16.6 percent of total foreign taxes paid or accrued.

Table 3 contains Form 2555 data classified by size of adjusted gross income reported on the Form 1040. A total of 171,191 individual income tax returns had a Form 2555 attached. These returns reported net foreign earned income of $8.19 billion, an increase of fourteen percent from 1983. These taxpayers calculated foreign earned income exclusions of $5.98 billion (an increase of 4.8 percent from 1983) and foreign housing exclusions of $468 million (an increase of 48.6 percent from 1983). The total exclusions claimed on Form 2555 was $6.42 billion. (The actual exclusion taken is less than the sum of the foreign earned income and housing exclusions because taxpayers had to adjust these exclusions by the amount of deductions reported on Form 1040 that were not allowed because the deductions were allocable to excluded income.) The average exclusion from Form 2555 for all returns was $37,544, about 53.6 percent of the maximum $70,000 exclusion. In addition, taxpayers who personally paid their housing costs (instead of having it paid for by an employer) deducted foreign housing costs of $17 million.



Table 1 -- Individual Foreign Tax Credit Claimed on Form 1040, Foreign Income Earned, and Foreign Taxes, by Size of Adjusted Gross Income, 1987

[All figures are estimates based on samples - money amounts are in thousands of dollars]

| Size of adjusted gross income | Returns with a foreign tax credit reported on Form 1040: Number of returns | Adjusted gross income | Foreign tax credit claimed | Form 1040 data from returns with Form 1116 attached: Number of returns | Adjusted gross income | U.S. income tax before credits | Foreign tax credit claimed |
|---|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| All returns, total............ | 561,109 | 72,482,968 | 1,036,270 | 518,350 | 69,285,559 | 16,346,301 | 1,024,284 |
| Zero or less............... | *10 | *-11,264 | *1 | *10 | *-11,264 | *36 | *1 |
| $1 under $10,000........... | 31,741 | 192,860 | 2,664 | 29,949 | 178,517 | 12,597 | 2,626 |
| $10,000 under $25,000...... | 91,793 | 1,655,154 | 21,919 | 84,840 | 1,536,070 | 119,628 | 21,574 |
| $25,000 under $50,000...... | 130,565 | 4,866,338 | 95,128 | 119,388 | 4,419,607 | 556,480 | 91,385 |
| $50,000 under $70,000...... | 82,601 | 4,942,475 | 45,717 | 72,996 | 4,353,247 | 682,006 | 45,138 |
| $70,000 under $100,000..... | 76,138 | 6,336,865 | 104,250 | 69,147 | 5,746,146 | 1,094,080 | 104,014 |
| $100,000 under $200,000.... | 86,335 | 11,919,263 | 218,830 | 81,969 | 11,339,189 | 2,500,039 | 213,125 |
| $200,000 under $500,000.... | 43,081 | 13,176,929 | 232,090 | 41,634 | 12,776,352 | 3,327,040 | 231,428 |
| $500,000 under $1,000,000.. | 11,773 | 8,059,150 | 92,282 | 11,478 | 7,859,571 | 2,181,611 | 91,862 |
| $1,000,000 or More......... | 7,071 | 21,345,198 | 223,389 | 6,940 | 21,088,124 | 5,872,784 | 223,132 |

| Size of adjusted gross income | Foreign income and taxes reported on Form 1116: Gross income | Total deductions | Taxable income (less loss) | Foreign taxes paid or accrued | Carryback or carryover | Reduction for certain foreign taxes |
|---|---|---|---|---|---|---|
| | [8] | [9] | [10] | [11] | [12] | [13] |
| All returns, total............ | 7,097,249 | 1,562,240 | 5,535,009 | 1,806,062 | 540,056 | 454,393 |
| Zero or less............... | *5 | ** | *5 | *1 | ** | ** |
| $1 under $10,000........... | 65,174 | 10,670 | 54,504 | 16,394 | 8,526 | 5,696 |
| $10,000 under $25,000...... | 417,282 | 85,709 | 331,572 | 89,386 | 35,842 | 34,510 |
| $25,000 under $50,000...... | 1,089,114 | 267,146 | 821,967 | 252,719 | 38,858 | 90,519 |
| $50,000 under $70,000...... | 450,017 | 85,044 | 364,973 | 125,187 | 29,785 | 56,124 |
| $70,000 under $100,000..... | 720,804 | 125,731 | 595,073 | 209,471 | 73,508 | 74,449 |
| $100,000 under $200,000.... | 1,229,797 | 199,144 | 1,030,653 | 385,174 | 159,409 | 112,285 |
| $200,000 under $500,000.... | 1,307,675 | 386,137 | 921,538 | 352,226 | 108,916 | 68,473 |
| $500,000 under $1,000,000.. | 524,881 | 96,463 | 428,418 | 107,480 | 28,491 | 8,907 |
| $1,000,000 or More......... | 1,292,500 | 306,195 | 986,306 | 268,026 | 56,720 | 3,429 |

* Estimate should be used with caution because of the small number of returns on which it was based.
** Less than $500

Table 2 -- Gross Income From Foreign Sources, Deductions and Losses, Foreign Taxes Paid or Accrued, by Selected Geographic Area, 1987

[All figures are estimates based on samples - money amounts are in thousands of dollars]

| Selected geographic area | Form 1116 Data Foreign Source Income, Deductions, and Taxes Paid: Number of returns | Gross income | Total deductions | Taxable income (less loss) | Foreign taxes paid or accrued |
|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] |
| All geographic areas, total... | 518,350 | 7,097,249 | 1,562,240 | 5,535,009 | 1,806,062 |
| Canada..................... | 131,918 | 1,290,937 | 450,841 | 840,096 | 267,928 |
| Mexico..................... | 11,312 | 87,044 | 11,476 | 75,567 | 33,679 |
| France *................... | 5,691 | 188,351 | 38,017 | 150,334 | 63,267 |
| Netherlands................ | 35,453 | 135,318 | 21,607 | 113,711 | 34,970 |
| United Kingdom............. | 58,709 | 860,068 | 169,370 | 690,698 | 299,044 |
| West Germany............... | 7,927 | 429,504 | 106,064 | 323,440 | 141,464 |
| Switzerland................ | 12,550 | 199,404 | 41,753 | 157,651 | 43,468 |
| South Africa............... | 67,470 | 127,726 | 13,278 | 114,447 | 20,552 |
| Israel..................... | 11,354 | 100,034 | 7,776 | 92,257 | 27,052 |
| Saudi Arabia............... | 3,363 | 209,986 | 124,273 | 85,714 | 4,116 |
| Hong Kong.................. | 2,973 | 97,223 | 24,591 | 72,633 | 20,238 |
| Japan ** .................. | 20,003 | 633,664 | 86,881 | 546,782 | 198,595 |
| Australia.................. | 30,875 | 196,460 | 35,941 | 160,518 | 54,968 |
| New Zealand................ | 2,450 | 27,174 | 1,940 | 25,234 | 6,434 |
| Puerto Rico................ | 17,049 | 453,793 | 57,909 | 395,884 | 80,349 |

* Including Andorra
** Including Okinawa and Ryukyu

Table 3 -- Foreign Earned Income, Housing Exclusion, Foreign Earned Income Exclusion, and Deductions, by Size of Adjusted Gross Income, 1987

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

| Size of adjusted gross income | Number of returns | Form 2555 data: Gross foreign earned income: Total income | Salaries and wages | Exclusions and deductions: Housing exclusion | Foreign earned income exclusion | Exclusion from Form 2555 | Deduction from Form 2555 |
|---|---|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| All returns, total.......... | 171,191 | 8,190,229 | 5,846,912 | 467,896 | 5,982,454 | 6,427,167 | 16,761 |
| Zero or less............... | 27,544 | 935,088 | 790,052 | 16,726 | 897,346 | 918,469 | * |
| $1 under $10,000........... | 65,112 | 2,091,614 | 1,795,779 | 38,740 | 2,013,376 | 2,048,819 | 1,863 |
| $10,000 under $25,000...... | 32,587 | 1,088,383 | 873,114 | 46,719 | 959,576 | 1,004,382 | 1,646 |
| $25,000 under $50,000...... | 20,644 | 1,181,219 | 788,397 | 74,595 | 853,073 | 910,732 | 4,268 |
| $50,000 under $70,000...... | 7,922 | 566,510 | 351,666 | 52,251 | 348,906 | 399,600 | 1,304 |
| $70,000 under $100,000..... | 7,561 | 686,864 | 394,786 | 68,230 | 359,303 | 426,056 | 1,956 |
| $100,000 under $200,000.... | 6,766 | 902,082 | 446,841 | 105,446 | 366,947 | 471,278 | 3,541 |
| $200,000 under $500,000.... | 2,564 | 557,384 | 292,020 | 56,623 | 153,369 | 208,829 | 1,687 |
| $500,000 under $1,000,000.. | 367 | 126,054 | 77,310 | 6,954 | 22,883 | 29,496 | * |
| $1,000,000 or more......... | 125 | 55,030 | 36,946 | 1,881 | 7,676 | 9,507 | * |

Note: Detail may not sum to totals due to rounding.

* Less than $500

# Section 11 Foreign Recipients of U.S. Income

Contents



Income paid to nonresident aliens and other foreign persons by U.S. persons is subject to a withholding tax imposed by the United States. A nonresident alien is an individual who is neither a citizen nor a resident of the United States. Income paid to corporations, estates, and trusts created outside of the U.S. is also subject to the withholding tax.

U.S. source income is subject to a 30 percent tax withheld by the U.S. payer, usually a financial institution. Income subject to the withholding tax includes wages and salaries, dividends, interest, royalties or fees. However, income that is "effectively connected" with the conduct of a trade or business within the U.S. is taxed separately.

For residents of certain countries having tax treaties with the United States, U.S. source income may be subject to withholding at a rate lower than 30%. In addition, certain income may be exempt from the withholding tax altogether. Tax is no longer withheld for most interest payments to foreigners. This change was enacted in 1984 to lessen the attractiveness of financing through tax-haven countries.

The basis of the data contained in this section is the Form 1042S filed by U.S. payers. A copy of this form and the accompanying instructions are in Section 15 of this compendium.

* Form 1042S, Income Subject to Withholding under Chapter 3, Internal Revenue Code, and Instructions (p. 438)

Table 1.--Forms 1042S for 1984: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries, 1984

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Income paid: Total | Income paid: Exempt from withholding | Income paid: Subject to withholding | Tax withheld: Total | Tax withheld: By domestic withholding agents | Tax withheld: By foreign government and withholding agents |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Total............. | 780,708 | 17,106,632 | 9,368,142 | 7,738,490 | 1,057,453 | 969,553 | 87,900 |
| Treaty countries, total................ | 643,716 | 15,607,203 | 8,503,088 | 7,104,119 | 910,555 | 822,655 | 87,900 |
| Australia........... | 15,581 | 62,653 | 16,703 | 45,950 | 7,592 | 7,592 | - |
| Austria............. | 3,411 | 24,635 | 15,790 | 8,845 | 1,556 | 1,556 | - |
| Belgium............. | 12,264 | 826,995 | 710,197 | 116,798 | 18,459 | 16,896 | 1,563 |
| Canada.............. | 310,976 | 1,814,713 | 966,332 | 848,381 | 124,056 | 124,056 | - |
| Denmark............. | 2,497 | 13,492 | 8,313 | 5,179 | 737 | 734 | 3 |
| Egypt............... | 452 | 28,580 | 28,204 | 376 | 72 | 72 | - |
| Finland............. | 683 | 9,352 | 6,460 | 2,892 | 348 | 348 | - |
| France.............. | 18,625 | 819,238 | 204,876 | 614,362 | 60,601 | 60,408 | 193 |
| Greece.............. | 5,787 | 9,102 | 4,819 | 4,284 | 1,200 | 1,200 | - |
| Ireland............. | 5,776 | 16,870 | 5,781 | 11,089 | 1,633 | 1,633 | - |
| Italy............... | 9,190 | 66,465 | 25,292 | 41,173 | 8,227 | 8,227 | - |
| Japan............... | 12,264 | 1,393,545 | 146,343 | 1,247,202 | 130,418 | 130,418 | - |
| Luxembourg.......... | 2,631 | 90,090 | 48,903 | 41,187 | 8,782 | 8,782 | - |
| Netherlands......... | 9,919 | 1,918,889 | 1,055,443 | 863,447 | 66,396 | 66,137 | 259 |
| Netherlands Antilles | 3,257 | 2,812,549 | 2,702,547 | 110,002 | 18,844 | 18,844 | - |
| New Zealand......... | 2,116 | 5,061 | 615 | 4,446 | 576 | 576 | - |
| Norway.............. | 3,985 | 49,948 | 43,212 | 6,736 | 1,118 | 1,118 | - |
| Poland.............. | 410 | 5,109 | 1,877 | 3,232 | 898 | 898 | - |
| South Africa........ | 2,554 | 5,739 | 444 | 5,295 | 1,452 | 1,452 | - |
| South Korea......... | 541 | 5,171 | 1,767 | 3,405 | 755 | 755 | - |
| Sweden.............. | 6,237 | 99,950 | 24,553 | 75,397 | 6,723 | 6,723 | - |
| Switzerland......... | 23,904 | 1,450,913 | 314,813 | 1,136,100 | 226,525 | 141,565 | 84,960 |
| Trinidad and Tobago. | 449 | 10,929 | 10,472 | 458 | 132 | 132 | - |
| United Kingdom...... | 136,555 | 3,091,489 | 1,462,897 | 1,628,592 | 179,093 | 178,172 | 921 |
| West Germany........ | 46,638 | 963,166 | 691,774 | 271,392 | 42,398 | 42,398 | - |
| Other treaty countries.......... | 7,014 | 12,560 | 4,661 | 7,899 | 1,964 | 1,964 | - |
| Nontreaty countries total................ | 136,989 | 1,499,429 | 865,054 | 634,371 | 146,898 | 146,898 | - |
| Argentina........... | 5,749 | 15,879 | 7,845 | 8,034 | 2,185 | 2,185 | - |
| Bahamas............. | 2,430 | 46,280 | 14,857 | 31,423 | 9,072 | 9,072 | - |
| Barbados............ | 374 | 19,317 | 520 | 18,797 | 3,749 | 3,749 | - |
| Bermuda............. | 1,902 | 88,347 | 21,804 | 66,543 | 19,103 | 19,103 | - |
| Brazil.............. | 3,440 | 20,830 | 12,345 | 8,485 | 2,527 | 2,527 | - |
| British Virgin Islands............ | 432 | 14,393 | 566 | 13,827 | 2,825 | 2,825 | - |
| Cayman Islands...... | 1,023 | 58,953 | 46,242 | 12,711 | 3,765 | 3,765 | - |
| Hong Kong........... | 10,886 | 65,494 | 27,296 | 38,198 | 11,235 | 11,235 | - |
| Israel.............. | 4,877 | 12,156 | 3,044 | 9,112 | 2,272 | 2,272 | - |
| Jersey.............. | 647 | 11,641 | 236 | 11,405 | 3,043 | 3,043 | - |
| Kuwait.............. | 990 | 13,119 | 4,523 | 8,596 | 2,377 | 2,377 | - |
| Liberia............. | 439 | 23,329 | 13,634 | 9,694 | 2,883 | 2,883 | - |
| Liechtenstein....... | 968 | 26,400 | 9,162 | 17,238 | 5,138 | 5,138 | - |
| Mexico.............. | 13,530 | 52,905 | 11,593 | 41,312 | 12,274 | 12,274 | - |
| Panama.............. | 3,499 | 100,865 | 52,574 | 48,291 | 14,319 | 14,319 | - |
| Portugal............ | 1,381 | 28,816 | 876 | 27,941 | 1,395 | 1,395 | - |
| Puerto Rico......... | 4,366 | 7,295 | 4,494 | 2,801 | 824 | 824 | - |
| Saudi Arabia........ | 3,370 | 351,990 | 346,818 | 5,172 | 1,532 | 1,532 | - |
| Singapore........... | 3,571 | 26,709 | 22,144 | 4,565 | 1,345 | 1,345 | - |
| Spain............... | 5,726 | 39,260 | 22,791 | 16,469 | 4,558 | 4,558 | - |
| Taiwan.............. | 1,572 | 11,131 | 8,589 | 2,543 | 738 | 738 | - |
| United Arab Emirates | 1,034 | 143,449 | 142,832 | 617 | 182 | 182 | - |
| Venezuela........... | 6,124 | 22,151 | 13,228 | 8,923 | 2,548 | 2,548 | - |
| Other nontreaty countries.......... | 58,662 | 298,720 | 77,041 | 221,674 | 37,009 | 37,009 | - |

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Tax withheld | Income paid | | | | |
|---|---|---|---|---|---|---|---|
| | | | Total | Interest | Dividends | Rents and royalties | Personal service |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| All countries, total..... | 780,708 | 969,553 | 17,106,632 | 10;035,675 | 5,617,707 | 899,427 | 155,629 |
| Individuals........... | 572,259 | 143,611 | 1,223,373 | 429,163 | 436,739 | 100,000 | 124,695 |
| Corporations.......... | 60,256 | 545,401 | 11,678,090 | 7,220,590 | 3,490,617 | 725,928 | 19,778 |
| Antigua...................... | 66 | 13 | 630 | 514 | 32 | 80 | - |
| Individuals............... | 46 | 3 | 20 | 2 | 10 | 4 | - |
| Corporations.............. | 6 | 1 | 581 | 500 | 5 | 76 | - |
| Argentina................... | 5,749 | 2,185 | 15,879 | 9,473 | 3,614 | 397 | 799 |
| Individuals............... | 4,497 | 1,267 | 7,856 | 2,899 | 2,589 | 125 | 759 |
| Corporations.............. | 89 | 587 | 2,081 | 1,591 | 179 | 257 | 35 |
| Australia................... | 15,508 | 7,544 | 60,856 | 15,516 | 23,405 | 14,415 | 4,790 |
| Individuals............... | 13,109 | 2,456 | 14,353 | 1,334 | 4,594 | 1,787 | 4,677 |
| Corporations.............. | 681 | 3,120 | 30,230 | 11,918 | 9,939 | 7,886 | 73 |
| Austria..................... | 3,411 | 1,556 | 24,635 | 13,615 | 7,952 | 469 | 850 |
| Individuals............... | 2,218 | 732 | 6,553 | 1,196 | 2,696 | 121 | 836 |
| Corporations.............. | 122 | 310 | 9,378 | 7,203 | 1,914 | 250 | 10 |
| Bahamas..................... | 2,430 | 9,072 | 46,280 | 14,210 | 25,314 | 2,826 | 317 |
| Individuals............... | 1,098 | 1,117 | 4,797 | 867 | 2,425 | 690 | 185 |
| Corporations.............. | 630 | 4,148 | 22,388 | 6,110 | 11,315 | 2,128 | - |
| Bahrain..................... | 598 | 624 | 3,532 | 2,470 | 1,007 | 13 | 4 |
| Individuals............... | 487 | 223 | 800 | 369 | 396 | 13 | 4 |
| Corporations.............. | 28 | 281 | 2,150 | 1,907 | 239 | - | - |
| Barbados.................... | 374 | 3,749 | 19,317 | 3,857 | 15,388 | 1/ | - |
| Individuals............... | 200 | 139 | 771 | 265 | 459 | - | - |
| Corporations.............. | 109 | 3,502 | 17,551 | 3,263 | 14,287 | - | - |
| Belgium..................... | 12,264 | 16,896 | 826,995 | 746,165 | 53,115 | 14,242 | 7,762 |
| Individuals............... | 8,717 | 1,713 | 13,300 | 3,039 | 6,010 | 291 | 1,911 |
| Corporations.............. | 881 | 11,283 | 106,701 | 56,084 | 27,972 | 13,815 | 5,813 |
| Belize...................... | 88 | 1,070 | 3,965 | 3,794 | 155 | - | - |
| Individuals............... | 70 | 6 | 50 | 2 | 33 | - | - |
| Corporations.............. | 11 | 1,037 | 3,464 | 3,393 | 72 | - | - |
| Bermuda..................... | 1,902 | 19,103 | 88,347 | 27,621 | 48,861 | 4,394 | 1,572 |
| Individuals............... | 1,006 | 2,224 | 8,280 | 1,200 | 5,900 | 34 | 763 |
| Corporations.............. | 341 | 13,378 | 53,527 | 17,374 | 26,277 | 4,354 | 61 |
| Bolivia..................... | 550 | 131 | 1,228 | 860 | 354 | 1 | 3 |
| Individuals............... | 472 | 116 | 763 | 429 | 318 | 1 | 3 |
| Corporations.............. | 11 | 3 | 29 | 28 | 1 | - | - |
| Brazil...................... | 3,440 | 2,527 | 20,830 | 14,813 | 2,474 | 664 | 2,228 |
| Individuals............... | 2,846 | 1,322 | 6,808 | 2,477 | 1,378 | 207 | 2,173 |
| Corporations.............. | 130 | 803 | 12,226 | 11,481 | 315 | 400 | - |
| British Virgin Islands....... | 432 | 2,825 | 14,393 | 2,569 | 11,541 | 252 | - |
| Individuals............... | 192 | 322 | 1,357 | 77 | 1,228 | 28 | - |
| Corporations.............. | 101 | 1,916 | 9,740 | 2,003 | 7,578 | 151 | - |
| Bulgaria.................... | 252 | 126 | 444 | 109 | 25 | 1/ | 193 |
| Individuals............... | 226 | 122 | 431 | 105 | 24 | 1/ | 193 |
| Corporations.............. | 10 | 1 | 4 | 1 | - | - | - |
| Canada...................... | 310,976 | 124,055 | 1,814,713 | 842,491 | 715,657 | 130,400 | 18,875 |
| Individuals............... | 232,092 | 22,091 | 183,204 | 29,386 | 93,247 | 13,910 | 13,641 |
| Corporations.............. | 25,464 | 61,763 | 1,218,893 | 690,512 | 349,701 | 108,658 | 3,327 |
| Cayman Islands.............. | 1,023 | 3,765 | 58,953 | 48,515 | 9,042 | 1,039 | 94 |
| Individuals............... | 229 | 690 | 4,563 | 3,523 | 915 | 43 | 81 |
| Corporations.............. | 427 | 1,415 | 35,326 | 30,827 | 3,306 | 991 | 13 |
| Chile....................... | 1,970 | 970 | 4,194 | 1,160 | 2,249 | 290 | 278 |
| Individuals............... | 1,567 | 570 | 2,622 | 596 | 1,528 | 43 | 268 |
| Corporations.............. | 86 | 222 | 743 | 316 | 214 | 212 | - |
| China....................... | 1,152 | 813 | 4,157 | 275 | 1,714 | 261 | 135 |
| Individuals............... | 971 | 374 | 2,545 | 181 | 431 | 257 | 109 |
| Corporations.............. | 28 | 335 | 1,116 | 22 | 1,088 | 2 | - |
| China (Taiwan).............. | 1,572 | 738 | 11,131 | 8,150 | 2,384 | 25 | 293 |
| Individuals............... | 1,376 | 528 | 2,431 | 624 | 1,234 | 20 | 288 |
| Corporations.............. | 20 | 53 | 717 | 674 | 33 | 1/ | 5 |
| Columbia.................... | 2,590 | 746 | 3,798 | 1,550 | 1,757 | 129 | 217 |
| Individuals............... | 2,150 | 541 | 2,468 | 803 | 1,255 | 112 | 164 |
| Corporations.............. | 114 | 72 | 595 | 355 | 194 | 15 | 23 |

Footnote at end of table.



Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Tax withheld | Income paid | | | | |
|---|---|---|---|---|---|---|---|
| | | | Total | Interest | Dividends | Rents and royalties | Personal service |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Costa Rica.................. | 964 | 434 | 2,188 | 387 | 1,143 | 101 | 65 |
| Individuals............... | 746 | 267 | 1,515 | 272 | 610 | 93 | 63 |
| Corporations.............. | 42 | 25 | 85 | 3 | 73 | 8 | - |
| Czechoslavakia.............. | 405 | 505 | 2,148 | 278 | 102 | 242 | 1,291 |
| Individuals............... | 355 | 412 | 1,802 | 213 | 89 | 9 | 1,291 |
| Corporations.............. | 12 | 61 | 204 | 21 | 2 | 182 | - |
| Denmark..................... | 2,497 | 734 | 13,492 | 4,174 | 4,691 | 3,303 | 739 |
| Individuals............... | 2,182 | 346 | 2,941 | 248 | 1,303 | 134 | 672 |
| Corporations.............. | 79 | 165 | 5,320 | 490 | 1,786 | 3,045 | - |
| East Germany................ | 411 | 257 | 2,692 | 1,540 | 394 | 330 | 279 |
| Individuals............... | 360 | 235 | 2,343 | 1,531 | 390 | 29 | 253 |
| Corporations.............. | 8 | 3 | 161 | 9 | 1/ | 144 | - |
| Ecuador..................... | 864 | 300 | 2,395 | 457 | 506 | 875 | 112 |
| Individuals............... | 742 | 275 | 1,609 | 266 | 428 | 360 | 112 |
| Corporations.............. | 23 | 6 | 498 | 1 | 21 | 476 | - |
| El Salvador................. | 310 | 227 | 939 | 238 | 592 | 46 | 33 |
| Individuals............... | 266 | 196 | 788 | 183 | 504 | 41 | 33 |
| Corporations.............. | 16 | 10 | 40 | 11 | 28 | - | - |
| Finland..................... | 683 | 348 | 9,352 | 3,773 | 1,584 | 1,982 | 760 |
| Individuals............... | 583 | 157 | 1,804 | 309 | 201 | 12 | 759 |
| Corporations.............. | 28 | 70 | 5,286 | 2,012 | 1,354 | 1,919 | - |
| France...................... | 18,565 | 60,396 | 819,180 | 251,052 | 430,028 | 116,488 | 8,410 |
| Individuals............... | 13,737 | 5,584 | 64,669 | 12,908 | 16,091 | 20,863 | 8,127 |
| Corporations.............. | 1,012 | 28,875 | 516,711 | 178,130 | 247,206 | 86,472 | 167 |
| Gibraltor................... | 87 | 75 | 264 | 18 | 236 | 10 | - |
| Individuals............... | 61 | 34 | 114 | 1 | 113 | - | - |
| Corporations.............. | 18 | 30 | 113 | 7 | 95 | 10 | - |
| Greece...................... | 5,787 | 1,200 | 9,102 | 2,249 | 3,562 | 127 | 569 |
| Individuals............... | 5,147 | 689 | 6,281 | 1,073 | 2,020 | 117 | 535 |
| Corporations.............. | 107 | 115 | 1,131 | 761 | 368 | 1 | 1/ |
| Guam........................ | 368 | 22 | 243 | 170 | 52 | 1/ | - |
| Individuals............... | 328 | 14 | 67 | 4 | 42 | 1/ | - |
| Corporations.............. | 10 | 5 | 22 | 20 | 2 | - | - |
| Guatemala................... | 797 | 298 | 1,815 | 803 | 819 | 114 | 2 |
| Individuals............... | 665 | 229 | 860 | 157 | 510 | 114 | 2 |
| Corporations.............. | 28 | 15 | 739 | 597 | 142 | - | - |
| Guernsey.................... | 330 | 1,340 | 5,427 | 1,543 | 3,862 | 5 | - |
| Individuals............... | 74 | 194 | 918 | 350 | 555 | - | - |
| Corporations.............. | 209 | 858 | 3,506 | 1,083 | 2,415 | 5 | - |
| Honduras.................... | 738 | 248 | 1,366 | 123 | 434 | 17 | 329 |
| Individuals............... | 678 | 189 | 1,127 | 94 | 234 | 7 | 329 |
| Corporations.............. | 14 | 38 | 151 | 20 | 122 | 10 | - |
| Hong Kong................... | 10,886 | 11,235 | 65,494 | 29,532 | 33,034 | 1,480 | 871 |
| Individuals............... | 8,386 | 4,285 | 16,980 | 2,235 | 13,139 | 454 | 783 |
| Corporations.............. | 695 | 4,876 | 25,448 | 10,828 | 13,344 | 1,019 | 63 |
| India....................... | 1,645 | 1,413 | 9,603 | 3,213 | 481 | 2,803 | 462 |
| Individuals............... | 1,453 | 501 | 5,080 | 1,924 | 326 | 41 | 429 |
| Corporations.............. | 42 | 850 | 3,639 | 710 | 46 | 2,759 | 5 |
| Iran........................ | 965 | 347 | 1,658 | 631 | 886 | 15 | 37 |
| Individuals............... | 822 | 264 | 1,192 | 376 | 681 | 15 | 27 |
| Corporations.............. | 15 | 1 | 4 | 1/ | 4 | - | - |
| Ireland..................... | 5,776 | 1,633 | 16,870 | 4,093 | 10,682 | 1,122 | 425 |
| Individuals............... | 5,174 | 469 | 4,671 | 554 | 2,069 | 1,097 | 424 |
| Corporations.............. | 148 | 700 | 8,760 | 3,346 | 5,413 | 1/ | 1 |
| Isle of Man................. | 186 | 232 | 793 | 91 | 631 | 47 | - |
| Individuals............... | 127 | 108 | 367 | 54 | 241 | 45 | - |
| Corporations.............. | 21 | 54 | 183 | 6 | 177 | - | - |
| Israel...................... | 4,877 | 2,272 | 12,156 | 4,285 | 3,503 | 321 | 1,267 |
| Individuals............... | 3,949 | 1,241 | 7,161 | 1,417 | 1,647 | 228 | 1,256 |
| Corporations.............. | 140 | 444 | 2,518 | 2,299 | 116 | 55 | - |
| Italy....................... | 9,190 | 8,227 | 66,465 | 19,834 | 25,111 | 10,411 | 5,187 |
| Individuals............... | 7,710 | 5,064 | 27,906 | 2,992 | 7,167 | 7,327 | 4,959 |
| Corporations.............. | 249 | 2,597 | 29,827 | 12,510 | 15,036 | 2,021 | 159 |
| Jamaica..................... | 719 | 89 | 1,204 | 143 | 217 | 204 | 132 |
| Individuals............... | 628 | 64 | 868 | 86 | 160 | 20 | 132 |
| Corporations.............. | 9 | 2 | 11 | - | 11 | 1/ | - |

Footnote at end of table.

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Personal service |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Japan | 12,264 | 130,418 | 1,393,545 | 886,476 | 280,717 | 165,819 | 10,151 |
| Individuals | 9,641 | 10,958 | 114,850 | 93,305 | 5,861 | 1,645 | 8,816 |
| Corporations | 1,833 | 112,351 | 1,175,224 | 722,838 | 251,901 | 157,839 | 1,261 |
| Jersey | 647 | 3,043 | 11,641 | 789 | 10,606 | 19 | 71 |
| Individuals | 149 | 141 | 483 | 76 | 406 | - | 1 |
| Corporations | 152 | 1,415 | 5,865 | 239 | 5,402 | - | 68 |
| Kuwait | 990 | 2,377 | 13,119 | 7,347 | 5,642 | 12 | 26 |
| Individuals | 649 | 631 | 2,202 | 240 | 1,915 | 12 | 26 |
| Corporations | 89 | 1,141 | 4,899 | 2,757 | 2,074 | - | - |
| Lebanon | 1,681 | 720 | 4,922 | 2,017 | 2,172 | 205 | 174 |
| Individuals | 1,490 | 542 | 2,527 | 366 | 1,620 | 65 | 124 |
| Corporations | 21 | 42 | 139 | 17 | 72 | - | 50 |
| Liberia | 439 | 2,883 | 23,329 | 14,371 | 8,531 | 407 | - |
| Individuals | 306 | 240 | 1,148 | 337 | 765 | 41 | - |
| Corporations | 71 | 2,478 | 21,593 | 13,871 | 7,352 | 366 | - |
| Liechtenstein | 968 | 5,138 | 26,400 | 5,613 | 20,109 | 224 | 172 |
| Individuals | 344 | 1,120 | 4,880 | 584 | 4,202 | 2 | 21 |
| Corporations | 222 | 1,744 | 7,039 | 2,503 | 4,040 | 213 | 151 |
| Luxembourg | 2,631 | 8,782 | 90,090 | 46,281 | 42,461 | 22 | 112 |
| Individuals | 540 | 513 | 3,590 | 1,635 | 1,799 | 4 | 91 |
| Corporations | 839 | 4,111 | 43,765 | 22,121 | 21,438 | 17 | - |
| Malaysia | 1,059 | 169 | 1,119 | 510 | 466 | 22 | 37 |
| Individuals | 947 | 132 | 530 | 73 | 334 | 1 | 37 |
| Corporations | 20 | 11 | 484 | 433 | 31 | 21 | - |
| Mexico | 13,530 | 12,274 | 52,905 | 22,688 | 12,564 | 6,341 | 2,281 |
| Individuals | 11,746 | 5,593 | 23,459 | 5,229 | 8,433 | 5,203 | 2,228 |
| Corporations | 376 | 5,283 | 18,031 | 10,446 | 2,429 | 646 | 28 |
| Monaco | 495 | 1,199 | 5,756 | 1,133 | 3,909 | 69 | 368 |
| Individuals | 346 | 704 | 3,566 | 842 | 2,079 | 57 | 368 |
| Corporations | 38 | 159 | 585 | 79 | 506 | 1/ | - |
| Morocco | 187 | 226 | 1,144 | 208 | 695 | 23 | 105 |
| Individuals | 132 | 92 | 477 | 93 | 177 | 6 | 105 |
| Corporations | 13 | 15 | 107 | 15 | 92 | - | - |
| Netherlands | 9,919 | 66,137 | 1,918,889 | 995,643 | 865,187 | 39,645 | 2,770 |
| Individuals | 6,040 | 2,934 | 74,874 | 49,987 | 14,902 | 4,328 | 2,564 |
| Corporations | 1,330 | 53,738 | 1,723,846 | 900,950 | 777,083 | 34,220 | 30 |
| Netherlands Antilles | 3,257 | 18,844 | 2,812,549 | 2,619,895 | 115,981 | 62,090 | 422 |
| Individuals | 843 | 3,584 | 48,713 | 24,840 | 22,643 | 1,130 | 40 |
| Corporations | 1,553 | 11,016 | 2,608,174 | 2,475,626 | 59,230 | 60,680 | 98 |
| New Zealand | 2,116 | 576 | 5,061 | 2,982 | 1,063 | 216 | 349 |
| Individuals | 1,790 | 235 | 1,846 | 265 | 687 | 123 | 335 |
| Corporations | 83 | 42 | 320 | 45 | 212 | 62 | - |
| Norway | 3,985 | 1,118 | 49,948 | 41,695 | 5,542 | 883 | 514 |
| Individuals | 3,345 | 410 | 3,948 | 449 | 1,344 | 368 | 613 |
| Corporations | 127 | 478 | 43,197 | 40,145 | 2,671 | 376 | 1/ |
| Panama | 3,499 | 14,319 | 100,865 | 57,483 | 36,829 | 3,461 | 39 |
| Individuals | 1,617 | 2,314 | 12,175 | 4,889 | 6,595 | 246 | 29 |
| Corporations | 954 | 8,388 | 58,855 | 33,340 | 20,183 | 3,137 | 4 |
| Peru | 1,576 | 319 | 2,791 | 1,526 | 792 | 46 | 188 |
| Individuals | 1,262 | 241 | 1,876 | 945 | 577 | 33 | 116 |
| Corporations | 37 | 22 | 100 | 19 | 27 | 3 | 18 |
| Phillippines | 4,165 | 1,034 | 4,892 | 1,072 | 1,464 | 120 | 190 |
| Individuals | 3,597 | 878 | 4,026 | 660 | 1,101 | 118 | 190 |
| Corporations | 112 | 34 | 203 | 151 | 37 | 1 | - |
| Poland | 410 | 898 | 5,109 | 255 | 2,807 | 117 | 1,552 |
| Individuals | 376 | 71 | 2,105 | 130 | 92 | 14 | 1,492 |
| Corporations | 11 | 814 | 2,870 | 73 | 2,677 | 90 | 30 |
| Portugal | 1,381 | 1,395 | 28,816 | 3,573 | 24,680 | 40 | 326 |
| Individuals | 1,116 | 238 | 1,273 | 210 | 555 | 6 | 322 |
| Corporations | 37 | 15 | 409 | 345 | 26 | 34 | 4 |
| Puerto Rico | 4,366 | 824 | 7,295 | 5,497 | 478 | 978 | 202 |
| Individuals | 3,842 | 141 | 668 | 127 | 393 | 1 | 23 |
| Corporations | 266 | 629 | 6,243 | 5,316 | 30 | 887 | 4 |
| Romania | 149 | 57 | 328 | 78 | 18 | 2 | 201 |
| Individuals | 132 | 55 | 297 | 66 | 18 | 2 | 201 |
| Corporations | 10 | 1 | 6 | 4 | 1/ | - | - |

Footnote at end of table.



Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Personal service |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Saudi Arabia | 3,370 | 1,532 | 351,990 | 327,576 | 15,969 | 145 | 8,169 |
| Individuals | 2,855 | 1,164 | 6,706 | 816 | 3,005 | 145 | 2,632 |
| Corporations | 65 | 183 | 61,181 | 48,893 | 12,272 | - | - |
| Singapore | 3,571 | 1,345 | 26,709 | 10,809 | 5,241 | 81 | 110 |
| Individuals | 3,226 | 856 | 3,089 | 133 | 2,599 | 76 | 108 |
| Corporations | 119 | 342 | 14,661 | 2,769 | 1,596 | 5 | - |
| South Africa | 2,554 | 1,452 | 5,739 | 1,165 | 3,066 | 276 | 555 |
| Individuals | 2,307 | 1,025 | 3,878 | 1,064 | 1,481 | 134 | 540 |
| Corporations | 52 | 258 | 1,253 | 44 | 1,127 | 77 | 1/ |
| South Korea | 541 | 755 | 5,171 | 2,145 | 2,060 | 14 | 581 |
| Individuals | 435 | 92 | 1,247 | 235 | 151 | 13 | 545 |
| Corporations | 40 | 205 | 1,418 | 962 | 447 | 1 | - |
| Spain | 5,726 | 4,558 | 39,260 | 26,334 | 6,733 | 1,136 | 3,998 |
| Individuals | 4,716 | 2,394 | 10,896 | 2,375 | 3,255 | 319 | 3,924 |
| Corporations | 259 | 1,226 | 8,112 | 6,841 | 663 | 608 | - |
| Sweden | 6,237 | 6,723 | 99,950 | 10,213 | 66,344 | 13,006 | 6,988 |
| Individuals | 5,496 | 2,540 | 14,216 | 1,361 | 2,348 | 476 | 6,795 |
| Corporations | 157 | 3,289 | 78,939 | 8,198 | 58,337 | 12,297 | 32 |
| Switzerland | 23,904 | 141,565 | 1,450,913 | 463,715 | 909,130 | 55,332 | 4,021 |
| Individuals | 10,693 | 12,802 | 110,519 | 39,440 | 59,991 | 3,258 | 2,928 |
| Corporations | 3,186 | 83,094 | 908,647 | 321,252 | 527,160 | 49,092 | 1,087 |
| Thailand | 754 | 169 | 1,911 | 947 | 513 | 256 | 74 |
| Individuals | 663 | 117 | 879 | 105 | 340 | 255 | 64 |
| Corporations | 13 | 22 | 503 | 432 | 65 | - | - |
| Turks and Caicos | 39 | 147 | 518 | 450 | 49 | 19 | - |
| Individuals | 12 | 47 | 175 | 151 | 4 | 19 | - |
| Corporations | 15 | 90 | 304 | 274 | 30 | - | - |
| U.S.S.R. | 386 | 104 | 906 | 247 | 103 | 501 | 13 |
| Individuals | 327 | 94 | 410 | 246 | 71 | 39 | 13 |
| Corporations | 14 | 1/ | 446 | - | 1 | 444 | - |
| United Arab Emirates | 1,034 | 182 | 143,449 | 142,080 | 1,334 | 11 | 12 |
| Individuals | 930 | 124 | 432 | 121 | 287 | 11 | 1 |
| Corporations | 13 | 8 | 8,210 | 8,189 | 21 | - | - |
| United Kingdom | 136,555 | 178,172 | 3,091,489 | 1,560,455 | 1,308,979 | 144,309 | 33,651 |
| Individuals | 94,257 | 15,144 | 135,471 | 24,567 | 52,958 | 16,638 | 27,772 |
| Corporations | 12,230 | 80,495 | 1,980,017 | 1,047,497 | 794,585 | 102,864 | 5,573 |
| Uruguay | 1,104 | 710 | 5,598 | 3,022 | 2,352 | 35 | 15 |
| Individuals | 653 | 226 | 1,946 | 1,239 | 607 | 3 | 15 |
| Corporations | 63 | 221 | 1,258 | 454 | 719 | 1/ | - |
| Venezuela | 6,124 | 2,548 | 22,151 | 12,191 | 6,976 | 1,236 | 914 |
| Individuals | 4,932 | 1,931 | 16,400 | 9,575 | 5,284 | 235 | 828 |
| Corporations | 179 | 242 | 2,886 | 1,068 | 475 | 983 | 40 |
| Virgin Islands - U.S. | 2,105 | 187 | 1,789 | 605 | 887 | 234 | 47 |
| Individuals | 1,830 | 53 | 566 | 161 | 366 | 26 | - |
| Corporations | 39 | 75 | 787 | 335 | 197 | 208 | 47 |
| West Germany | 46,638 | 42,398 | 963,166 | 539,477 | 287,934 | 88,437 | 10,942 |
| Individuals | 34,600 | 8,791 | 150,133 | 69,984 | 37,207 | 15,756 | 9,266 |
| Corporations | 1,711 | 20,792 | 629,107 | 386,154 | 177,123 | 61,644 | 1,086 |
| Yugoslavia | 870 | 619 | 2,236 | 449 | 1300 | 41 | 67 |
| Individuals | 773 | 242 | 929 | 326 | 186 | 23 | 67 |
| Corporations | 11 | 270 | 914 | 27 | 870 | 16 | - |
| Zimbabwe | 129 | 47 | 166 | 20 | 107 | - | - |
| Individuals | 96 | 30 | 110 | 18 | 55 | - | - |
| Corporations | 14 | 10 | 33 | 2 | 29 | - | - |
| Other countries | 35,957 | 23,250 | 263,885 | 124,289 | 107,327 | 3,657 | 5,742 |
| Individuals | 25,466 | 6,799 | 40,823 | 15,278 | 14,858 | 477 | 5,214 |
| Corporations | 1,668 | 6,622 | 125,663 | 97,440 | 15,007 | 1,776 | 459 |

1/Less than $500.

**Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries**

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Income paid | | | Tax withheld | | |
|---|---|---|---|---|---|---|---|
| | | Total | Exempt from withholding | Subject to withholding | Total | By domestic withholding agents | By foreign government and withholding agents |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **Total** | **933,512** | **$17,501,189** | **$9,936,663** | **$7,564,526** | **$1,041,722** | **$940,094** | **$101,628** |
| **Treaty countries, total** | **719,183** | **15,582,787** | **8,718,327** | **6,864,460** | **892,168** | **790,540** | **101,628** |
| Australia | 15,713 | 92,799 | 30,590 | 62,209 | 8,874 | 8,874 | — |
| Austria | 3,901 | 37,006 | 24,768 | 12,238 | 3,533 | 2,019 | 1,514 |
| Belgium | 10,948 | 878,966 | 819,287 | 59,679 | 9,221 | 9,221 | — |
| Canada | 305,758 | 2,032,458 | 1,227,972 | 804,486 | 97,650 | 97,650 | — |
| Denmark | 3,044 | 18,456 | 9,222 | 9,234 | 1,273 | 1,272 | 1 |
| Egypt | 452 | 3,678 | 2,947 | 731 | 149 | 149 | — |
| Finland | 1,157 | 32,563 | 8,562 | 24,001 | 1,679 | 1,679 | — |
| France | 19,439 | 703,754 | 186,293 | 517,461 | 54,569 | 53,689 | 880 |
| Greece | 14,962 | 37,929 | 5,076 | 32,853 | 5,326 | 5,326 | — |
| Ireland | 8,051 | 25,577 | 5,883 | 19,694 | 2,925 | 2,925 | — |
| Italy | 34,320 | 161,685 | 45,221 | 116,464 | 19,304 | 19,304 | — |
| Jamaica | 1,820 | 5,574 | 722 | 4,852 | 679 | 679 | — |
| Japan | 16,657 | 1,840,381 | 348,091 | 1,492,290 | 161,185 | 161,185 | — |
| Luxembourg | 2,505 | 107,441 | 68,598 | 38,843 | 8,837 | 8,837 | — |
| Netherlands | 9,084 | 1,158,252 | 743,378 | 414,874 | 41,962 | 41,784 | 178 |
| Netherlands Antilles | 3,022 | 3,147,131 | 2,975,333 | 171,798 | 22,906 | 22,906 | — |
| New Zealand | 2,054 | 31,373 | 26,673 | 4,700 | 586 | 586 | — |
| Norway | 6,243 | 24,161 | 9,615 | 14,546 | 2,256 | 2,256 | — |
| Philippines | 30,681 | 75,999 | 2,574 | 73,425 | 11,394 | 11,394 | — |
| Poland | 2,830 | 11,956 | 2,469 | 9,487 | 1,404 | 1,404 | — |
| South Africa | 2,432 | 5,173 | 558 | 4,615 | 1,282 | 1,282 | — |
| Sweden | 8,358 | 86,667 | 15,554 | 71,113 | 7,784 | 7,784 | — |
| Switzerland | 21,683 | 1,268,858 | 373,243 | 895,615 | 195,043 | 98,322 | 96,721 |
| Trinidad and Tobago | 767 | 11,671 | 9,832 | 1,839 | 296 | 296 | — |
| United Kingdom | 135,496 | 2,834,161 | 1,204,092 | 1,630,069 | 173,627 | 171,293 | 2,334 |
| West Germany | 54,623 | 937,931 | 565,471 | 372,460 | 57,361 | 57,361 | — |
| Other treaty countries | 3,183 | 11,187 | 6,303 | 4,884 | 1,063 | 1,063 | — |
| **Nontreaty countries, total** | **214,329** | **1,918,403** | **1,218,336** | **700,068** | **149,554** | **149,554** | — |
| Argentina | 6,351 | 17,700 | 8,233 | 9,467 | 2,217 | 2,217 | — |
| Bahamas | 2,303 | 72,960 | 36,127 | 36,833 | 10,294 | 10,294 | — |
| Barbados | 575 | 5,677 | 1,648 | 4,029 | 954 | 954 | — |
| Bermuda | 1,713 | 176,131 | 132,586 | 43,545 | 12,568 | 12,568 | — |
| Brazil | 3,874 | 15,945 | 7,650 | 8,295 | 2,025 | 2,025 | — |
| British Virgin Islands | 517 | 10,813 | 1,908 | 8,905 | 2,396 | 2,396 | — |
| Cayman Islands | 1,066 | 90,776 | 78,188 | 12,588 | 3,413 | 3,413 | — |
| Hong Kong | 11,687 | 125,491 | 45,413 | 80,078 | 11,571 | 11,571 | — |
| Israel | 5,689 | 17,128 | 5,812 | 11,316 | 2,386 | 2,386 | — |
| Jersey | 428 | 12,680 | 1,757 | 10,923 | 2,977 | 2,977 | — |
| Kuwait | 833 | 24,175 | 17,603 | 6,572 | 1,928 | 1,928 | — |
| Liberia | 368 | 23,646 | 14,037 | 9,609 | 2,848 | 2,848 | — |
| Liechtenstein | 857 | 17,498 | 4,978 | 12,520 | 3,739 | 3,739 | — |
| Mexico | 74,950 | 209,810 | 35,404 | 174,406 | 30,763 | 30,763 | — |
| Panama | 3,919 | 106,128 | 54,601 | 51,527 | 14,830 | 14,830 | — |
| Portugal | 6,613 | 19,051 | 914 | 18,137 | 2,791 | 2,791 | — |
| Puerto Rico | 3,729 | 6,805 | 5,692 | 1,113 | 323 | 323 | — |
| Saudi Arabia | 3,714 | 202,821 | 197,635 | 5186 | 1,369 | 1,369 | — |
| Singapore | 3,621 | 93,378 | 89,305 | 4,073 | 1,194 | 1,194 | — |
| Spain | 8,155 | 41,800 | 17,380 | 24,420 | 5,469 | 5,469 | — |
| Taiwan | 1,808 | 5,312 | 2,331 | 2,981 | 799 | 799 | — |
| United Arab Emirates | 740 | 269,038 | 268,360 | 678 | 201 | 201 | — |
| Venezuela | 5,876 | 21,217 | 12,895 | 8,322 | 2,310 | 2,310 | — |
| Other nontreaty countries | 64,943 | 332,425 | 177,879 | 154,546 | 30,189 | 30,189 | — |

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Social security and railroad retirement | Income paid: Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All countries, total** | 933,512 | $940,094 | $17,501,189 | $9,852,256 | $5,050,519 | $975,896 | $748,374 | $147,451 |
| Individuals | 764,303 | 194,060 | 1,841,153 | 342,085 | 342,040 | 99,395 | 748,374 | 118,510 |
| Corporations | 56,682 | 552,387 | 12,650,590 | 8,164,336 | 3,175,898 | 829,987 | — | 28,615 |
| Argentina | 6,351 | 2,217 | 17,700 | 9,602 | 2,983 | 331 | 3,014 | 944 |
| Individuals | 5,356 | 1,581 | 10,026 | 2,850 | 2,285 | 133 | 3,014 | 919 |
| Corporations | 88 | 435 | 2,092 | 1,755 | 237 | 95 | — | 5 |
| Australia | 15,713 | 8,874 | 92,799 | 25,149 | 30,849 | 21,557 | 3,377 | 7,550 |
| Individuals | 13,568 | 2,487 | 16,957 | 1,438 | 4,270 | 2,518 | 3,377 | 2,682 |
| Corporations | 829 | 4,573 | 62,129 | 23,135 | 16,609 | 15,926 | — | 4,832 |
| Austria | 3,901 | 2,019 | 37,006 | 22,497 | 7,855 | 368 | 2,827 | 1,297 |
| Individuals | 2,960 | 1,298 | 17,416 | 8,028 | 2,999 | 199 | 2,827 | 1,290 |
| Corporations | 208 | 483 | 14,577 | 11,082 | 3,288 | 168 | — | (1) |
| Bahamas | 2,303 | 10,294 | 72,960 | 39,845 | 30,454 | 73 | 661 | 153 |
| Individuals | 1,247 | 1,049 | 5,298 | 1,322 | 2,713 | 34 | 661 | 143 |
| Corporations | 554 | 5,861 | 52,576 | 31,100 | 20,102 | 28 | — | 2 |
| Bahrain | 446 | 520 | 5,059 | 3,778 | 1,209 | 18 | 4 | (1) |
| Individuals | 363 | 131 | 52 | 354 | 140 | 18 | 4 | — |
| Corporations | 41 | 336 | 4,351 | 3,380 | 928 | — | — | — |
| Barbados | 575 | 954 | 5,677 | 1,728 | 2,917 | 24 | 906 | (1) |
| Individuals | 460 | 217 | 1,938 | 603 | 302 | 24 | 906 | (1) |
| Corporations | 57 | 649 | 2,410 | 245 | 2,165 | — | — | — |
| Belgium | 10,948 | 9,221 | 878,966 | 823,571 | 31,641 | 16,865 | 1,598 | 2,391 |
| Individuals | 8,463 | 1,541 | 13,582 | 2,102 | 4,947 | 533 | 1,598 | 2,051 |
| Corporations | 1,221 | 5,194 | 62,109 | 33,320 | 11,936 | 16,265 | — | 339 |
| Bermuda | 1,713 | 12,568 | 176,131 | 65,072 | 30,937 | 7,370 | 468 | 2,318 |
| Individuals | 894 | 1,924 | 7,247 | 794 | 5,517 | 2 | 468 | 302 |
| Corporations | 375 | 8,597 | 154,060 | 56,892 | 18,087 | 7,290 | — | 2,013 |
| Bolivia | 541 | 158 | 2,827 | 2,127 | 501 | 2 | 164 | (1) |
| Individuals | 449 | 128 | 728 | 218 | 311 | 2 | 164 | — |
| Corporations | 11 | 2 | 239 | 113 | 126 | — | — | — |
| Brazil | 3,874 | 2,025 | 15,945 | 8,381 | 1,631 | 679 | 2,682 | 1,425 |
| Individuals | 3,437 | 1,546 | 9,897 | 2,894 | 1,213 | 560 | 2,682 | 1,407 |
| Corporations | 87 | 318 | 4,617 | 4,387 | 148 | 73 | — | (1) |
| British Virgin Islands | 517 | 2,396 | 10,813 | 1,266 | 8,608 | 192 | — | 1 |
| Individuals | 269 | 89 | 626 | 231 | 352 | 38 | — | (1) |
| Corporations | 133 | 1,510 | 6,965 | 500 | 5,576 | 150 | — | — |
| Canada | 305,758 | 97,650 | 2,032,458 | 850,363 | 710,137 | 110,306 | 160,902 | 19,443 |
| Individuals | 246,755 | 17,724 | 315,181 | 30,511 | 65,907 | 15,017 | 160,902 | 12,236 |
| Corporations | 21,517 | 63,544 | 1,352,437 | 752,425 | 401,274 | 90,828 | — | 6,929 |
| Cayman Islands | 1,066 | 3,413 | 90,776 | 81,772 | 8,166 | 79 | 404 | 50 |
| Individuals | 314 | 508 | 8,540 | 7,327 | 737 | 13 | 404 | — |
| Corporations | 520 | 1,735 | 71,101 | 66,380 | 4,373 | 66 | — | 50 |
| Chile | 2,129 | 842 | 5,801 | 2,349 | 1,608 | 365 | 945 | 280 |
| Individuals | 1,772 | 631 | 3,597 | 879 | 1,178 | 82 | 945 | 265 |
| Corporations | 88 | 134 | 702 | 150 | 285 | 250 | — | (1) |
| China | 1,321 | 1,195 | 6,724 | 2,808 | 1,873 | 74 | 55 | 294 |
| Individuals | 1,201 | 405 | 2,570 | 165 | 464 | 9 | 55 | 269 |
| Corporations | 28 | 351 | 1,224 | 51 | 1,135 | 1 | — | 25 |
| Colombia | 3,230 | 1,064 | 7,427 | 3,026 | 1,480 | 182 | 2,342 | 76 |
| Individuals | 2,823 | 861 | 5,380 | 1,429 | 1,061 | 163 | 2,342 | 70 |
| Corporations | 78 | 78 | 566 | 442 | 103 | 15 | — | — |
| Costa Rica | 1,690 | 796 | 5,229 | 1,176 | 1,098 | 352 | 2,264 | 15 |
| Individuals | 1,532 | 666 | 4,003 | 357 | 709 | 336 | 2,264 | 15 |
| Corporations | 54 | 80 | 385 | 154 | 228 | 1 | — | — |
| Czechoslovakia | 1,268 | 931 | 5,515 | 218 | 80 | 200 | 3,949 | 981 |
| Individuals | 1,247 | 866 | 5,279 | 203 | 78 | 4 | 3,949 | 963 |
| Corporations | 13 | 12 | 59 | 15 | 2 | 37 | — | — |
| Denmark | 3,044 | 1,272 | 18,456 | 5,073 | 6,384 | 2,114 | 3,442 | 690 |
| Individuals | 2,785 | 820 | 6,301 | 506 | 823 | 150 | 3,442 | 650 |
| Corporations | 102 | 239 | 9,532 | 3,473 | 4,121 | 1,879 | — | 40 |
| Dominican Republic | 2,605 | 918 | 6,286 | 212 | 283 | 147 | 5,469 | 102 |
| Individuals | 2,559 | 904 | 6,169 | 135 | 252 | 38 | 5,469 | 102 |
| Corporations | 16 | 7 | 23 | 4 | 9 | 9 | — | — |
| Ecuador | 1,707 | 666 | 5,036 | 597 | 667 | 776 | 2,706 | 134 |
| Individuals | 1,591 | 640 | 4,093 | 232 | 588 | 277 | 2,706 | 134 |
| Corporations | 24 | 6 | 581 | 85 | 19 | 477 | — | — |
| Egypt | 452 | 149 | 3,678 | 474 | 214 | 1 | 21 | 329 |
| Individuals | 380 | 129 | 1,169 | 415 | 153 | 1 | 21 | 329 |
| Corporations | 17 | 4 | 2,422 | 14 | 19 | — | — | — |
| El Salvador | 611 | 247 | 1,840 | 559 | 278 | 69 | 891 | 11 |
| Individuals | 567 | 208 | 1,643 | 485 | 182 | 51 | 891 | 1 |
| Corporations | 24 | 29 | 133 | 43 | 90 | (1) | — | — |
| Finland | 1,157 | 1,679 | 32,563 | 5,475 | 19,737 | 2,045 | 2,075 | 713 |
| Individuals | 1,078 | 457 | 8,208 | 4,387 | 148 | 7 | 2,075 | 713 |
| Corporations | 30 | 979 | 22,725 | 1,081 | 19,573 | 2,035 | — | — |
| France | 19,302 | 53,646 | 703,357 | 204,622 | 278,712 | 184,645 | 9,058 | 12,213 |
| Individuals | 14,215 | 8,827 | 95,754 | 8,083 | 26,755 | 29,852 | 9,058 | 12,141 |
| Corporations | 1,098 | 29,160 | 487,740 | 180,920 | 151,529 | 151,032 | — | 63 |
| Greece | 14,962 | 5,326 | 37,929 | 2,264 | 2,485 | 132 | 29,128 | 767 |
| Individuals | 14,389 | 4,915 | 36,337 | 1,565 | 1,633 | 1 | 29,128 | 757 |
| Corporations | 114 | 92 | 352 | 94 | 248 | (1) | — | 10 |
| Guatemala | 1,115 | 399 | 2,697 | 910 | 585 | 134 | 908 | 131 |
| Individuals | 999 | 346 | 1,992 | 342 | 454 | 134 | 908 | 124 |
| Corporations | 29 | 17 | 266 | 218 | 47 | — | — | — |
| Guernsey | 249 | 1,738 | 6,978 | 1,419 | 5,545 | 6 | — | 2 |
| Individuals | 60 | 226 | 968 | 341 | 610 | (1) | — | — |
| Corporations | 119 | 903 | 3,929 | 461 | (1) | 5 | — | 2 |

Footnote at end of table.



**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Social security and railroad retirement | Income paid: Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Honduras | 1,167 | 339 | 2,311 | 188 | 326 | 22 | 943 | 299 |
| Individuals | 1,106 | 311 | 2,071 | 61 | 221 | 22 | 943 | 299 |
| Corporations | 25 | 15 | 117 | 71 | 39 | — | — | — |
| Hong Kong | 11,687 | 11,571 | 125,471 | 48,308 | 28,958 | 1,785 | 5,050 | 664 |
| Individuals | 9,354 | 5,470 | 63,928 | 5,719 | 13,068 | 737 | 5,050 | 635 |
| Corporations | 812 | 4,864 | 48,976 | 33,899 | 13,019 | 875 | — | 28 |
| India | 1,716 | 734 | 6,849 | 2,551 | 788 | 58 | 523 | 261 |
| Individuals | 1,532 | 637 | 4,034 | 239 | 513 | 43 | 523 | 241 |
| Corporations | 34 | 50 | 1,021 | 668 | 128 | 12 | — | 20 |
| Indonesia | 674 | 200 | 2,495 | 1,147 | 1,033 | 9 | 27 | 47 |
| Individuals | 506 | 155 | 1,831 | 730 | 852 | 8 | 27 | 47 |
| Corporations | 68 | 22 | 440 | 325 | 102 | (1) | — | — |
| Iran | 967 | 320 | 2,487 | 1,620 | 677 | 13 | 2 | 8 |
| Individuals | 849 | 274 | 1,342 | 591 | 561 | 13 | 2 | 8 |
| Corporations | 9 | 10 | 40 | — | 40 | — | — | — |
| Ireland | 8,051 | 2,925 | 25,577 | 4,594 | 11,511 | 516 | 7,763 | 582 |
| Individuals | 7,587 | 1,501 | 11,547 | 534 | 1,842 | 232 | 7,763 | 581 |
| Corporations | 143 | 986 | 11,061 | 4,025 | 6,771 | 280 | — | (1) |
| Israel | 5,689 | 2,386 | 17,128 | 6,563 | 3,066 | 466 | 3,521 | 877 |
| Individuals | 4,764 | 1,565 | 9,968 | 1,351 | 1,504 | 239 | 3,521 | 873 |
| Corporations | 116 | 367 | 2,947 | 2,417 | 222 | 155 | — | — |
| Italy | 34,320 | 19,304 | 161,685 | 37,947 | 16,197 | 10,908 | 85,359 | 5,317 |
| Individuals | 33,373 | 17,185 | 112,401 | 2,838 | 4,399 | 8,779 | 85,359 | 5,181 |
| Corporations | 276 | 1,467 | 43,092 | 34,442 | 6,558 | 1,918 | — | 91 |
| Jamaica | 1,820 | 679 | 5,574 | 318 | 470 | 207 | 4,081 | 46 |
| Individuals | 1,724 | 653 | 5,042 | 72 | 315 | 77 | 4,081 | 45 |
| Corporations | 25 | 5 | 145 | (1) | 15 | 129 | — | (1) |
| Japan | 16,657 | 161,185 | 1,840,381 | 1,185,670 | 317,994 | 208,425 | 9,914 | 13,608 |
| Individuals | 14,111 | 2,201 | 44,863 | 11,809 | 3,308 | 1,127 | 9,914 | 7,959 |
| Corporations | 2,093 | 153,667 | 1,727,538 | 1,126,335 | 301,524 | 200,402 | — | 5,629 |
| Jersey | 428 | 2,977 | 12,680 | 2,584 | 9,955 | 2 | — | 8 |
| Individuals | 93 | 92 | 351 | 128 | 220 | — | — | — |
| Corporations | 184 | 1,651 | 8,124 | 2,087 | 5,899 | 2 | — | 8 |
| Kuwait | 833 | 1,928 | 24,175 | 18,866 | 4,906 | 56 | 4 | 56 |
| Individuals | 600 | 506 | 1,853 | 148 | 1,553 | 55 | 4 | 55 |
| Corporations | 111 | 915 | 20,357 | 17,727 | 2,380 | — | — | — |
| Lebanon | 1,401 | 601 | 5,037 | 3,107 | 1,312 | 48 | 360 | 52 |
| Individuals | 1,262 | 489 | 2,700 | 981 | 1,158 | 48 | 360 | 52 |
| Corporations | 25 | 21 | 1,559 | 1,497 | 62 | — | — | — |
| Liberia | 368 | 2,848 | 23,646 | 14,731 | 8,746 | 104 | 47 | (1) |
| Individuals | 245 | 188 | 1,056 | 511 | 481 | (1) | 47 | — |
| Corporations | 78 | 1,947 | 19,942 | 13,806 | 6,031 | 103 | — | — |
| Liechtenstein | 857 | 3,739 | 17,498 | 6,848 | 10,305 | 176 | 9 | 127 |
| Individuals | 318 | 1,145 | 4,542 | 1,250 | 3,264 | 1 | 9 | — |
| Corporations | 286 | 1,270 | 5,190 | 1,183 | 3,711 | 156 | — | 127 |
| Luxembourg | 2,505 | 8,837 | 107,441 | 69,259 | 37,696 | 62 | 158 | 76 |
| Individuals | 564 | 203 | 2,478 | 1,353 | 884 | 9 | 158 | 27 |
| Corporations | 871 | 5,719 | 65,850 | 43,047 | 22,564 | 53 | — | 49 |
| Malaysia | 1,049 | 556 | 5,070 | 4,432 | 372 | 64 | 24 | 4 |
| Individuals | 978 | 122 | 555 | 32 | 258 | 64 | 24 | 4 |
| Corporations | 26 | 414 | 2,437 | 2,386 | 51 | — | — | — |
| Mexico | 74,950 | 30,763 | 209,810 | 44,367 | 10,864 | 5,352 | 139,621 | 1,446 |
| Individuals | 73,446 | 26,011 | 167,003 | 8,908 | 9,092 | 4,500 | 139,621 | 1,410 |
| Corporations | 412 | 4,200 | 30,587 | 24,885 | 805 | 615 | — | 18 |
| Monaco | 499 | 1,765 | 8,103 | 1,876 | 3,634 | 1,245 | 98 | 782 |
| Individuals | 379 | 1,366 | 5,760 | 1,052 | 2,304 | 1,066 | 98 | 782 |
| Corporations | 42 | 108 | 1,133 | 618 | 350 | 164 | — | — |
| Netherlands | 9,084 | 41,784 | 1,158,252 | 677,650 | 411,682 | 53,451 | 4,582 | 3,001 |
| Individuals | 6,718 | 2,729 | 25,388 | 7,936 | 6,808 | 602 | 4,582 | 2,905 |
| Corporations | 1,203 | 32,714 | 1,074,477 | 656,294 | 351,186 | 51,879 | — | 41 |
| Netherlands Antilles | 3,022 | 22,906 | 3,147,131 | 2,931,232 | 167,083 | 29,954 | 363 | 224 |
| Individuals | 902 | 2,025 | 88,625 | 74,550 | 12,630 | 461 | 363 | 30 |
| Corporations | 1,464 | 17,287 | 2,961,710 | 2,782,790 | 129,309 | 29,294 | — | 143 |
| New Zealand | 2,054 | 586 | 31,373 | 3,149 | 853 | 388 | 298 | 313 |
| Individuals | 1,768 | 266 | 2,223 | 226 | 599 | 130 | 298 | 258 |
| Corporations | 77 | 42 | 26,385 | 348 | 175 | 53 | — | 55 |
| Norway | 6,243 | 2,256 | 24,161 | 7,890 | 3,516 | 1,237 | 10,075 | 716 |
| Individuals | 5,796 | 1,864 | 13,627 | 387 | 1,112 | 679 | 10,075 | 659 |
| Corporations | 159 | 264 | 8,158 | 6,044 | 1,596 | 458 | — | 55 |
| Panama | 3,919 | 14,830 | 106,128 | 68,268 | 28,545 | 3,647 | 905 | 333 |
| Individuals | 1,873 | 2,223 | 13,216 | 5,793 | 5,780 | 63 | 905 | 314 |
| Corporations | 1,132 | 11,034 | 70,206 | 45,693 | 17,980 | 3,534 | — | 7 |
| Peru | 1,664 | 481 | 3,994 | 1,790 | 772 | 255 | 718 | 294 |
| Individuals | 1,510 | 432 | 2,864 | 823 | 625 | 255 | 718 | 294 |
| Corporations | 34 | 20 | 67 | 1 | 60 | — | — | — |
| Philippines | 30,681 | 11,394 | 75,999 | 2,608 | 1,241 | 49 | 69,038 | 224 |
| Individuals | 30,140 | 11,286 | 73,725 | 641 | 1,001 | 43 | 69,038 | 224 |
| Corporations | 93 | 46 | 382 | 278 | 59 | 1 | — | — |
| Portugal | 6,613 | 2,791 | 19,051 | 811 | 509 | 45 | 17,172 | 294 |
| Individuals | 6,397 | 2,728 | 18,137 | 153 | 373 | 27 | 17,172 | 209 |
| Corporations | 62 | 21 | 627 | 601 | 8 | 18 | — | — |
| Puerto Rico | 3,729 | 323 | 6,805 | 5,527 | 622 | 225 | 18 | 128 |
| Individuals | 3,299 | 156 | 880 | 290 | 462 | 44 | 18 | 3 |
| Corporations | 255 | 129 | 5,274 | 4,981 | 108 | 181 | — | 4 |
| Saudi Arabia | 3,714 | 1,369 | 202,821 | 171,315 | 28,137 | 85 | 2 | 5,065 |
| Individuals | 3,335 | 1,050 | 4,072 | 688 | 2,014 | 82 | 2 | 1,091 |
| Corporations | 65 | 221 | 192,841 | 164,983 | 23,859 | 2 | — | 3,974 |

Footnote at end of table.

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Social security and railroad retirement | Income paid: Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Singapore | 3,621 | 1,194 | 93,378 | 39,276 | 36,759 | 92 | 115 | 170 |
| Individuals | 3,276 | 709 | 3,914 | 1,051 | 2,386 | 90 | 115 | 170 |
| Corporations | 114 | 397 | 75,487 | 18,808 | 34,057 | 2 | — | — |
| South Africa | 2,432 | 1,282 | 5,173 | 933 | 1,870 | 337 | 472 | 726 |
| Individuals | 2,225 | 833 | 3,583 | 340 | 1,053 | 169 | 472 | 725 |
| Corporations | 49 | 169 | 601 | 95 | 461 | 34 | — | — |
| South Korea | 650 | 311 | 3,408 | 649 | 978 | (1) | 94 | 1,230 |
| Individuals | 560 | 128 | 1,971 | 119 | 216 | (1) | 94 | 1,108 |
| Corporations | 34 | 64 | 493 | 100 | 370 | — | — | — |
| Spain | 8,155 | 5,469 | 41,800 | 20,241 | 6,360 | 1,033 | 11,524 | 1,643 |
| Individuals | 7,485 | 3,338 | 18,072 | 1,058 | 2,811 | 197 | 11,524 | 1,629 |
| Corporations | 165 | 1,701 | 16,777 | 13,545 | 2,754 | 322 | — | 12 |
| Sweden | 8,358 | 7,784 | 86,667 | 9,958 | 52,340 | 2,869 | 11,478 | 7,309 |
| Individuals | 7,866 | 4,066 | 25,579 | 1,493 | 2,558 | 228 | 11,478 | 7,251 |
| Corporations | 181 | 3,302 | 55,917 | 7,355 | 46,391 | 2,060 | — | 4 |
| Switzerland | 21,683 | 98,322 | 1,268,858 | 595,145 | 538,115 | 67,558 | 3,685 | 4,048 |
| Individuals | 10,739 | 7,420 | 76,471 | 21,490 | 28,019 | 5,513 | 3,685 | 2,830 |
| Corporations | 3,340 | 65,072 | 990,842 | 538,033 | 356,399 | 60,828 | — | 1,159 |
| Taiwan | 1,808 | 799 | 5,312 | 2,920 | 1,437 | 24 | 157 | 69 |
| Individuals | 1,561 | 716 | 3,650 | 1,433 | 1,297 | 24 | 157 | 65 |
| Corporations | 25 | 62 | 310 | 250 | 35 | — | — | — |
| Thailand | 754 | 259 | 2,138 | 601 | 344 | 290 | 644 | 37 |
| Individuals | 691 | 225 | 1,509 | 63 | 278 | 289 | 644 | 33 |
| Corporations | 10 | 27 | 572 | 505 | 55 | (1) | — | — |
| Trinidad and Tobago | 767 | 296 | 11,671 | 9,614 | 175 | 163 | 1,571 | 35 |
| Individuals | 714 | 285 | 6,129 | 4,108 | 139 | 163 | 1,571 | 35 |
| Corporations | 13 | 8 | 884 | 858 | 26 | — | — | — |
| United Arab Emirates | 740 | 201 | 269,038 | 229,104 | 39,915 | 5 | 1 | 3 |
| Individuals | 649 | 166 | 589 | 282 | 284 | 5 | 1 | — |
| Corporations | 16 | 22 | 258,212 | 218,622 | 39,590 | — | — | — |
| United Kingdom | 135,496 | 171,293 | 2,834,161 | 918,691 | 1,651,616 | 154,193 | 31,082 | 27,153 |
| Individuals | 96,008 | 12,529 | 184,994 | 56,125 | 45,097 | 13,555 | 31,082 | 23,722 |
| Corporations | 11,815 | 84,016 | 1,795,346 | 772,022 | 860,478 | 125,298 | — | 2,810 |
| Uruguay | 1,106 | 706 | 5,938 | 3,283 | 2,065 | 317 | 91 | 44 |
| Individuals | 687 | 241 | 2,299 | 1,194 | 608 | 316 | 91 | 43 |
| Corporations | 89 | 310 | 1,850 | 789 | 968 | (1) | — | 1 |
| Venezuela | 5,876 | 2,310 | 21,217 | 12,838 | 5,884 | 939 | 877 | 222 |
| Individuals | 5,065 | 1,756 | 13,923 | 7,594 | 4,483 | 337 | 877 | 208 |
| Corporations | 183 | 350 | 3,650 | 2,259 | 771 | 591 | — | 2 |
| West Germany | 54,623 | 57,361 | 937,931 | 454,617 | 320,936 | 72,628 | 30,159 | 10,601 |
| Individuals | 45,432 | 14,214 | 131,649 | 29,294 | 38,524 | 8,214 | 30,159 | 10,338 |
| Corporations | 1,627 | 30,095 | 683,489 | 397,594 | 206,054 | 57,291 | — | 62 |
| Yugoslavia | 3,862 | 2,030 | 14,385 | 1,731 | 407 | 146 | 11,651 | 130 |
| Individuals | 3,771 | 1,932 | 12,550 | 167 | 174 | 112 | 11,651 | 130 |
| Corporations | 13 | 50 | 166 | 40 | 121 | 2 | — | — |
| Other Countries | 38,672 | 14,923 | 232,348 | 61,106 | 92,631 | 7,342 | 43,838 | 6,871 |
| Individuals | 31,312 | 9,545 | 76,767 | 8,284 | 10,131 | 581 | 43,838 | 6,474 |
| Corporations | 1,353 | 1,938 | 115,009 | 50,111 | 70,500 | 6,645 | — | 5 |

[1] Less than $500



**Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries**

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Income paid: Total | Income paid: Exempt from withholding | Income paid: Subject to withholding | Tax withheld: Total | Tax withheld: By domestic withholding agents | Tax withheld: By foreign government and withholding agents |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **Total** | **1,076,088** | **21,814,442** | **12,580,633** | **9,233,809** | **1,223,741** | **1,152,917** | **70,824** |
| **Treaty countries, total** | **798,743** | **19,210,626** | **10,933,874** | **8,276,752** | **1,007,830** | **937,006** | **70,824** |
| Australia | 17,130 | 167,901 | 90,007 | 77,894 | 11,652 | 11,652 | — |
| Austria | 4,570 | 37,773 | 20,741 | 17,033 | 2,681 | 2,681 | — |
| Belgium | 12,227 | 1,161,303 | 1,082,650 | 78,653 | 13,630 | 12,012 | 1,618 |
| Canada | 349,378 | 2,436,500 | 1,686,281 | 750,219 | 107,746 | 107,746 | — |
| Denmark | 3,298 | 53,499 | 22,132 | 31,367 | 2,866 | 2,861 | 5 |
| Egypt | 712 | 1,932 | 960 | 972 | 173 | 173 | — |
| Finland | 1,199 | 21,830 | 13,897 | 7,933 | 775 | 775 | — |
| France | 22,365 | 810,842 | 344,890 | 465,952 | 48,515 | 48,050 | 465 |
| Greece | 15,645 | 41,483 | 7,160 | 34,323 | 5,766 | 5,766 | — |
| Ireland | 8,415 | 34,200 | 11,633 | 22,567 | 3,474 | 3,307 | 167 |
| Italy | 33,776 | 190,414 | 73,075 | 117,339 | 8,519 | 8,519 | — |
| Jamaica | 2,094 | 6,438 | 1,129 | 5,309 | 774 | 774 | — |
| Japan | 14,144 | 2,868,405 | 711,593 | 2,156,812 | 227,095 | 227,095 | — |
| Luxembourg | 4,100 | 120,111 | 84,746 | 55,365 | 14,603 | 13,376 | 1,227 |
| Netherlands | 11,059 | 1,476,412 | 930,329 | 546,083 | 51,699 | 51,094 | 605 |
| Netherlands Antilles | 4,039 | 2,866,169 | 2,686,922 | 179,247 | 20,638 | 20,638 | — |
| New Zealand | 2,480 | 173,269 | 6,872 | 166,397 | 482 | 482 | — |
| Norway | 6,561 | 31,337 | 16,146 | 15,191 | 2,340 | 2,340 | — |
| Philippines | 29,981 | 79,435 | 4,649 | 74,786 | 11,393 | 11,393 | — |
| Poland | 2,817 | 12,629 | 2,460 | 10,169 | 1,500 | 1,500 | — |
| South Africa | 2,564 | 5,215 | 932 | 4,283 | 1,167 | 1,167 | — |
| Sweden | 8,244 | 87,385 | 21,449 | 65,936 | 8,693 | 8,693 | — |
| Switzerland | 37,292 | 1,587,487 | 465,475 | 1,122,012 | 196,759 | 131,519 | 65,240 |
| Trinidad and Tobago | 1,023 | 5,025 | 2,710 | 2,315 | 361 | 361 | — |
| United Kingdom | 131,838 | 3,716,554 | 1,855,792 | 1,860,762 | 200,990 | 199,493 | 1,497 |
| West Germany | 67,018 | 1,192,063 | 796,251 | 395,812 | 61,074 | 61,074 | — |
| Other treaty countries | 4,774 | 25,015 | 12,993 | 12,022 | 2,465 | 2,465 | — |
| **Nontreaty countries, total** | **277,345** | **2,603,816** | **1,646,759** | **957,057** | **215,911** | **215,911** | — |
| Argentina | 8,228 | 19,882 | 7,711 | 12,171 | 2,876 | 2,876 | — |
| Bahamas | 3,297 | 95,593 | 50,312 | 45,281 | 12,625 | 12,625 | — |
| Barbados | 686 | 6,696 | 3,243 | 3,453 | 651 | 651 | — |
| Bermuda | 2,058 | 177,685 | 107,327 | 70,358 | 20,542 | 20,542 | — |
| Brazil | 4,918 | 15,185 | 5,954 | 9,231 | 2,233 | 2,233 | — |
| British Virgin Islands | 781 | 31,012 | 15,693 | 15,319 | 4,531 | 4,531 | — |
| Cayman Islands | 1,637 | 126,513 | 112,239 | 14,274 | 4,183 | 4,183 | — |
| Hong Kong | 14,761 | 123,874 | 63,426 | 60,448 | 16,977 | 16,977 | — |
| Israel | 6,166 | 17,142 | 5,374 | 11,768 | 2,635 | 2,635 | — |
| Jersey | 670 | 17,898 | 6,988 | 10,908 | 3,224 | 3,224 | — |
| Kuwait | 1,616 | 53,749 | 43,821 | 9,928 | 2,911 | 2,911 | — |
| Liberia | 660 | 35,126 | 16,994 | 18,132 | 5,418 | 5,418 | — |
| Liechtenstein | 1,776 | 34,899 | 15,226 | 19,673 | 5,829 | 5,829 | — |
| Mexico | 84,261 | 247,956 | 60,331 | 187,625 | 32,992 | 32,992 | — |
| Panama | 7,896 | 181,314 | 110,787 | 70,527 | 19,543 | 19,543 | — |
| Portugal | 7,007 | 21,087 | 1,932 | 19,155 | 3,000 | 3,000 | — |
| Puerto Rico | 5,461 | 13,559 | 11,242 | 2,317 | 560 | 560 | — |
| Saudi Arabia | 4,363 | 184,212 | 177,101 | 7,111 | 2,073 | 2,073 | — |
| Singapore | 5,437 | 137,687 | 133,388 | 4,299 | 1,258 | 1,258 | — |
| Spain | 9,593 | 40,251 | 14,126 | 26,125 | 5,976 | 5,976 | — |
| Taiwan | 2,252 | 25,277 | 20,257 | 5,020 | 1,245 | 1,245 | — |
| United Arab Emirates | 876 | 355,653 | 354,253 | 1,400 | 409 | 409 | — |
| Venezuela | 7,796 | 25,232 | 14,403 | 10,829 | 2,973 | 2,973 | — |
| Other nontreaty countries | 95,149 | 616,336 | 294,631 | 321,705 | 61,247 | 61,247 | — |

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All countries, total** | **1,076,088** | **1,152,917** | **21,814,442** | **11,780,561** | **6,506,986** | **1,191,662** | **768,668** | **513,452** |
| Individuals | 814,418 | 202,493 | 2,092,217 | 326,884 | 553,345 | 89,906 | 768,668 | 163,594 |
| Corporations | 82,982 | 586,958 | 13,723,544 | 8,769,519 | 3,180,687 | 1,012,784 | — | 285,257 |
| Argentina | 8,228 | 2,876 | 19,882 | 7,801 | 4,517 | 220 | 3,200 | 2,673 |
| Individuals | 6,788 | 2,278 | 14,506 | 4,130 | 3,345 | 55 | 3,200 | 2,609 |
| Corporations | 355 | 336 | 1,935 | 1,307 | 346 | 70 | — | (1) |
| Australia | 17,130 | 11,652 | 167,901 | 70,308 | 46,461 | 13,403 | 3,566 | 27,310 |
| Individuals | 13,595 | 2,982 | 18,143 | 1,187 | 4,622 | 1,071 | 3,566 | 4,577 |
| Corporations | 1,156 | 3,598 | 98,972 | 63,850 | 11,842 | 7,713 | — | 12,261 |
| Austria | 4,570 | 2,681 | 37,773 | 17,702 | 11,311 | 529 | 3,004 | 1,256 |
| Individuals | 3,072 | 1,212 | 9,543 | 615 | 2,456 | 102 | 3,004 | 1,198 |
| Corporations | 355 | 1,067 | 22,438 | 14,635 | 6,396 | 307 | — | 25 |
| Bahamas | 3,297 | 12,625 | 95,593 | 48,530 | 39,742 | 3,088 | 676 | 245 |
| Individuals | 1,270 | 861 | 6,496 | 1,395 | 2,928 | 963 | 676 | 183 |
| Corporations | 1,085 | 5,133 | 32,797 | 16,426 | 14,081 | 2,114 | — | 48 |
| Bahrain | 583 | 910 | 19,543 | 16,944 | 2,378 | 175 | — | 15 |
| Individuals | 492 | 211 | 8,085 | 7,386 | 542 | 143 | — | 12 |
| Corporations | 48 | 381 | 5,424 | 4,153 | 1,211 | 32 | — | (1) |
| Barbados | 686 | 651 | 6,696 | 3,178 | 2,401 | 4 | 1,008 | 4 |
| Individuals | 537 | 246 | 2,231 | 629 | 484 | 4 | 1,008 | 4 |
| Corporations | 55 | 238 | 1,852 | 492 | 1,360 | — | — | (1) |
| Belgium | 12,227 | 12,012 | 1,161,303 | 1,097,235 | 40,359 | 12,823 | 1,764 | 2,936 |
| Individuals | 8,397 | 2,440 | 20,319 | 2,567 | 9,750 | 412 | 1,764 | 2,734 |
| Corporations | 1,190 | 5,718 | 59,722 | 35,647 | 11,415 | 12,344 | — | 126 |
| Bermuda | 2,058 | 20,542 | 177,685 | 77,333 | 47,457 | 21,810 | 477 | 5,998 |
| Individuals | 1,021 | 2,188 | 10,221 | 1,298 | 7,256 | 2 | 477 | 893 |
| Corporations | 439 | 12,121 | 114,746 | 43,459 | 25,953 | 17,703 | — | 5,105 |
| Bolivia | 647 | 181 | 2,103 | 1,384 | 534 | 17 | 149 | 3 |
| Individuals | 454 | 145 | 939 | 335 | 445 | (1) | 149 | 2 |
| Corporations | 21 | 9 | 665 | 628 | 12 | 16 | — | — |
| Brazil | 4,918 | 2,233 | 15,185 | 5,968 | 3,245 | 583 | 2,820 | 1,683 |
| Individuals | 3,897 | 1,640 | 11,262 | 3,529 | 2,207 | 403 | 2,820 | 1,472 |
| Corporations | 229 | 335 | 1,909 | 1,389 | 396 | 107 | — | 1 |
| British Virgin Islands | 781 | 4,531 | 31,012 | 15,583 | 4,779 | 10,605 | 21 | 2 |
| Individuals | 292 | 114 | 979 | 662 | 266 | 29 | 21 | — |
| Corporations | 258 | 4,045 | 27,031 | 13,318 | 3,134 | 10,575 | — | 2 |
| Canada | 349,378 | 107,746 | 2,436,500 | 1,074,545 | 863,670 | 115,076 | 171,351 | 50,680 |
| Individuals | 280,599 | 25,531 | 370,313 | 23,718 | 66,837 | 15,931 | 171,351 | 25,437 |
| Corporations | 20,986 | 59,354 | 1,643,796 | 929,542 | 546,871 | 70,599 | — | 11,857 |
| Cayman Islands | 1,637 | 4,183 | 126,513 | 103,442 | 11,239 | 314 | 409 | 10,989 |
| Individuals | 413 | 1,200 | 8,635 | 6,365 | 1,793 | 54 | 409 | — |
| Corporations | 865 | 1,985 | 55,655 | 38,203 | 6,148 | 260 | — | 10,976 |
| Chile | 2,679 | 1,028 | 7,154 | 3,119 | 1,908 | 191 | 1,064 | 338 |
| Individuals | 2,114 | 809 | 4,551 | 1,236 | 1,362 | 126 | 1,064 | 308 |
| Corporations | 121 | 106 | 839 | 504 | 199 | 64 | — | (1) |
| China | 1,573 | 942 | 5,659 | 980 | 1,776 | 107 | 52 | 836 |
| Individuals | 1,200 | 407 | 3,355 | 195 | 423 | 4 | 52 | 821 |
| Corporations | 41 | 53 | 399 | 277 | 8 | 103 | — | 3 |
| Colombia | 5,903 | 1,442 | 13,297 | 7,063 | 3,036 | 254 | 2,445 | 87 |
| Individuals | 4,542 | 1,049 | 8,558 | 3,712 | 1,870 | 107 | 2,445 | 71 |
| Corporations | 265 | 173 | 1,875 | 1,300 | 479 | 79 | — | 10 |
| Costa Rica | 2,152 | 854 | 6,796 | 2,291 | 1,539 | 65 | 2,533 | 191 |
| Individuals | 1,805 | 753 | 4,766 | 770 | 1,056 | 59 | 2,533 | 180 |
| Corporations | 91 | 32 | 318 | 218 | 80 | 6 | — | 11 |
| Czechoslovakia | 1,163 | 962 | 5,361 | 330 | 57 | 276 | 3,701 | 982 |
| Individuals | 1,121 | 866 | 4,966 | 301 | 52 | 11 | 3,701 | 883 |
| Corporations | 14 | 16 | 57 | 29 | 3 | 25 | — | — |
| Denmark | 3,298 | 2,861 | 53,499 | 17,059 | 26,579 | 4,472 | 3,426 | 1,092 |
| Individuals | 2,836 | 879 | 6,649 | 450 | 806 | 349 | 3,426 | 789 |
| Corporations | 155 | 1,213 | 30,374 | 5,636 | 20,500 | 4,026 | — | 183 |
| Dominican Republic | 3,070 | 1,135 | 9,154 | 1,624 | 642 | 47 | 6,506 | 205 |
| Individuals | 2,884 | 1,093 | 8,927 | 1,540 | 566 | 38 | 6,506 | 149 |
| Corporations | 20 | 5 | 53 | 38 | 15 | — | — | — |
| Ecuador | 2,134 | 735 | 6,465 | 1,811 | 769 | 672 | 2,916 | 147 |
| Individuals | 1,808 | 644 | 4,835 | 1,020 | 521 | 117 | 2,916 | 139 |
| Corporations | 30 | 22 | 449 | 31 | 44 | 374 | — | — |
| Egypt | 712 | 173 | 1,932 | 684 | 514 | 15 | 26 | 454 |
| Individuals | 546 | 155 | 1,776 | 643 | 433 | 15 | 26 | 423 |
| Corporations | 53 | 7 | 72 | 18 | 29 | — | — | 24 |
| El Salvador | 867 | 575 | 3,088 | 1,581 | 461 | 50 | 892 | 14 |
| Individuals | 766 | 248 | 1,923 | 522 | 376 | 48 | 892 | 6 |
| Corporations | 13 | 310 | 1,034 | 1,000 | 34 | — | — | — |
| Finland | 1,199 | 775 | 21,830 | 10,641 | 5,224 | 121 | 2,018 | 1,699 |
| Individuals | 1,039 | 408 | 3,660 | 222 | 150 | 21 | 2,018 | 703 |
| Corporations | 45 | 251 | 6,337 | 972 | 4,611 | 71 | — | 648 |
| France | 22,222 | 48,006 | 810,560 | 262,999 | 308,038 | 111,334 | 9,430 | 62,279 |
| Individuals | 14,891 | 6,497 | 63,259 | 6,401 | 15,707 | 4,826 | 9,430 | 18,104 |
| Corporations | 2,195 | 22,232 | 576,675 | 233,003 | 159,312 | 101,415 | — | 43,498 |
| Greece | 15,645 | 5,766 | 41,483 | 3,227 | 4,310 | 138 | 29,403 | 964 |
| Individuals | 14,776 | 5,214 | 37,736 | 1,454 | 2,510 | 125 | 29,403 | 953 |
| Corporations | 198 | 220 | 2,417 | 1,608 | 673 | 10 | — | (1) |

Footnote at end of table.



Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Guatemala | 1,850 | 511 | 3,971 | 1,431 | 1,020 | 173 | 922 | 275 |
| Individuals | 1,529 | 454 | 3,334 | 1,075 | 863 | 173 | 922 | 266 |
| Corporations | 64 | 25 | 245 | 198 | 47 | — | — | (1) |
| Guernsey | 167 | 2,290 | 10,112 | 2,727 | 7,291 | 61 | — | — |
| Individuals | 35 | 156 | 589 | 339 | 248 | (1) | — | — |
| Corporations | 73 | 827 | 5,082 | 2,230 | 2,792 | 60 | — | — |
| Honduras | 963 | 418 | 2,306 | 199 | 819 | 24 | 983 | 238 |
| Individuals | 866 | 334 | 1,797 | 156 | 373 | 12 | 983 | 233 |
| Corporations | 16 | 55 | 197 | 11 | 184 | — | — | 2 |
| Hong Kong | 14,761 | 16,977 | 123,874 | 62,230 | 47,311 | 1,715 | 4,957 | 1,715 |
| Individuals | 10,913 | 7,798 | 37,957 | 10,558 | 20,362 | 484 | 4,957 | 792 |
| Corporations | 1,208 | 6,978 | 55,465 | 29,988 | 20,252 | 1,229 | — | 463 |
| India | 2,121 | 938 | 9,519 | 2,305 | 1,388 | 39 | 562 | 1,001 |
| Individuals | 1,640 | 790 | 7,062 | 1,445 | 822 | 31 | 562 | 265 |
| Corporations | 91 | 54 | 700 | 273 | 127 | 3 | — | 20 |
| Indonesia | 952 | 735 | 7,230 | 5,928 | 775 | 35 | 25 | 159 |
| Individuals | 658 | 199 | 866 | 86 | 487 | 35 | 25 | 152 |
| Corporations | 116 | 482 | 5,808 | 5,709 | 82 | — | — | — |
| Iran | 1,020 | 316 | 1,786 | 736 | 916 | 19 | 6 | 32 |
| Individuals | 836 | 277 | 1,562 | 649 | 788 | 19 | 6 | 32 |
| Corporations | 11 | (1) | 1 | — | 1 | — | — | — |
| Ireland | 8,415 | 3,307 | 34,200 | 8,374 | 13,683 | 1,212 | 7,955 | 1,751 |
| Individuals | 7,745 | 1,631 | 14,169 | 708 | 1,797 | 1,018 | 7,955 | 1,582 |
| Corporations | 160 | 999 | 15,197 | 7,579 | 7,394 | 37 | — | 152 |
| Israel | 6,166 | 2,635 | 17,142 | 5,559 | 3,354 | 655 | 3,550 | 1,465 |
| Individuals | 4,894 | 2,013 | 12,120 | 2,483 | 1,903 | 353 | 3,550 | 1,418 |
| Corporations | 251 | 142 | 2,461 | 1,976 | 217 | 263 | — | 2 |
| Italy | 33,776 | 8,519 | 190,414 | 58,886 | 22,404 | 12,602 | 81,168 | 7,469 |
| Individuals | 31,798 | 5,831 | 109,827 | 3,183 | 6,872 | 7,357 | 81,168 | 5,277 |
| Corporations | 398 | 671 | 63,827 | 53,668 | 4,200 | 5,047 | — | 468 |
| Jamaica | 2,094 | 774 | 6,438 | 654 | 715 | 68 | 4,414 | 164 |
| Individuals | 1,943 | 698 | 5,401 | 187 | 241 | 58 | 4,414 | 115 |
| Corporations | 34 | 60 | 649 | 244 | 396 | 9 | — | — |
| Japan | 14,144 | 227,095 | 2,868,405 | 1,742,048 | 380,256 | 292,749 | 10,111 | 119,713 |
| Individuals | 9,670 | 3,096 | 53,451 | 3,985 | 12,643 | 7,563 | 10,111 | 8,183 |
| Corporations | 2,509 | 204,810 | 2,382,247 | 1,554,446 | 279,134 | 275,225 | — | 106,054 |
| Jersey | 670 | 3,224 | 17,896 | 7,681 | 10,118 | 65 | — | 1 |
| Individuals | 95 | 138 | 654 | 231 | 386 | 8 | — | — |
| Corporations | 145 | 1,282 | 7,772 | 4,114 | 3,601 | 57 | — | 1 |
| Kuwait | 1,616 | 2,911 | 53,749 | 45,175 | 8,259 | 63 | 5 | 109 |
| Individuals | 1,248 | 642 | 2,372 | 506 | 1,608 | 63 | 5 | 82 |
| Corporations | 123 | 895 | 9,530 | 6,756 | 2,735 | — | — | 27 |
| Lebanon | 2,022 | 1,307 | 8,175 | 4,371 | 2,882 | 72 | 387 | 91 |
| Individuals | 1,712 | 1,169 | 7,626 | 4,342 | 2,432 | 71 | 387 | 91 |
| Corporations | 52 | 95 | 325 | 14 | 311 | — | — | — |
| Liberia | 660 | 5,418 | 35,126 | 18,390 | 16,171 | 92 | 49 | (1) |
| Individuals | 173 | 400 | 4,035 | 2,723 | 1,263 | — | 49 | — |
| Corporations | 343 | 1,068 | 16,481 | 14,632 | 1,758 | 92 | — | — |
| Liechtenstein | 1,776 | 5,829 | 34,899 | 15,663 | 17,644 | 386 | 10 | 1,092 |
| Individuals | 285 | 781 | 4,729 | 1,892 | 2,778 | 47 | 10 | — |
| Corporations | 1,062 | 2,927 | 14,776 | 5,360 | 8,078 | 233 | — | 1,092 |
| Luxembourg | 4,100 | 13,376 | 120,111 | 60,041 | 56,327 | 39 | 167 | 526 |
| Individuals | 525 | 299 | 5,151 | 3,635 | 1,237 | (1) | 167 | 41 |
| Corporations | 1,549 | 4,612 | 55,661 | 27,797 | 24,492 | 37 | — | 485 |
| Malaysia | 1,640 | 409 | 7,320 | 6,249 | 609 | 43 | 22 | 149 |
| Individuals | 1,479 | 220 | 914 | 47 | 446 | 43 | 22 | 137 |
| Corporations | 38 | 62 | 955 | 868 | 86 | (1) | — | — |
| Mexico | 84,261 | 32,992 | 247,956 | 55,774 | 19,106 | 4,741 | 147,331 | 6,792 |
| Individuals | 77,658 | 27,633 | 192,170 | 19,739 | 11,922 | 4,116 | 147,331 | 2,790 |
| Corporations | 1,211 | 3,403 | 18,451 | 8,467 | 2,737 | 491 | — | 1,140 |
| Monaco | 712 | 1,837 | 22,660 | 16,655 | 4,729 | 60 | 104 | 849 |
| Individuals | 506 | 1,191 | 4,528 | 773 | 2,593 | 48 | 104 | 796 |
| Corporations | 100 | 194 | 16,368 | 15,729 | 620 | 6 | — | 13 |
| Netherlands | 11,059 | 51,094 | 1,476,412 | 755,951 | 520,901 | 29,566 | 4,903 | 4,574 |
| Individuals | 7,596 | 3,483 | 31,805 | 3,440 | 13,147 | 4,227 | 4,903 | 3,674 |
| Corporations | 1,250 | 26,700 | 1,080,977 | 658,671 | 362,012 | 23,140 | — | 763 |
| Netherlands Antilles | 4,017 | 20,536 | 2,866,169 | 2,628,041 | 123,462 | 71,990 | 357 | 9,230 |
| Individuals | 1,105 | 1,047 | 22,745 | 12,951 | 6,639 | 735 | 357 | 1,852 |
| Corporations | 1,911 | 15,541 | 2,762,061 | 2,563,915 | 87,639 | 70,822 | — | 7,230 |
| New Zealand | 2,480 | 485 | 173,269 | 3,526 | 164,647 | 428 | 299 | 3,648 |
| Individuals | 1,868 | 343 | 165,729 | 301 | 163,938 | 168 | 299 | 303 |
| Corporations | 76 | 80 | 1,201 | 572 | 324 | 254 | — | 50 |
| Norway | 6,561 | 2,340 | 31,337 | 5,339 | 4,148 | 2,434 | 10,631 | 852 |
| Individuals | 5,865 | 1,915 | 16,010 | 347 | 1,267 | 2,160 | 10,631 | 658 |
| Corporations | 216 | 253 | 6,717 | 4,501 | 1,732 | 214 | — | 96 |
| Panama | 7,896 | 19,543 | 181,314 | 111,098 | 57,105 | 5,531 | 960 | 553 |
| Individuals | 2,200 | 1,599 | 14,296 | 6,813 | 3,934 | 279 | 960 | 420 |
| Corporations | 3,992 | 13,725 | 124,865 | 79,662 | 36,117 | 5,245 | — | 59 |
| Peru | 2,227 | 451 | 4,258 | 1,742 | 890 | 273 | 719 | 148 |
| Individuals | 1,714 | 371 | 3,306 | 1,196 | 658 | 249 | 719 | 122 |
| Corporations | 63 | 12 | 107 | 48 | 41 | — | — | (1) |

Footnote at end of table.

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal services |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Philippines | 29,981 | 11,393 | 79,435 | 2,013 | 2,221 | 58 | 68,423 | 1,94[illegible] |
| Individuals | 28,803 | 11,223 | 76,348 | 1,166 | 1,694 | 51 | 68,423 | 31[illegible] |
| Corporations | 284 | 78 | 380 | 167 | 161 | 7 | — | 9 |
| Portugal | 7,007 | 3,000 | 21,087 | 1,499 | 823 | 95 | 17,900 | 24[illegible] |
| Individuals | 6,750 | 2,904 | 19,269 | 78 | 617 | 67 | 17,900 | 95 |
| Corporations | 83 | 16 | 1,350 | 1,320 | 27 | 3 | — | — |
| Puerto Rico | 5,461 | 560 | 13,559 | 5,289 | 990 | 146 | 785 | 8,192 |
| Individuals | 4,815 | 397 | 2,126 | 340 | 808 | 15 | 785 | 99 |
| Corporations | 265 | 120 | 9,869 | 3,764 | 96 | 124 | — | 5,684 |
| Saudi Arabia | 4,363 | 2,073 | 184,212 | 153,227 | 25,515 | 100 | 18 | 3,549 |
| Individuals | 3,395 | 1,327 | 7,906 | 2,398 | 2,976 | 80 | 18 | 819 |
| Corporations | 106 | 289 | 56,803 | 36,873 | 19,886 | 17 | — | 26 |
| Singapore | 5,437 | 1,258 | 137,687 | 77,398 | 54,838 | 101 | 145 | 282 |
| Individuals | 4,698 | 625 | 3,067 | 701 | 1,801 | 86 | 145 | 144 |
| Corporations | 211 | 408 | 10,533 | 4,621 | 1,179 | 15 | — | 1 |
| South Africa | 2,564 | 1,167 | 5,215 | 1,047 | 1,531 | 376 | 488 | 1,288 |
| Individuals | 2,189 | 739 | 3,601 | 317 | 1,061 | 95 | 488 | 1,233 |
| Corporations | 69 | 139 | 524 | 288 | 114 | 119 | — | — |
| South Korea | 856 | 543 | 7,333 | 2,266 | 2,241 | 5 | 80 | 2,076 |
| Individuals | 701 | 238 | 3,438 | 143 | 733 | 5 | 80 | 1,908 |
| Corporations | 58 | 228 | 2,543 | 1,170 | 1,320 | (1) | — | 33 |
| Spain | 9,593 | 5,976 | 40,251 | 13,882 | 9,259 | 1,924 | 11,612 | 1,827 |
| Individuals | 8,354 | 3,985 | 22,674 | 2,520 | 4,893 | 652 | 11,612 | 1,462 |
| Corporations | 266 | 1,485 | 10,101 | 6,007 | 3,123 | 855 | — | 112 |
| Sweden | 8,244 | 8,693 | 87,385 | 20,835 | 40,824 | 4,445 | 11,144 | 9,511 |
| Individuals | 7,529 | 4,198 | 25,456 | 869 | 1,540 | 895 | 11,144 | 9,320 |
| Corporations | 220 | 3,967 | 46,823 | 8,796 | 35,858 | 2,135 | — | 30 |
| Switzerland | 37,292 | 131,519 | 1,587,487 | 622,738 | 749,460 | 134,358 | 3,785 | 19,445 |
| Individuals | 11,692 | 8,341 | 96,123 | 36,184 | 41,444 | 6,767 | 3,785 | 2,694 |
| Corporations | 15,527 | 63,956 | 975,261 | 480,908 | 349,661 | 124,684 | — | 16,013 |
| Taiwan | 2,252 | 1,245 | 25,277 | 21,391 | 2,743 | 12 | 152 | 415 |
| Individuals | 1,722 | 736 | 4,001 | 1,140 | 1,855 | 12 | 152 | 266 |
| Corporations | 54 | 365 | 6,902 | 6,244 | 580 | — | — | 77 |
| Thailand | 849 | 273 | 2,295 | 935 | 423 | 70 | 620 | 65 |
| Individuals | 742 | 223 | 1,277 | 60 | 332 | 68 | 620 | 14 |
| Corporations | 17 | 26 | 185 | 172 | 11 | 2 | — | 1 |
| Trinidad and Tobago | 1,023 | 361 | 5,025 | 2,622 | 249 | 179 | 1,760 | 106 |
| Individuals | 908 | 339 | 2,493 | 173 | 169 | 179 | 1,760 | 106 |
| Corporations | 24 | 9 | 151 | 116 | 34 | — | — | (1) |
| United Arab Emirates | 876 | 409 | 355,653 | 208,520 | 147,093 | 20 | 5 | (1) |
| Individuals | 755 | 322 | 1,293 | 582 | 670 | 20 | 5 | — |
| Corporations | 22 | 53 | 752 | 690 | 62 | — | — | (1) |
| United Kingdom | 131,838 | 199,493 | 3,716,554 | 1,426,364 | 1,891,077 | 221,692 | 33,367 | 67,204 |
| Individuals | 85,195 | 13,848 | 177,357 | 39,032 | 46,111 | 13,124 | 33,367 | 30,136 |
| Corporations | 11,885 | 69,783 | 2,252,754 | 1,242,615 | 755,351 | 193,895 | — | 32,558 |
| Uruguay | 1,518 | 876 | 7,022 | 3,716 | 2,813 | 208 | 78 | 20 |
| Individuals | 895 | 321 | 1,861 | 584 | 903 | 191 | 78 | 17 |
| Corporations | 158 | 212 | 3,070 | 2,306 | 722 | 16 | — | — |
| Venezuela | 7,796 | 2,973 | 25,232 | 10,331 | 8,424 | 3,222 | 918 | 543 |
| Individuals | 5,772 | 1,738 | 12,286 | 4,453 | 4,882 | 328 | 918 | 497 |
| Corporations | 399 | 465 | 6,300 | 2,398 | 1,006 | 2,855 | — | — |
| West Germany | 67,018 | 61,074 | 1,192,063 | 542,232 | 450,554 | 97,713 | 30,866 | 36,397 |
| Individuals | 45,470 | 13,466 | 141,385 | 39,363 | 33,436 | 10,952 | 30,866 | 14,717 |
| Corporations | 2,219 | 20,447 | 774,352 | 433,925 | 235,235 | 75,484 | — | 15,824 |
| Yugoslavia | 3,877 | 2,048 | 13,110 | 295 | 339 | 51 | 11,797 | 146 |
| Individuals | 3,734 | 1,980 | 12,800 | 208 | 167 | 41 | 11,797 | 108 |
| Corporations | 33 | 11 | 37 | (1) | 35 | 2 | — | — |
| Other Countries | 61,360 | 43,639 | 468,545 | 183,826 | 195,693 | 5,363 | 41,271 | 26,526 |
| Individuals | 42,588 | 10,965 | 116,618 | 40,521 | 16,843 | 1,946 | 41,271 | 7,697 |
| Corporations | 3,759 | 19,989 | 228,887 | 82,028 | 113,965 | 2,094 | — | 11,974 |

[1] Less than $500



**Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries**

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Income paid: Total | Income paid: Exempt from withholding | Income paid: Subject to withholding | Tax withheld: Total | Tax withheld: By domestic withholding agents | Tax withheld: By foreign government and withholding agents |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Total | 1,081,571 | 22,748,677 | 12,329,619 | 10,419,057 | 1,431,074 | 1,307,308 | 123,763 |
| Treaty countries, total | 783,272 | 19,899,575 | 10,447,512 | 9,452,065 | 1,202,058 | 1,078,295 | 123,763 |
| Australia | 20,095 | 187,166 | 83,533 | 103,632 | 16,738 | 16,738 | — |
| Austria | 4,831 | 30,993 | 18,862 | 12,131 | 2,002 | 2,002 | — |
| Belgium | 11,394 | 999,399 | 917,977 | 81,422 | 15,181 | 11,660 | 3,521 |
| Canada | 315,930 | 1,742,873 | 1,113,341 | 629,532 | 92,479 | 92,479 | — |
| Denmark | 3,251 | 30,606 | 22,856 | 7,750 | 1,156 | 1,153 | 3 |
| Egypt | 1,214 | 2,371 | 1,565 | 806 | 135 | 135 | — |
| Finland | 1,254 | 36,560 | 29,753 | 6,808 | 654 | 654 | — |
| France | 22,473 | 693,479 | 263,742 | 429,737 | 41,766 | 41,158 | 608 |
| Greece | 15,553 | 40,907 | 6,555 | 34,353 | 5,634 | 5,634 | — |
| Ireland | 8,374 | 26,931 | 10,643 | 16,288 | 2,644 | 2,517 | 127 |
| Italy | 34,770 | 244,088 | 188,711 | 55,377 | 7,007 | 7,007 | — |
| Jamaica | 2,288 | 6,794 | 1,195 | 5,599 | 806 | 806 | — |
| Japan | 23,476 | 4,464,485 | 1,919,955 | 2,544,530 | 288,778 | 288,778 | — |
| Luxembourg | 4,467 | 114,023 | 62,200 | 51,823 | 15,495 | 12,699 | 2,796 |
| Netherlands | 11,218 | 1,930,405 | 840,486 | 1,089,919 | 81,129 | 81,129 | — |
| Netherlands Antilles | 3,743 | 1,736,794 | 1,473,300 | 263,494 | 26,727 | 26,726 | 1 |
| New Zealand | 2,655 | 9,294 | 3,328 | 5,966 | 891 | 891 | — |
| Norway | 6,610 | 42,328 | 28,175 | 16,153 | 2,528 | 2,528 | — |
| Philippines | 29,601 | 77,377 | 4,002 | 73,375 | 11,722 | 11,722 | — |
| Poland | 2,881 | 13,642 | 3,310 | 10,332 | 1,517 | 1,517 | — |
| Sweden | 8,129 | 140,908 | 52,929 | 87,979 | 7,449 | 7,449 | — |
| Switzerland | 36,685 | 1,657,933 | 596,664 | 1,061,269 | 243,022 | 129,349 | 113,673 |
| Trinidad and Tobago | 1,032 | 3,112 | 948 | 2,165 | 353 | 353 | — |
| United Kingdom | 127,378 | 4,267,678 | 1,999,063 | 2,268,615 | 244,235 | 241,201 | 3,034 |
| West Germany | 70,733 | 1,316,499 | 743,237 | 573,262 | 88,396 | 88,396 | — |
| Other treaty countries | 13,237 | 82,930 | 63,182 | 19,748 | 3,610 | 3,610 | — |
| Nontreaty countries, total | 298,299 | 2,849,102 | 1,882,107 | 966,989 | 229,013 | 229,013 | — |
| Argentina | 8,661 | 22,061 | 8,682 | 13,379 | 2,851 | 2,851 | — |
| Bahamas | 3,693 | 132,564 | 75,249 | 57,316 | 16,425 | 16,425 | — |
| Barbados | 656 | 7,539 | 3,748 | 3,792 | 828 | 828 | — |
| Bermuda | 2,388 | 138,799 | 69,627 | 69,172 | 20,497 | 20,497 | — |
| Brazil | 5,457 | 19,844 | 9,286 | 10,558 | 2,334 | 2,334 | — |
| British Virgin Islands | 956 | 36,378 | 11,628 | 24,750 | 7,027 | 7,027 | — |
| Cayman Islands | 2,091 | 137,604 | 119,151 | 18,453 | 5,210 | 5,210 | — |
| Hong Kong | 16,725 | 171,123 | 101,073 | 70,050 | 19,626 | 19,626 | — |
| Israel | 6,850 | 23,988 | 11,683 | 12,305 | 2,623 | 2,623 | — |
| Jersey | 492 | 25,559 | 8,774 | 16,785 | 4,681 | 4,681 | — |
| Kuwait | 1,418 | 182,769 | 172,168 | 10,601 | 3,161 | 3,161 | — |
| Liberia | 926 | 25,292 | 15,675 | 9,617 | 2,794 | 2,794 | — |
| Liechtenstein | 1,736 | 27,294 | 12,072 | 15,222 | 4,539 | 4,539 | — |
| Mexico | 90,070 | 278,221 | 70,580 | 207,642 | 37,381 | 37,381 | — |
| Panama | 8,180 | 219,722 | 128,458 | 91,264 | 26,789 | 26,789 | — |
| Portugal | 7,021 | 22,143 | 2,647 | 19,495 | 3,055 | 3,055 | — |
| Puerto Rico | 6,431 | 11,333 | 5,553 | 5,780 | 1,137 | 1,137 | — |
| Saudi Arabia | 4,492 | 146,185 | 139,066 | 7,119 | 2,082 | 2,082 | — |
| Singapore | 6,800 | 154,882 | 149,081 | 5,800 | 1,689 | 1,689 | — |
| South Africa | 2,777 | 7,285 | 2,764 | 4,520 | 1,203 | 1,203 | — |
| Spain | 9,732 | 48,554 | 22,735 | 25,819 | 5,607 | 5,607 | — |
| Taiwan | 5,002 | 41,264 | 35,129 | 6,135 | 1,390 | 1,390 | — |
| United Arab Emirates | 682 | 313,954 | 312,379 | 1,576 | 466 | 466 | — |
| Venezuela | 8,142 | 33,426 | 13,990 | 19,437 | 5,238 | 5,238 | — |
| Other nontreaty countries | 96,921 | 621,319 | 380,909 | 240,410 | 50,380 | 50,380 | — |

Note: Detail may not add to totals due to rounding.

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All countries, total | 1,081,571 | 1,307,308 | 22,748,677 | 11,383,656 | 8,031,076 | 1,186,225 | 792,748 | 405,617 |
| Individuals | 856,634 | 220,996 | 2,156,416 | 310,634 | 513,107 | 73,244 | 792,748 | 189,419 |
| Corporations | 80,150 | 691,723 | 14,212,190 | 8,384,626 | 4,321,986 | 1,027,605 | — | 191,959 |
| Argentina | 8,661 | 2,851 | 22,061 | 9,848 | 4,015 | 181 | 3,509 | 1,739 |
| Individuals | 7,854 | 2,310 | 15,908 | 5,122 | 3,430 | 116 | 3,509 | 1,157 |
| Corporations | 114 | 120 | 2,604 | 2,416 | 143 | 30 | — | — |
| Australia | 20,095 | 16,738 | 187,166 | 85,186 | 60,675 | 16,551 | 3,847 | 16,109 |
| Individuals | 16,981 | 5,849 | 29,403 | 1,051 | 5,851 | 1,559 | 3,847 | 13,199 |
| Corporations | 1,258 | 3,158 | 101,432 | 79,989 | 7,294 | 11,155 | — | 2,493 |
| Austria | 4,831 | 2,002 | 30,993 | 14,067 | 7,498 | 683 | 2,988 | 1,584 |
| Individuals | 3,363 | 1,059 | 9,743 | 605 | 1,937 | 177 | 2,988 | 1,305 |
| Corporations | 323 | 676 | 17,518 | 12,227 | 4,419 | 373 | — | 22 |
| Bahamas | 3,693 | 18,425 | 132,564 | 65,814 | 52,427 | 1,488 | 643 | 375 |
| Individuals | 1,738 | 1,393 | 13,673 | 4,579 | 7,753 | 5 | 643 | 367 |
| Corporations | 1,260 | 7,462 | 64,438 | 32,171 | 22,819 | 576 | — | — |
| Bahrain | 425 | 737 | 12,047 | 7,891 | 3,824 | 52 | — | 15 |
| Individuals | 324 | 168 | 594 | 10 | 258 | ([1]) | — | 15 |
| Corporations | 52 | 506 | 7,793 | 5,414 | 2,167 | — | — | — |
| Barbados | 656 | 828 | 7,539 | 3,196 | 3,008 | 18 | 995 | 3 |
| Individuals | 521 | 323 | 1,831 | 61 | 610 | 18 | 995 | 3 |
| Corporations | 72 | 480 | 3,861 | 1,489 | 2,238 | — | — | 1 |
| Belgium | 11,394 | 11,680 | 999,399 | 931,627 | 39,806 | 15,244 | 1,815 | 4,142 |
| Individuals | 9,006 | 1,973 | 17,697 | 3,946 | 4,132 | 374 | 1,815 | 3,705 |
| Corporations | 1,142 | 4,938 | 64,968 | 36,649 | 12,003 | 14,780 | — | 417 |
| Bermuda | 2,388 | 20,497 | 138,799 | 61,844 | 66,539 | 8,245 | 473 | 973 |
| Individuals | 1,278 | 912 | 5,107 | 1,654 | 2,463 | 61 | 473 | 273 |
| Corporations | 550 | 11,432 | 89,538 | 43,632 | 38,477 | 6,381 | — | 685 |
| Bolivia | 664 | 217 | 3,527 | 2,553 | 486 | ([1]) | 144 | 15 |
| Individuals | 574 | 196 | 2,063 | 1,343 | 408 | — | 144 | 13 |
| Corporations | 19 | 1 | 168 | 159 | 1 | — | — | 1 |
| Brazil | 5,457 | 2,334 | 19,844 | 8,605 | 3,030 | 313 | 2,964 | 2,143 |
| Individuals | 4,858 | 1,802 | 14,053 | 4,068 | 2,378 | 221 | 2,964 | 1,677 |
| Corporations | 117 | 194 | 1,305 | 1,114 | 115 | 49 | — | 14 |
| British Virgin Islands | 956 | 7,027 | 36,378 | 6,481 | 10,158 | 17,843 | — | 11 |
| Individuals | 462 | 327 | 1,496 | 342 | 1,070 | 42 | — | — |
| Corporations | 329 | 6,550 | 32,542 | 4,366 | 8,564 | 17,753 | — | 11 |
| Canada | 315,930 | 92,479 | 1,742,873 | 750,627 | 571,636 | 70,749 | 180,594 | 47,669 |
| Individuals | 257,841 | 21,225 | 357,008 | 22,820 | 63,637 | 13,731 | 180,594 | 21,832 |
| Corporations | 18,082 | 53,610 | 996,746 | 562,659 | 300,777 | 47,540 | — | 23,533 |
| Cayman Islands | 2,091 | 5,210 | 137,604 | 107,502 | 18,555 | 623 | 357 | 425 |
| Individuals | 487 | 412 | 3,743 | 2,326 | 977 | 60 | 357 | — |
| Corporations | 1,323 | 3,724 | 89,434 | 13,712 | 1,582 | 563 | — | 422 |
| Chile | 3,166 | 983 | 9,190 | 4,890 | 1,736 | 121 | 1,161 | 300 |
| Individuals | 2,715 | 729 | 5,943 | 2,181 | 1,350 | 61 | 1,161 | 277 |
| Corporations | 108 | 109 | 1,590 | 1,361 | 178 | 50 | — | — |
| China | 5,389 | 942 | 32,435 | 4,790 | 1,769 | 9 | 56 | 18,347 |
| Individuals | 5,206 | 419 | 26,304 | 850 | 347 | 7 | 56 | 17,849 |
| Corporations | 24 | 82 | 1,915 | 1,289 | 3 | 1 | — | 465 |
| Colombia | 5,740 | 1,497 | 13,769 | 6,582 | 2,937 | 165 | 2,571 | 172 |
| Individuals | 5,083 | 1,309 | 10,358 | 4,192 | 2,402 | 95 | 2,571 | 167 |
| Corporations | 127 | 70 | 1,562 | 1,344 | 202 | 12 | — | 4 |
| Costa Rica | 2,608 | 856 | 10,275 | 2,707 | 1,136 | 72 | 2,543 | 145 |
| Individuals | 2,052 | 754 | 6,427 | 1,339 | 804 | 72 | 2,543 | 65 |
| Corporations | 119 | 73 | 1,186 | 848 | 236 | — | — | 78 |
| Czechoslovakia | 1,155 | 1,041 | 5,431 | 104 | 47 | 213 | 3,392 | 1,294 |
| Individuals | 1,092 | 817 | 4,679 | 102 | 46 | 17 | 3,392 | 745 |
| Corporations | 7 | 23 | 79 | 2 | — | 2 | — | 75 |
| Denmark | 3,251 | 1,153 | 30,606 | 16,622 | 2,594 | 5,386 | 3,387 | 840 |
| Individuals | 2,879 | 880 | 6,333 | 353 | 780 | 131 | 3,387 | 620 |
| Corporations | 152 | 143 | 13,304 | 6,654 | 979 | 4,950 | — | 14 |
| Dominican Republic | 3,224 | 1,162 | 8,589 | 558 | 329 | 26 | 6,720 | 231 |
| Individuals | 3,055 | 1,137 | 7,696 | 248 | 294 | 18 | 6,720 | 189 |
| Corporations | 38 | 6 | 150 | 129 | 13 | 2 | — | 1 |
| Ecuador | 2,257 | 856 | 7,225 | 1,790 | 793 | 437 | 2,998 | 427 |
| Individuals | 2,085 | 765 | 5,958 | 1,291 | 596 | 303 | 2,998 | 386 |
| Corporations | 47 | 53 | 540 | 248 | 137 | 111 | — | 2 |
| Egypt | 1,214 | 135 | 2,371 | 683 | 589 | 15 | 27 | 208 |
| Individuals | 1,117 | 118 | 2,100 | 493 | 514 | 14 | 27 | 204 |
| Corporations | 31 | 8 | 89 | 46 | 40 | — | — | 2 |
| El Salvador | 1,145 | 333 | 3,924 | 924 | 486 | 54 | 934 | 11 |
| Individuals | 934 | 299 | 2,813 | 881 | 377 | 54 | 934 | 11 |
| Corporations | 20 | 21 | 71 | 2 | 69 | — | — | — |
| Finland | 1,254 | 654 | 36,560 | 22,602 | 4,455 | 925 | 1,965 | 3,377 |
| Individuals | 1,133 | 412 | 4,497 | 997 | 213 | 100 | 1,965 | 631 |
| Corporations | 49 | 219 | 12,857 | 5,058 | 4,190 | 752 | — | 2,702 |
| France | 22,343 | 41,115 | 693,479 | 214,397 | 279,786 | 128,921 | 9,593 | 31,982 |
| Individuals | 15,320 | 7,825 | 83,016 | 6,164 | 34,196 | 8,691 | 9,593 | 13,466 |
| Corporations | 2,624 | 19,534 | 461,690 | 185,905 | 138,400 | 107,997 | — | 17,322 |
| Greece | 15,553 | 5,634 | 40,907 | 2,658 | 3,584 | 127 | 29,038 | 1,311 |
| Individuals | 14,860 | 5,189 | 38,136 | 1,378 | 2,310 | 113 | 29,038 | 1,223 |
| Corporations | 150 | 274 | 2,011 | 1,093 | 842 | 4 | — | 20 |
| Guatemala | 3,116 | 600 | 9,224 | 1,602 | 963 | 173 | 1,129 | 892 |
| Individuals | 1,901 | 516 | 3,899 | 1,221 | 686 | 164 | 1,129 | 234 |
| Corporations | 71 | 49 | 485 | 311 | 170 | 3 | — | — |
| Guernsey | 475 | 3,176 | 15,617 | 4,861 | 10,147 | 113 | — | — |
| Individuals | 136 | 156 | 542 | 143 | 274 | 109 | — | — |



**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Corporations | 66 | 1,187 | 8,727 | 4,174 | 4,070 | 3 | — | — |
| Honduras | 1,323 | 453 | 5,454 | 554 | 478 | 69 | 987 | 383 |
| Individuals | 1,088 | 426 | 4,452 | 455 | 396 | 12 | 987 | 381 |
| Corporations | 19 | 14 | 91 | 13 | 36 | 40 | — | 2 |
| Hong Kong | 16,725 | 19,626 | 171,123 | 102,815 | 54,093 | 3,547 | 4,703 | 1,421 |
| Individuals | 13,165 | 7,273 | 42,593 | 15,043 | 19,958 | 774 | 4,703 | 602 |
| Corporations | 1,388 | 8,886 | 88,434 | 60,097 | 22,839 | 2,766 | — | 795 |
| India | 3,071 | 1,372 | 11,898 | 2,494 | 1,721 | 394 | 588 | 491 |
| Individuals | 2,718 | 1,170 | 8,504 | 280 | 816 | 389 | 588 | 424 |
| Corporations | 35 | 41 | 2,634 | 1,906 | 102 | 1 | — | 1 |
| Indonesia | 1,393 | 592 | 11,347 | 8,391 | 1,146 | 20 | 32 | 515 |
| Individuals | 1,223 | 306 | 2,866 | 371 | 747 | 20 | 32 | 490 |
| Corporations | 33 | 184 | 7,903 | 7,833 | 46 | — | — | — |
| Iran | 1,241 | 512 | 2,977 | 823 | 1,571 | 18 | — | 205 |
| Individuals | 1,154 | 277 | 2,050 | 666 | 806 | 18 | — | 203 |
| Corporations | 14 | 221 | 751 | 13 | 738 | — | — | — |
| Ireland | 8,374 | 2,517 | 26,931 | 8,055 | 7,758 | 517 | 7,865 | 1,193 |
| Individuals | 7,899 | 1,577 | 12,853 | 601 | 1,893 | 331 | 7,865 | 761 |
| Corporations | 125 | 104 | 8,305 | 7,377 | 636 | 60 | — | 222 |
| Israel | 6,850 | 2,623 | 23,988 | 10,178 | 3,649 | 681 | 3,472 | 2,063 |
| Individuals | 5,849 | 2,142 | 13,729 | 2,065 | 2,327 | 577 | 3,472 | 1,622 |
| Corporations | 196 | 234 | 7,074 | 6,032 | 738 | 24 | — | 107 |
| Italy | 34,770 | 7,007 | 244,088 | 87,120 | 33,558 | 20,863 | 85,889 | 6,829 |
| Individuals | 33,283 | 2,427 | 108,813 | 2,737 | 5,346 | 1,721 | 85,889 | 4,555 |
| Corporations | 382 | 2,087 | 108,623 | 73,923 | 14,330 | 18,222 | — | 1,116 |
| Jamaica | 2,288 | 806 | 6,794 | 307 | 563 | 72 | 4,606 | 128 |
| Individuals | 2,092 | 755 | 5,909 | 134 | 300 | 71 | 4,606 | 124 |
| Corporations | 27 | 43 | 302 | 65 | 237 | — | — | — |
| Japan | 23,476 | 288,778 | 4,464,485 | 2,834,056 | 888,368 | 353,987 | 10,175 | 83,109 |
| Individuals | 15,198 | 2,700 | 51,066 | 4,249 | 5,399 | 3,947 | 10,175 | 10,500 |
| Corporations | 2,957 | 238,076 | 3,508,727 | 2,446,217 | 568,850 | 341,979 | — | 71,447 |
| Jersey | 492 | 4,681 | 25,559 | 9,979 | 15,517 | 39 | 6 | 12 |
| Individuals | 100 | 107 | 466 | 195 | 258 | — | 6 | 7 |
| Corporations | 153 | 1,914 | 7,532 | 982 | 6,510 | 34 | — | 3 |
| Kuwait | 1,418 | 3,161 | 182,769 | 131,344 | 50,610 | 67 | — | 39 |
| Individuals | 1,092 | 465 | 3,419 | 849 | 2,409 | 57 | — | 39 |
| Corporations | 101 | 1,552 | 30,294 | 24,869 | 5,339 | — | — | — |
| Lebanon | 1,560 | 709 | 4,546 | 1,585 | 1,251 | 82 | 351 | 58 |
| Individuals | 1,415 | 650 | 4,108 | 1,376 | 1,059 | 82 | 351 | 56 |
| Corporations | 39 | 34 | 114 | 6 | 108 | — | — | — |
| Liberia | 926 | 2,794 | 25,292 | 11,953 | 9,720 | 146 | 46 | 26 |
| Individuals | 382 | 224 | 1,104 | 114 | 693 | — | 46 | 26 |
| Corporations | 464 | 1,460 | 19,838 | 11,124 | 5,476 | 148 | — | — |
| Liechtenstein | 1,736 | 4,539 | 27,294 | 12,398 | 14,049 | 617 | 5 | 3 |
| Individuals | 316 | 946 | 4,360 | 1,871 | 2,378 | 59 | 5 | — |
| Corporations | 1,074 | 2,097 | 12,532 | 5,084 | 6,865 | 550 | — | 1 |
| Luxembourg | 4,467 | 12,699 | 114,023 | 58,777 | 52,124 | 48 | 171 | 919 |
| Individuals | 874 | 173 | 4,147 | 2,745 | 885 | ([1]) | 171 | 194 |
| Corporations | 1,666 | 3,830 | 58,640 | 38,990 | 17,592 | 47 | — | 724 |
| Malaysia | 1,713 | 306 | 4,455 | 3,269 | 640 | 42 | 24 | 102 |
| Individuals | 1,563 | 245 | 1,097 | 33 | 541 | 40 | 24 | 99 |
| Corporations | 40 | 50 | 224 | 159 | 34 | ([1]) | — | — |
| Mexico | 90,070 | 37,381 | 278,221 | 77,029 | 25,144 | 6,705 | 151,205 | 3,366 |
| Individuals | 87,243 | 32,294 | 236,053 | 46,853 | 20,351 | 6,067 | 151,205 | 2,209 |
| Corporations | 627 | 3,922 | 22,475 | 14,725 | 2,445 | 300 | — | 471 |
| Monaco | 637 | 1,916 | 12,271 | 5,493 | 4,888 | 114 | 127 | 1,090 |
| Individuals | 411 | 996 | 3,999 | 1,987 | 1,101 | 98 | 127 | 567 |
| Corporations | 115 | 467 | 3,716 | 719 | 2,577 | 5 | — | 57 |
| Netherlands | 11,218 | 81,129 | 1,930,405 | 726,960 | 1,126,466 | 46,933 | 5,004 | 6,722 |
| Individuals | 8,431 | 3,948 | 44,541 | 9,874 | 18,953 | 586 | 5,004 | 5,284 |
| Corporations | 1,145 | 51,272 | 1,589,654 | 663,366 | 868,834 | 44,544 | — | 1,163 |
| Netherlands Antilles | 3,690 | 26,726 | 1,736,794 | 1,346,940 | 290,231 | 85,580 | 370 | 351 |
| Individuals | 1,344 | 1,041 | 15,386 | 7,988 | 6,358 | 37 | 370 | 33 |
| Corporations | 1,785 | 16,462 | 1,498,594 | 1,287,824 | 117,173 | 85,015 | — | 318 |
| New Zealand | 2,655 | 891 | 9,294 | 1,431 | 4,881 | 561 | 303 | 1,384 |
| Individuals | 2,216 | 297 | 2,412 | 304 | 698 | 135 | 303 | 283 |
| Corporations | 131 | 414 | 5,533 | 908 | 3,193 | 411 | — | 1,019 |
| Norway | 6,610 | 2,528 | 42,328 | 11,891 | 5,501 | 824 | 10,830 | 821 |
| Individuals | 6,065 | 1,939 | 14,600 | 379 | 954 | 753 | 10,830 | 786 |
| Corporations | 234 | 446 | 13,721 | 10,096 | 3,604 | 7 | — | 12 |
| Panama | 8,810 | 26,789 | 219,722 | 132,697 | 73,878 | 7,775 | 960 | 176 |
| Individuals | 2,401 | 1,676 | 10,982 | 4,038 | 4,685 | 93 | 960 | 108 |
| Corporations | 4,556 | 19,982 | 165,119 | 94,742 | 59,897 | 7,621 | — | 16 |
| Peru | 2,450 | 550 | 4,768 | 1,852 | 1,028 | 73 | 808 | 108 |
| Individuals | 2,171 | 442 | 3,675 | 1,339 | 782 | 49 | 808 | 84 |
| Corporations | 40 | 57 | 246 | 125 | 104 | 18 | — | — |
| Philippines | 29,601 | 11,722 | 77,377 | 2,972 | 3,023 | 96 | 66,434 | 553 |
| Individuals | 29,022 | 11,557 | 76,080 | 2,334 | 2,431 | 94 | 66,434 | 541 |
| Corporations | 104 | 99 | 756 | 380 | 363 | 2 | — | 6 |
| Portugal | 7,021 | 3,055 | 22,143 | 2,424 | 716 | 25 | 18,201 | 117 |
| Individuals | 6,820 | 3,003 | 19,829 | 284 | 584 | 19 | 18,201 | 107 |
| Corporations | 76 | 5 | 1,476 | 1,450 | 14 | ([1]) | — | 10 |
| Puerto Rico | 6,431 | 1,137 | 11,333 | 6,881 | 685 | ([1]) | 3,320 | 305 |
| Individuals | 5,778 | 708 | 4,340 | 187 | 441 | ([1]) | 3,320 | 255 |
| Corporations | 403 | 403 | 6,749 | 6,575 | 142 | — | — | 30 |
| Saudi Arabia | 4,492 | 2,082 | 146,185 | 85,065 | 56,962 | 78 | 8 | 3,123 |
| Individuals | 3,756 | 1,326 | 7,000 | 874 | 5,218 | 78 | 8 | 141 |

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal service |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Corporations | 100 | 179 | 33,589 | 7,629 | 25,890 | — | — | 69 |
| Singapore | 6,800 | 1,689 | 154,882 | 94,201 | 55,982 | 112 | 145 | 1,901 |
| Individuals | 5,975 | 618 | 3,083 | 685 | 1,591 | 102 | 145 | 154 |
| Corporations | 264 | 781 | 9,295 | 3,572 | 1,970 | 5 | — | 1,694 |
| South Africa | 2,777 | 1,203 | 7,285 | 527 | 1,226 | 741 | 500 | 1,660 |
| Individuals | 2,479 | 919 | 6,064 | 311 | 1,010 | 401 | 500 | 1,429 |
| Corporations | 47 | 103 | 357 | 102 | 108 | 142 | — | 5 |
| South Korea | 1,511 | 675 | 9,938 | 800 | 3,959 | 7 | 100 | 3,161 |
| Individuals | 1,422 | 179 | 5,372 | 119 | 333 | 7 | 100 | 2,996 |
| Corporations | 47 | 451 | 4,139 | 472 | 3,580 | — | — | — |
| Spain | 9,732 | 5,607 | 48,554 | 20,966 | 5,822 | 2,561 | 11,656 | 3,120 |
| Individuals | 8,922 | 3,876 | 24,780 | 3,137 | 3,662 | 274 | 11,656 | 1,819 |
| Corporations | 306 | 971 | 18,127 | 15,839 | 170 | 1,456 | — | 631 |
| Sweden | 8,129 | 7,449 | 140,908 | 27,262 | 77,703 | 7,442 | 10,796 | 10,902 |
| Individuals | 7,478 | 4,981 | 34,876 | 836 | 9,799 | 584 | 10,796 | 10,088 |
| Corporations | 256 | 1,808 | 95,783 | 22,563 | 64,617 | 6,632 | — | 382 |
| Switzerland | 36,685 | 129,348 | 1,657,933 | 708,702 | 742,832 | 115,816 | 4,015 | 20,983 |
| Individuals | 12,299 | 6,960 | 64,399 | 20,903 | 28,582 | 2,978 | 4,015 | 3,159 |
| Corporations | 15,911 | 63,800 | 1,052,569 | 571,005 | 346,850 | 109,280 | — | 16,953 |
| Taiwan | 5,002 | 1,390 | 41,264 | 33,359 | 4,063 | 4 | 144 | 2,383 |
| Individuals | 4,735 | 1,030 | 8,985 | 3,147 | 2,365 | 24 | 144 | 2,217 |
| Corporations | 61 | 279 | 4,692 | 3,883 | 597 | 2 | — | 162 |
| Thailand | 1,071 | 348 | 4,980 | 2,713 | 460 | 463 | 539 | 99 |
| Individuals | 978 | 312 | 2,390 | 207 | 387 | 456 | 539 | 99 |
| Corporations | 22 | 17 | 392 | 378 | 13 | ([1]) | — | — |
| Trinidad and Tobago | 1,032 | 353 | 3,112 | 583 | 152 | 179 | 1,885 | 113 |
| Individuals | 966 | 346 | 2,726 | 221 | 130 | 179 | 1,885 | 113 |
| Corporations | 22 | 4 | 336 | 323 | 13 | — | — | — |
| United Arab Emirates | 682 | 466 | 313,954 | 156,946 | 155,815 | 4 | 7 | — |
| Individuals | 574 | 204 | 1,522 | 77 | 627 | 4 | 7 | — |
| Corporations | 35 | 224 | 1,285 | 162 | 749 | — | — | — |
| United Kingdom | 127,378 | 241,202 | 4,267,679 | 1,509,557 | 2,348,049 | 177,013 | 34,719 | 79,855 |
| Individuals | 80,764 | 13,718 | 170,311 | 19,220 | 45,800 | 15,870 | 34,719 | 33,667 |
| Corporations | 11,156 | 94,790 | 2,696,907 | 1,312,828 | 1,175,184 | 126,998 | — | 40,885 |
| Uruguay | 2,115 | 1,236 | 11,105 | 7,027 | 2,831 | 223 | 115 | 112 |
| Individuals | 1,162 | 491 | 3,816 | 1,676 | 1,149 | 209 | 115 | 91 |
| Corporations | 318 | 567 | 5,484 | 4,351 | 1,130 | 1 | — | — |
| Venezuela | 8,142 | 5,238 | 33,426 | 22,692 | 6,811 | 447 | 906 | 448 |
| Individuals | 6,833 | 2,043 | 14,572 | 6,653 | 4,479 | 271 | 906 | 363 |
| Corporations | 336 | 295 | 4,064 | 3,172 | 712 | 132 | — | 41 |
| West Germany | 70,733 | 88,396 | 1,316,499 | 553,305 | 591,610 | 72,922 | 31,824 | 21,743 |
| Individuals | 59,907 | 30,499 | 282,848 | 59,162 | 145,895 | 8,016 | 31,824 | 16,270 |
| Corporations | 2,608 | 47,619 | 917,167 | 467,882 | 370,116 | 60,956 | — | 3,858 |
| Yugoslavia | 3,980 | 2,483 | 15,122 | 260 | 506 | 102 | 11,356 | 227 |
| Individuals | 3,857 | 2,175 | 13,983 | 169 | 294 | 86 | 11,356 | 161 |
| Corporations | 22 | 23 | 81 | — | 77 | ([1]) | — | 4 |
| Other Countries | 61,163 | 32,002 | 487,776 | 218,012 | 150,008 | 9,432 | 43,708 | 8,648 |
| Individuals | 48,359 | 12,281 | 125,236 | 14,124 | 18,144 | 1,363 | 43,708 | 6,701 |
| Corporations | 2,436 | 10,754 | 219,263 | 200,404 | 71,260 | 7,122 | — | 1,471 |

[1] Less than $500

Note: detail may not add to totals due to rounding.

# Foreign Recipients of U.S. Income, 1988

By John J. Bradford*

During 1988, the amount of U.S. source income paid to foreign "persons" rose dramatically. This was the result of record inflows of foreign direct investment into the United States, strong net foreign purchases of U.S. bonds, and large inflows of foreign capital to U.S. banks to meet the surge in credit demand. The total amount of income paid to foreigners exceeded $31.8 billion during 1988, a 40 percent increase from the previous year. U.S. taxes withheld on this income rose 30 percent to $1.7 billion.

Payments to Japanese recipients increased nearly 89 percent from 1987 to a total of $8.4 billion. This represented more than 26 percent of the total income paid. Residents of the United Kingdom received $4.8 billion in payments during 1988, an increase of 13 percent. Canadian recipients received nearly 81 percent more than in 1987, $3.1 billion. Payments to these three nations constituted more than half of the total.

## BACKGROUND INFORMATION

The Internal Revenue Code imposes a 30 percent withholding tax on dividends, interest, royalties, and various types of fixed, determinable, annual, or periodic income paid to foreign persons [1]. When the withholding tax was first introduced in 1936, the statutory rate was 10 percent. The House Ways and Means Committee had rejected a possible 22.5 percent rate as a deterrent to foreign investment. The statutory rate was raised to 30 percent during World War II for the purpose of generating revenue for the war effort. The former rate has never been restored by Congress [2].

Over the years, the required amount of withholding has been modified for certain types of income. In fact, during 1988, less than 6 percent of all income paid was subject to the statutory rate of withholding. Some types of income have been exempted from withholding altogether. For example, the Deficit Reduction Act of 1984 expanded the interest exemption beyond bank deposit interest to include portfolio interest payments made to foreign persons. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce borrowing through tax haven countries, and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country of residence. The amounts, however, still must be reported on Forms 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding.*

A second way that reduction in the statutory rate has occurred is through use of tax treaties. These have been negotiated between the United States and other countries resulting in a reduction of the rates at which residents of either country are to be taxed on certain classes of income earned in the other. They were developed as a means to avoid double taxation on this income. The "Tax Treaties" section of this article contains a further discussion of this subject.

Finally, it should be noted that any income that is "effectively connected" with a U.S. trade or business is exempted from the withholding of tax under these regulations. For this type of income, the foreign recipient is required to file a U.S. tax return (Form 1120F for foreign corporations and Form 1040NR for foreign individuals) which consolidates all U.S. source income for the tax year. Deductions may then be applied and taxation is at the same graduated rates which are applicable for other U.S. taxpayers. The income which is reported on Forms 1042S, however, is taxed at a flat rate on the gross amount of each payment.

Generally, the person who pays or conveys the U.S. source income to the foreign person is liable for the tax and must withhold. An authorized withholding agent may be appointed by the U.S. payer after notice of the appointment is given to the IRS. The Form 1042S is filed by the withholding agent and details information such as amount and type of income, country and type of recipient, and withholding rate and amount of withholding.

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

During the 1980's, two other legislative changes relating to withholding on U.S. source income paid to foreigners were enacted. The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same time, the Railroad Retirement Act of 1937 was amended to require withholding on similar payments to foreigners made under that act.

## TAX TREATIES

Residents of certain foreign countries may be entitled to reduced rates, or exemption from taxation, under an applicable tax treaty between the recipient's country of residence and the United States [4]. Generally, the foreign residents must notify the withholding agent that they are residents of a country with which the United States has an income tax treaty and, therefore, they are entitled to the treaty benefits. In certain instances, however, benefits are granted solely on the basis of the recipient's address. Treaty exemptions or reduced rates vary according to country and type of income. If there is no applicable tax treaty and the income is not exempt from withholding, then tax is withheld at the statutory rate (generally 30 percent on most income types).

Tax treaties were developed as a means of avoiding double taxation of income earned in one country by a resident of another. Presumably, overall losses from reduced withholding taxes on payments to residents of treaty partners would be roughly offset by a reduction in the amount of foreign tax credit claimed by U.S. persons against their U.S. income taxes on payments received from the treaty nation. However, this sort of reciprocity is not necessarily present in all treaty relationships.

When U.S. source income is paid to a foreign nominee or fiduciary in a treaty country on behalf of a person not entitled to benefits under the treaty, additional withholding may be collected by the country in which the nominee is located. The purpose of this is to prevent residents of non-treaty countries from taking advantage of the lower withholding rates of treaty countries. The additional tax is held by the government or withholding agent until the ultimate recipient provides proof of residency in that country. If residency is not proven, this tax is remitted to the United States (as shown in Table 1, Column 7). These amounts are not recorded in Figures A and B or elsewhere in this article because they were not reported on Forms 1042S. An exception to this is made in the case of Canada which remits any additional withholding in the year in which it was received.

Figure A shows a comparison of the effective rates of withholding on payments to recipients in treaty countries and those in non-treaty countries. The effective rate of taxation is the amount of taxes withheld as a percentage of total income paid. Both rates decreased slightly from 1987. The primary reason for this was that a higher proportion of the income paid to all recipients was in categories which were exempt from withholding. For purposes of this analysis, the Netherlands Antilles has been retained as a treaty nation despite the partial termination of the United States-Netherlands Antilles treaty beginning on January 1, 1988. The withholding rate on dividends and royalties jumped to 30 percent as of this date. However, the largest share of Antilles income was related-party interest and the provision of the treaty which exempted this income from withholding remained in force.

**Figure A.—Total Income, Tax Withheld, and Effective U.S. Withholding Rates for Treaty and Nontreaty Countries, 1988.**

[Money amounts are in thousands of dollars]

| Treaty status | Total income | Tax withheld | Effective U.S. tax rate |
|---|---|---|---|
| | (1) | (2) | (3) |
| All countries | $31,845,694 | $1,705,499 | 5.36% |
| Treaty countries, total | 27,968,124 | 1,419,881 | 5.27 |
| Nontreaty countries, total | 3,877,570 | 285,618 | 7.37 |

## TAX HAVENS

A tax haven is a nation which affords secrecy to investors and permits the accumulation of wealth without any significant burden of taxation. Some of the characteristics of tax havens include:

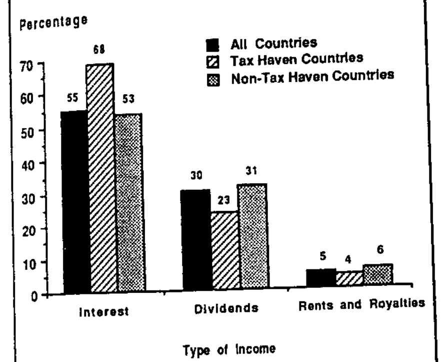
- Income taxes imposed at a lower rate than those of the countries whose taxpayers utilize it.
- Financial and commercial information kept confidential.
- Currency controls not imposed on foreign nationals.
- Low or zero withholding on most or certain classes of income paid to foreign recipients.

Tax haven countries typically benefit by imposing taxes at low rates or collecting certain fees, such as those from incorporation. Through the Deficit Reduction Act of 1984 and other legislation, Congress has attempted to limit the use of tax havens as a shelter to U.S. income taxes. Therefore, many treaties now deny benefits if those benefits flow through to residents of a third country (although a number of exceptions do exist) [5].



Figure B shows the percentages of selected income types paid to tax haven and non-tax haven countries compared to the total [6]. The higher percentage of interest income paid to the tax haven countries highlights their use as a source of funds for many U.S. corporations.

**Figure B
Percentage of Total Income Paid to Tax Haven and Non-Tax Haven Countries, by Selected Income Type, 1988**




A practice which the United States has sought to curtail is "treaty shopping." Taxpayers sometimes are able to "shop" into benefits which would not normally be available to them. To this end, a taxpayer generally interposes a corporation in a country that has an advantageous tax treaty. For example, if there is no treaty directly between the United States and Spain but one exists between both countries and the Netherlands, then a Spanish resident could establish a Dutch entity. The Spanish capital invested in the Dutch company would be reinvested in the United States. U.S. treaty-benefitted income would flow to the Dutch company, and the subsequent payments from the Dutch subsidiary to the Spanish investor would benefit from the Netherlands-Spain treaty. Certain provisions have been developed to ensure that only legitimate recipients may be able to take advantage of treaty benefits [7].

## DATA HIGHLIGHTS

During 1988, more than $31.8 billion in U.S. source income payments were made to foreign recipients. This represents an increase of 40 percent over the $22.7 billion which was paid in 1987. The bulk of this increase occurred in interest payments, which rose by nearly 55 percent. Several factors appear to have influenced this increase. As the U.S. prime lending rate increased more than Eurodollar rates, U.S. borrowers switched to overseas sources for funds. Also contributing to the strong increase in interest payments was a 24 percent increase in U.S. Treasury securities held by both private foreigners and foreign financial institutions. Furthermore, as the dollar stabilized in exchange markets, the interest rate differential favored U.S. bonds over Japanese or West German bonds. Net purchases of outstanding U.S. corporate bonds by foreigners increased fivefold during 1988. Demand was particularly strong from West Germany and Japan [8]. Refer to the "Country of Recipient" section of this article for further information.

The continuing economic recovery in the United States during 1988 made investment in this country attractive. Foreign direct investment in the United States increased 21 percent in 1988, following a similar 23 percent increase in 1987. This was heightened by heavy acquisitions of U.S. companies which were financed from abroad [9]. Many foreign multinationals have increased their U.S. holdings as a means of pursuing a strategy of global expansion and diversification.

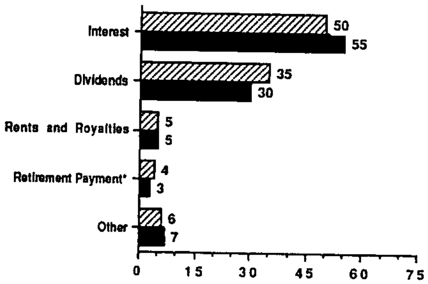
## TYPE OF INCOME

U.S. income paid to foreigners rose by more than $9 billion from 1987. For reasons discussed earlier, most of this increase can be accounted for by the increase in interest payments. The $6.2 billion increase in this category represents over 68 percent of the increase in overall payments.

Figure C shows the percentages of income paid and the taxes withheld on various types of income. While interest continued to be the predominant type of income paid, representing 55 percent of the total, tax withheld on interest payments accounted for only 16 percent of the total. There are two principal explanations for the disproportionate taxation of interest payments. First, the Deficit Reduction Act of 1984 removed withholding on most interest payments to foreigners. Furthermore, many tax treaties reduce or nullify withholding on interest payments to residents of those countries.

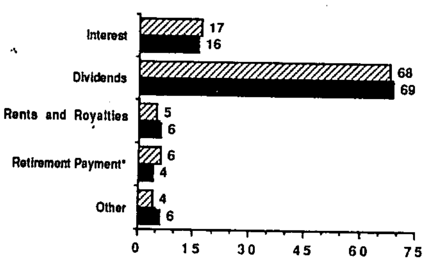
Though the amount of dividends paid increased in absolute terms from 1987, dividends as a percentage of total income decreased by more than 5 percentage points. This is perhaps explained by a hesitance among foreigners to re-enter the U.S. stock market after the collapse of October 19, 1987. Foreign demand was

**Figure C**
**Percentage of Total Income Paid, by Income Type, 1987 and 1988**




Income Paid: 1987-$22.7 billion, 1988-$31.8 billion

**Percentage of Total Tax Withheld, by Income Type, 1987 and 1988**




Tax Withheld: 1987-$1.3 billion, 1988-$1.7 billion

*Includes Social Security and Railroad Retirement Payments

depressed following the crash and the subsequent recovery in U.S. stock prices was somewhat less than that in Japan, West Germany, France, and Switzerland [10]. While dividend payments totalled nearly 30 percent of the income paid, tax withheld on these payments represented almost 69 percent of total tax reported. This is the case because, in contrast to interest, dividend payments are rarely exempt from withholding.

## TYPE OF RECIPIENT

During 1988, nearly two-thirds of U.S. income paid to foreigners was received by corporations. However, the total tax withheld on this income amounted to only 58 percent of the total, making the effective tax rate for corporations 4.6 percent. One reason for the low rate of taxation was that corporations received 60 percent of their income from interest (which is generally subject to zero or low tax withholding) and just 28 percent of their income from dividends. Also, direct investment dividends (dividends paid on the investment of a parent company in a subsidiary) were subject to lower withholding rates than portfolio dividends under most tax treaties. Corporate recipients accounted for the bulk of the increase in income paid from 1987. There was a 70 percent jump in payments received by corporations in 1988.

After corporations, the second largest amount of U.S. source income went to nominees and fiduciaries, $3.2 billion. These organizations had a total of $0.2 billion in taxes withheld, an effective tax rate of 6.4 percent.

Individuals were paid a total of $2.8 billion, of which more than $0.2 billion in tax was withheld. This represents an effective rate of withholding of 8.6 percent.

The average payment made to foreigners during 1988 was $24,210 and the average amount of tax withheld was $1,297. The recipient type that received the largest average income payment continued to be government or international organizations, at $2,356,837. The second largest average payments went to corporate recipients, $257,624. The amount of the average payment to a corporation increased 45 percent from 1987. The average payment received by an individual was $2,704, an increase of roughly 8 percent.

## COUNTRY OF RECIPIENT

Historically, foreign investors have come to the United States for several reasons, including the safety of investments in this country. By 1988, the dollar had decreased in value by up to 50 percent against certain currencies since its peak earlier in the decade. In addition, the Tax Reform Act of 1986 reduced the maximum corporate tax rate from 46 percent to 34 percent, making it the lowest in the industrialized world [11].

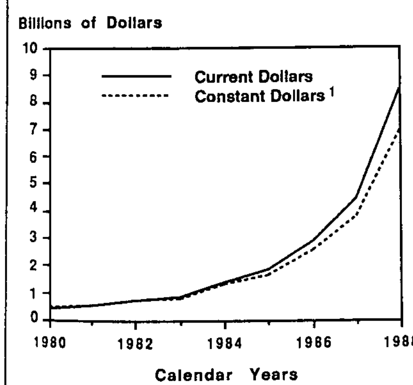
In 1988, for the second year in a row, Japan received the most U.S. source income. Payments to Japanese residents increased by nearly 89 percent from 1987 to a total of $8.4 billion. This figure represented more than 26 percent of the total income paid to foreign recipients.



Such a large increase may be explained in part by the vast increase in Japanese investments in the United States, in the form of both securities and foreign direct investment. In recent years, Japanese firms have dramatically increased their direct holdings in the United States. The 52 percent increase in direct investment from Japan in 1988 followed a 31 percent increase during 1987. Most of Japan's huge trade surplus is simply redirected to the United States in the form of purchases of Government and other securities. Foreigners have been purchasing increasingly large percentages of U.S. Treasury securities. It is estimated that up to one-third of new issues of Treasury securities in 1988 were purchased by foreign persons [12].

Figure D tracks the increase in U.S. source income payments to Japan from 1980 to 1988. In current dollars, these payments increased more than 800 percent during that time.

**Figure D**
**U.S. Source Income Paid to Japan, 1980 Through 1988**




[1]Adjusted to 1982 dollars.

The recipient of the second largest amount of U.S. source income was the United Kingdom. More than $4.8 billion in income was paid to recipients in the United Kingdom, an increase of more than 13 percent.

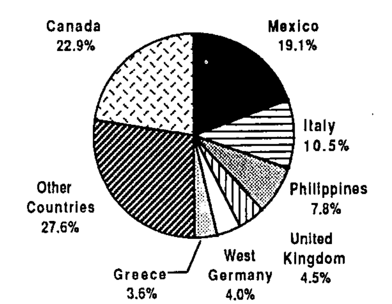
Canadian residents received more than $3.1 billion in income during 1988, the third largest amount. This is nearly 81 percent more than in 1987. There was an increase of more than 400 percent in dividends paid from U.S. subsidiaries to Canadian parent companies. There was also a near doubling of interest payments to Canada.

Other nations which witnessed large increases in U.S. source income during 1988 included France, where income rose by almost 85 percent, primarily in dividends paid to French parent corporations. Income payments to the Netherlands rose by almost 25 percent. The bulk of this increase came in interest payments.

Recipients in the Netherlands Antilles received almost $1.6 billion, a decrease of 9 percent from 1987. This continued the declining trend since the peak during 1984. Tax law changes enacted during that year attempted to discourage the utilization of Antilles corporations as financiers for American corporations. Payments have been halved since then.

Figure E details the countries which received the largest percentages of retirement payments from the United States. While the income in this category increased roughly 8 percent from 1987 levels, the percentages paid to the different nations remained virtually the same.

**Figure E**
**Percentage of Social Security and Railroad Retirement Payments to Recipients in Selected Countries, 1988**




Total Income Paid: $853 Million

## TAX WITHHELD

The overall effective tax rate for 1988 was 5.36 percent, down from the 5.75 percent in 1987. This rate is much lower than the statutory rate for several reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate.
- The statutory rate for social security and railroad retirement benefit payments only applies to roughly half of this income.
- The Tax Reform Act of 1984 removed the withholding tax on most types of portfolio interest.

These factors result in a considerable variation among countries, income types, and recipient types, as to the effective U.S. withholding tax rates.

Figure F ranks the 15 countries with the lowest effective U.S. withholding rates for 1988. Taxes withheld by foreign governments or withholding agents are not included in these statistics because such information may not accurately be attributed to a particular calendar year. These taxes, however, are summarized in Table 1.

Many non-treaty nations had lower effective tax rates than treaty countries. These nations typically had high percentages of income received in categories which were exempt from withholding for all nations. If a treaty simply reduces rates of withholding rather than exempting income from taxation, non-treaty nations which receive a predominance of tax-exempt income could have a lower overall effective tax rate.

**Figure F.—Ranking of Countries with Lowest Effective U.S. Withholding Rates, 1988.**

[Money amounts are in thousands of dollars]

| Country | Total income | Tax withheld | Effective U.S. tax rate |
|---|---|---|---|
| | (1) | (2) | (3) |
| All countries | $31,845,694 | $1,705,499 | 5.36% |
| Oman | 9,243 | 12 | 0.13 |
| United Arab Emirates | 312,895 | 447 | 0.14 |
| Finland | 104,216 | 792 | 0.76 |
| Malaysia | 40,193 | 318 | 0.79 |
| Singapore | 240,678 | 2,449 | 1.02 |
| Taiwan | 173,519 | 2,239 | 1.29 |
| Cyprus | 13,582 | 177 | 1.30 |
| Denmark | 92,557 | 1,291 | 1.39 |
| Pakistan | 16,983 | 245 | 1.44 |
| China | 64,907 | 1,071 | 1.65 |
| Jordan | 11,113 | 185 | 1.67 |
| Netherlands Antilles | 1,576,516 | 29,315 | 1.86 |
| Kuwait | 186,428 | 3,668 | 1.97 |
| New Zealand | 60,076 | 1,307 | 2.18 |
| Belgium | 874,962 | 19,621 | 2.24 |

The country which had the lowest effective withholding rate for 1988 was Oman. This was because over 99 percent of the income paid to recipients in that nation were exempt from withholding. The bulk of income paid to Oman (71 percent) was for capital gains, on which income no taxes were withheld. United Arab Emirates (UAE), the perennial leader in this category, had the second lowest effective rate of withholding. Like Oman, over 99 percent of the payments to UAE recipients were exempt from the withholding of tax. Although payments to the UAE were almost evenly split between interest, usually exempt from withholding, and dividends, rarely exempt from withholding, the largest recipient type was government organizations, which are generally exempt from withholding regardless of the type of income paid.

The total amount of tax withheld reported on Forms 1042S during Calendar Year 1988 was $1.7 billion. This represents an increase of more than 30 percent from 1987. The countries for which the most taxes were withheld were the two that received the largest amounts of payments. Withholding on payments to Japanese recipients rose more than 76 percent to over $510 million. Recipients in the United Kingdom had the second largest amount withheld, at $225 million.

## SUMMARY

The tremendous increase in U.S. source income paid to foreign recipients is a reflection of the amount of foreign capital and investments which flowed into this country during the middle to late 1980's. Total payments to foreign recipients rose 40 percent in 1988 to a level of $31.8 billion. Japan, for the second straight year, received the largest amount of payments, $8.4 billion. The 89 percent increase in payments to Japan in 1988 followed a 56 percent increase in the previous year.

Interest payments were the largest component of U.S. source income payments. These payments represented 55 percent of the total during 1988. Recent legislation, such as the Deficit Reduction Act of 1984, which exempted most interest payments from withholding, has allowed easier access to world capital markets. Consequently, many U.S. corporations have sought foreign sources of funds.



Corporations received the bulk of the payments made to foreigners. Corporate recipients received nearly $21 billion during 1988.

The total amount of tax withheld on all payments rose 30 percent to $1.7 billion. While the statutory rate of withholding remained 30 percent on most types of income, the overall effective withholding rate was substantially lower, at 5.36 percent.

## DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must have taxes withheld in accordance with the Internal Revenue Code (as modified by tax treaties). Form 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding*, is filed by the withholding agent to report the amount of this income and the tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS for calendar year 1988. Forms for Calendar Year 1988 were filed up to the deadline of March 15, 1989. The amounts shown are the income paid and the tax withheld except for tax withheld by foreign governments and withholding agents. This additional tax cannot be attributed to specific types of income or years and is included only in Table 1. All other figures for taxes withheld and percentages exclude taxes withheld by these governments or agents.

Income that is "effectively connected" with a U.S. trade or business is not subject to the withholding tax, and, except for reporting errors, is not generally included in these statistics. Bank deposit interest is also excluded from the statistics in this article.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to non-sampling error, such as computer data entry error and minor taxpayer reporting errors. A limited computer program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042S with income amounts greater than $2 million were manually verified.

## EXPLANATION OF SELECTED TERMS

*Eurobond.*-- Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.

*Foreign Person.*– For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is outside of the United States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions are also considered foreign persons for purposes of the income and withholding tax.

*Foreign Tax Credit.*-- U.S. persons are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also generally subject to tax by the country in which it was earned. In order to avoid double taxation on this foreign source income, U.S. tax law allows for a dollar-for-dollar credit against U.S. income tax for foreign income taxes. In general, this credit is allowed up to the amount of the U.S. tax on this foreign source income. The credit is subject to a number of other limitations [13].

*Income Effectively Connected With a U.S. Trade or Business.*–Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is taxed at substantially the same rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation (including branch profits taxes). When this income is later remitted by the U.S. branch to the foreign parent corporation, it is generally not subject to further U.S. taxation. These amounts may be erroneously reported on Forms 1042S, but the extent of their inclusion in these statistics is unknown but it is believed to be insignificant.

*Nominee and Fiduciary.*--An entity chosen or appointed to accept income for, or act on behalf of, the beneficial owner of the income. Typically, a financial institution acts as a nominee or fiduciary.

*Withholding Agent.*–Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a person (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent. Foreign governments may act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

## NOTES AND REFERENCES


[1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources in the United States. Many of these types of U.S. income are subject to a withholding tax at the source. Bank deposit interest and income "effectively connected" with a U.S. trade or business are not subject to this withholding. Many items of income are also exempt under statutes or bilateral tax treaties, but must be reported by withholding agents. IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations,* contains a further clarification of the income subject to withholding.

[2] Bischel, Jon E., ed. *Income Tax Treaties.* New York: Practising Law Institute, 1978.

[3] Prior to the passage of the 1984 Act, many U.S. multinational corporations sought to borrow funds in the Eurobond market, where interest must be payable free of tax. U.S. corporations would establish a finance subsidiary in the Netherlands Antilles. These subsidiaries borrowed funds in the Eurobond market and loaned that money to the U.S. parent. The interest payments from the parent to the subsidiary were largely exempt from U.S. withholding under the U.S. treaty with the Antilles. And the payments from the subsidiary to bondholders were exempt under Antilles law. With the 1984 Act, all portfolio interest payments were exempted, therefore eliminating the necessity of borrowing through the Antilles.

[4] For a complete listing of all current U.S. tax treaties, see IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations.*

[5] *Chin, Felix. Tax Havens: A Selected Bibliography,* Monticello, IL: Vance Bibliographies, 1980.

[6] Starchild, Adam. *Tax Havens.* New Rochelle, NY: Arlington House Publishers, 1979. The tax havens used in creating Figure B were taken from this source and include: Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Hong Kong, Liberia, Liechtenstein, Netherlands Antilles, Panama, and Switzerland.

[7] Chin, p. 30.

[8] Scholl, Russell B., "The Investment Position of the United States in 1988," *Survey of Current Business,* U.S. Department of Commerce, Bureau of Economic Analysis, June, 1989, p. 44.

[9] *Ibid.*, p. 45.

[10] *Ibid.*, p. 44.

[11] Fierman, Jaclyn, "The Selling Off of America," *Fortune*, Vol. 144. December 22, 1986, p. 49.

[12] Scholl, p. 44.

[13] For a further discussion of the foreign tax credit, see Redmiles, Melissa, "Corporate Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall, 1990, Volume 10, Number 2.




### Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries

[Money amounts are in thousands of dollars]

| Country or geographic area | Number of Forms 1042S | Income paid: Total | Income paid: Exempt from withholding | Income paid: Subject to withholding | Tax withheld: Total | Tax withheld: By domestic withholding agents | Tax withheld: By foreign government and withholding agents |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **Total** | **1,315,408** | **31,845,694** | **18,749,816** | **13,095,878** | **1,759,267** | **1,705,499** | **53,768** |
| **Treaty countries, total** | **972,386** | **27,968,124** | **16,212,056** | **11,756,068** | **1,473,699** | **1,419,881** | **53,768** |
| Australia | 21,823 | 308,985 | 136,569 | 172,416 | 21,490 | 21,490 | — |
| Austria | 5,448 | 140,514 | 50,037 | 90,477 | 13,921 | 13,759 | 162 |
| Barbados | 780 | 35,010 | 27,051 | 7,959 | 1,070 | 1,070 | — |
| Belgium | 12,892 | 874,962 | 749,550 | 125,413 | 23,537 | 19,621 | 3,916 |
| Canada | 317,858 | 3,153,675 | 2,058,479 | 1,095,196 | 138,557 | 138,557 | — |
| China | 8,962 | 64,907 | 54,719 | 10,188 | 1,071 | 1,071 | — |
| Cyprus | 1,479 | 13,582 | 12,528 | 1,055 | 177 | 177 | — |
| Denmark | 3,811 | 92,557 | 82,877 | 9,679 | 1,295 | 1,291 | 4 |
| Egypt | 1,214 | 3,588 | 2,394 | 1,194 | 180 | 180 | — |
| Finland | 1,490 | 104,216 | 97,356 | 6,861 | 792 | 792 | — |
| France | 27,296 | 1,280,478 | 563,619 | 716,859 | 56,596 | 56,162 | 434 |
| Greece | 16,445 | 46,973 | 9,421 | 37,552 | 6,425 | 6,425 | — |
| Hungary | 494 | 5,952 | 5,092 | 860 | 142 | 142 | — |
| Iceland | 152 | 647 | 212 | 435 | 96 | 96 | — |
| Ireland | 11,128 | 48,169 | 20,486 | 27,682 | 4,231 | 4,231 | — |
| Italy | 35,899 | 330,119 | 217,835 | 112,284 | 13,052 | 13,052 | — |
| Jamaica | 2,267 | 7,404 | 1,018 | 6,386 | 955 | 955 | — |
| Japan | 28,874 | 8,421,793 | 4,203,839 | 4,217,954 | 510,567 | 510,567 | — |
| Korea | 2,497 | 65,487 | 21,889 | 43,598 | 5,073 | 5,073 | — |
| Luxembourg | 6,066 | 285,803 | 184,057 | 101,746 | 27,872 | 26,368 | 1,504 |
| Malta | 690 | 1,797 | 1,599 | 199 | 37 | 37 | — |
| Morocco | 452 | 1,684 | 930 | 754 | 150 | 150 | — |
| Netherlands | 13,257 | 2,404,212 | 1,314,804 | 1,089,408 | 88,749 | 88,191 | 558 |
| Netherlands Antilles | 3,864 | 1,576,516 | 1,455,420 | 121,096 | 29,315 | 29,315 | — |
| New Zealand | 4,739 | 60,076 | 51,957 | 8,119 | 1,307 | 1,307 | — |
| Norway | 7,345 | 58,325 | 40,322 | 18,003 | 2,838 | 2,838 | — |
| Pakistan | 2,737 | 16,983 | 15,692 | 1,291 | 245 | 245 | — |
| Philippines | 28,546 | 79,214 | 5,180 | 74,033 | 11,747 | 11,747 | — |
| Poland | 2,933 | 15,319 | 3,904 | 11,415 | 1,589 | 1,589 | — |
| Romania | 118 | 541 | 260 | 280 | 49 | 49 | — |
| Sweden | 8,634 | 207,170 | 40,995 | 166,176 | 13,107 | 13,107 | — |
| Switzerland | 39,226 | 1,964,432 | 835,775 | 1,128,657 | 173,032 | 128,049 | 44,983 |
| Trinidad and Tobago | 1,208 | 3,794 | 1,121 | 2,672 | 460 | 460 | — |
| United Kingdom | 262,003 | 4,843,767 | 3,139,152 | 1,704,615 | 226,886 | 224,679 | 2,207 |
| USSR | 557 | 2,991 | 2,126 | 865 | 249 | 249 | — |
| West Germany | 89,041 | 1,446,482 | 803,791 | 642,691 | 98,790 | 96,790 | — |
| **Nontreaty countries, total** | **343,040** | **3,877,570** | **2,537,760** | **1,339,810** | **285,618** | **285,618** | — |
| Argentina | 10,026 | 33,455 | 18,778 | 14,677 | 3,330 | 3,330 | — |
| Bahamas | 4,351 | 206,154 | 132,914 | 73,240 | 21,209 | 21,209 | — |
| Bermuda | 2,847 | 175,828 | 93,493 | 82,335 | 24,534 | 24,534 | — |
| Brazil | 6,438 | 27,153 | 14,010 | 13,143 | 2,875 | 2,875 | — |
| British Virgin Islands | 1,441 | 64,769 | 26,997 | 37,771 | 11,207 | 11,207 | — |
| Cayman Islands | 2,531 | 237,123 | 179,714 | 57,409 | 13,351 | 13,351 | — |
| Hong Kong | 18,078 | 230,146 | 135,237 | 94,908 | 22,543 | 22,543 | — |
| Israel | 7,501 | 32,193 | 15,224 | 16,969 | 3,954 | 3,954 | — |
| Jersey | 545 | 42,545 | 19,855 | 22,690 | 6,787 | 6,787 | — |
| Kuwait | 1,910 | 186,428 | 174,162 | 12,267 | 2,668 | 2,668 | — |
| Liberia | 965 | 52,321 | 24,083 | 28,238 | 8,395 | 8,395 | — |
| Liechtenstein | 1,947 | 35,762 | 13,423 | 22,339 | 6,612 | 6,612 | — |
| Mexico | 97,151 | 306,342 | 83,308 | 223,034 | 40,878 | 40,878 | — |
| Panama | 9,689 | 211,557 | 136,350 | 75,207 | 20,560 | 20,560 | — |
| Portugal | 7,628 | 26,613 | 5,123 | 21,490 | 3,408 | 3,408 | — |
| Puerto Rico | 8,300 | 11,457 | 7,808 | 3,649 | 713 | 713 | — |
| Saudi Arabia | 5,251 | 133,789 | 122,540 | 11,249 | 3,341 | 3,341 | — |
| Singapore | 6,400 | 240,678 | 232,014 | 8,665 | 2,449 | 2,449 | — |
| South Africa | 5,625 | 20,088 | 14,353 | 5,735 | 1,491 | 1,491 | — |
| Spain | 11,308 | 142,774 | 110,197 | 32,577 | 7,445 | 7,445 | — |
| Taiwan | 6,631 | 173,519 | 164,736 | 8,783 | 2,239 | 2,239 | — |
| United Arab Emirates | 1,042 | 312,895 | 311,413 | 1,483 | 443 | 443 | — |
| Venezuela | 9,508 | 32,060 | 18,507 | 13,553 | 3,396 | 3,396 | — |
| Other nontreaty countries | 117,927 | 941,921 | 483,521 | 458,400 | 71,790 | 71,790 | — |

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal services |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| **All countries, total** | **1,315,406** | **1,705,499** | **31,845,694** | **17,614,665** | **9,510,170** | **1,692,892** | **853,243** | **517,934** |
| Individuals | 1,045,080 | 243,006 | 2,825,719 | 791,935 | 464,454 | 104,379 | 853,243 | 225,021 |
| Corporations | 80,220 | 950,777 | 20,666,566 | 12,393,048 | 5,702,832 | 1,483,956 | — | 236,339 |
| Algeria | 107 | 1,126 | 13,899 | 11 | 13,665 | (1) | — | 43 |
| Individuals | 89 | 31 | 240 | 6 | 13 | (1) | — | 43 |
| Corporations | 4 | 1,095 | 13,656 | 6 | 13,650 | — | — | (1) |
| Argentina | 10,026 | 3,330 | 33,455 | 13,240 | 5,251 | 293 | 3,964 | 4,447 |
| Individuals | 8,152 | 2,753 | 19,450 | 4,400 | 4,286 | 122 | 3,964 | 3,706 |
| Corporations | 110 | 98 | 4,868 | 1,803 | 153 | 61 | — | — |
| Australia | 21,823 | 21,490 | 308,985 | 159,928 | 75,975 | 54,833 | 4,371 | 4,239 |
| Individuals | 18,288 | 2,803 | 33,264 | 11,786 | 4,655 | 2,636 | 4,371 | 3,141 |
| Corporations | 1,630 | 8,871 | 197,736 | 135,143 | 15,345 | 42,218 | — | 245 |
| Austria | 5,448 | 13,759 | 140,514 | 43,482 | 85,129 | 603 | 3,112 | 4,746 |
| Individuals | 3,418 | 1,273 | 10,012 | 635 | 1,455 | 167 | 3,112 | 1,957 |
| Corporations | 365 | 766 | 33,621 | 25,110 | 5,103 | 323 | — | 2,431 |
| Bahamas | 4,351 | 21,209 | 206,154 | 128,407 | 63,319 | 3,324 | 704 | 281 |
| Individuals | 1,774 | 2,024 | 9,423 | 2,251 | 5,831 | 3 | 704 | 199 |
| Corporations | 1,135 | 11,398 | 117,627 | 73,152 | 32,530 | 2,745 | — | 63 |
| Bahrain | 615 | 800 | 22,833 | 18,296 | 4,359 | 3 | 4 | — |
| Individuals | 462 | 114 | 687 | 283 | 380 | (1) | 4 | — |
| Corporations | 53 | 507 | 10,025 | 8,381 | 1,490 | 3 | — | — |
| Barbados | 780 | 1,070 | 35,010 | 28,209 | 5,424 | 28 | 1,135 | 12 |
| Individuals | 571 | 278 | 2,106 | 150 | 589 | — | 1,135 | 12 |
| Corporations | 81 | 319 | 8,535 | 8,473 | 2,056 | — | — | — |
| Belgium | 12,892 | 19,621 | 874,962 | 756,821 | 78,090 | 23,933 | 1,980 | 4,241 |
| Individuals | 9,995 | 2,433 | 19,664 | 6,218 | 3,870 | 436 | 1,980 | 3,568 |
| Corporations | 1,017 | 8,479 | 117,539 | 53,549 | 34,750 | 23,318 | — | 586 |
| Bermuda | 2,847 | 24,534 | 175,828 | 104,714 | 52,882 | 4,924 | 540 | 412 |
| Individuals | 1,316 | 4,271 | 18,038 | 3,540 | 2,614 | 15 | 540 | 397 |
| Corporations | 585 | 12,970 | 98,017 | 61,536 | 30,591 | 4,908 | — | 14 |
| Brazil | 6,438 | 2,875 | 27,153 | 12,649 | 4,310 | 672 | 3,323 | 2,916 |
| Individuals | 5,508 | 2,193 | 15,767 | 4,455 | 2,836 | 247 | 3,323 | 2,589 |
| Corporations | 146 | 338 | 6,466 | 4,540 | 718 | 273 | — | 3 |
| British Virgin Islands | 1,441 | 11,207 | 64,769 | 18,924 | 13,813 | 22,623 | 2 | 3 |
| Individuals | 442 | 342 | 1,769 | 324 | 1,183 | 25 | 2 | — |
| Corporations | 579 | 9,660 | 51,093 | 11,320 | 8,244 | 22,598 | — | 2 |
| Canada | 317,858 | 138,557 | 3,153,675 | 1,397,838 | 1,238,921 | 114,573 | 195,317 | 58,622 |
| Individuals | 261,848 | 23,980 | 392,985 | 33,846 | 69,748 | 17,273 | 195,317 | 18,054 |
| Corporations | 16,685 | 94,012 | 2,322,339 | 1,198,866 | 922,800 | 90,519 | — | 31,430 |
| Cayman Islands | 2,531 | 13,351 | 237,123 | 186,608 | 37,322 | 330 | 406 | 106 |
| Individuals | 468 | 1,337 | 6,909 | 2,815 | 3,581 | 79 | 406 | — |
| Corporations | 1,345 | 8,801 | 138,627 | 105,066 | 23,714 | 245 | — | 106 |
| Chile | 3,593 | 1,119 | 14,650 | 6,233 | 2,410 | 36 | 1,327 | 3,162 |
| Individuals | 2,970 | 870 | 6,279 | 1,870 | 1,664 | 31 | 1,327 | 254 |
| Corporations | 98 | 97 | 5,610 | 2,074 | 311 | 1 | — | 2,889 |
| China | 8,962 | 1,071 | 64,907 | 15,767 | 2,333 | 817 | 54 | 32,314 |
| Individuals | 8,529 | 379 | 45,747 | 657 | 446 | 27 | 54 | 31,117 |
| Corporations | 52 | 127 | 12,031 | 10,532 | 187 | 788 | — | 497 |
| Colombia | 7,312 | 2,023 | 21,429 | 11,993 | 4,173 | 246 | 2,869 | 415 |
| Individuals | 5,985 | 1,476 | 11,656 | 3,864 | 2,972 | 74 | 2,869 | 111 |
| Corporations | 127 | 122 | 3,642 | 3,486 | 187 | 126 | — | 3 |
| Costa Rica | 2,885 | 1,026 | 11,286 | 3,676 | 1,379 | 46 | 2,772 | 306 |
| Individuals | 2,478 | 864 | 8,445 | 1,388 | 859 | 41 | 2,772 | 303 |
| Corporations | 118 | 83 | 1,110 | 861 | 244 | 2 | — | — |
| Cyprus | 1,479 | 177 | 13,582 | 152 | 227 | 2,491 | 764 | 127 |
| Individuals | 1,432 | 135 | 10,940 | 150 | 78 | (1) | 764 | 126 |
| Corporations | 6 | 9 | 2,522 | — | 31 | — | — | (1) |
| Czechoslovakia | 1,111 | 938 | 5,338 | 283 | 112 | 259 | 3,290 | 1,033 |
| Individuals | 1,045 | 773 | 4,451 | 283 | 109 | 34 | 3,290 | 374 |
| Corporations | 6 | 1 | 12 | — | (1) | 12 | — | — |
| Denmark | 3,811 | 1,291 | 92,557 | 52,602 | 4,966 | 12,500 | 3,564 | 891 |
| Individuals | 3,147 | 887 | 6,877 | 450 | 765 | 114 | 3,564 | 737 |
| Corporations | 152 | 123 | 46,299 | 31,300 | 2,180 | 12,291 | — | — |
| Dominican Republic | 3,683 | 1,278 | 11,573 | 1,828 | 488 | 33 | 7,378 | 215 |
| Individuals | 3,510 | 1,222 | 10,906 | 1,271 | 307 | 33 | 7,378 | 123 |
| Corporations | 26 | 1 | 370 | 245 | 121 | — | — | 2 |
| East Germany | 321 | 209 | 909 | 213 | 211 | 17 | — | 303 |
| Individuals | 263 | 166 | 741 | 193 | 74 | 6 | — | 303 |
| Corporations | 8 | 39 | 133 | — | 130 | 2 | — | — |
| Ecuador | 2,632 | 898 | 8,763 | 2,586 | 610 | 161 | 3,435 | 180 |
| Individuals | 2,352 | 798 | 6,593 | 1,139 | 737 | 148 | 3,435 | 106 |
| Corporations | 61 | 20 | 320 | 241 | 69 | 111 | — | 2 |
| Egypt | 1,214 | 180 | 3,588 | 882 | 962 | 11 | 31 | 630 |
| Individuals | 1,027 | 103 | 2,616 | 423 | 459 | 11 | 31 | 622 |
| Corporations | 30 | 18 | 452 | 332 | 118 | 9 | — | 2 |
| El Salvador | 1,145 | 380 | 3,797 | 858 | 610 | 78 | 1,038 | 56 |
| Individuals | 1,042 | 336 | 3,531 | 747 | 466 | 78 | 1,038 | 44 |
| Corporations | 21 | 17 | 94 | 32 | 50 | — | — | 12 |
| Finland | 1,490 | 792 | 104,216 | 68,166 | 4,066 | 1,247 | 2,073 | 3,476 |
| Individuals | 1,205 | 432 | 4,150 | 188 | 152 | 114 | 2,073 | 868 |
| Corporations | 94 | 262 | 62,535 | 41,810 | 3,680 | 1,059 | — | 2,341 |
| France | 27,296 | 56,162 | 1,280,478 | 437,511 | 545,319 | 180,577 | 10,316 | 26,892 |
| Individuals | 16,505 | 7,384 | 96,676 | 22,952 | 19,059 | 16,847 | 10,316 | 15,427 |
| Corporations | 2,974 | 33,908 | 960,786 | 338,732 | 420,358 | 159,174 | — | 10,335 |

Footnote at end of table.



**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Interest | Dividends | Rents and royalties | Social security and railroad retirement | Personal services |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Greece | 16,445 | 6,425 | 46,973 | 4,022 | 5,450 | 122 | 30,485 | 1,847 |
| Individuals | 15,235 | 5,602 | 41,690 | 1,872 | 2,478 | 113 | 30,485 | 1,802 |
| Corporations | 108 | 178 | 2,016 | 1,416 | 598 | (1) | — | 1 |
| Guernsey | 284 | 6,976 | 28,104 | 3,539 | 24,163 | 104 | — | — |
| Individuals | 60 | 237 | 1,057 | 766 | 161 | — | — | — |
| Corporations | 118 | 3,499 | 13,158 | 1,612 | 11,495 | 34 | — | — |
| Honduras | 1,621 | 592 | 6,976 | 819 | 892 | 284 | 1,019 | 208 |
| Individuals | 1,521 | 488 | 6,379 | 638 | 526 | 236 | 1,019 | 205 |
| Corporations | 24 | 73 | 321 | 32 | 242 | 47 | — | (1) |
| Hong Kong | 18,078 | 22,543 | 230,146 | 133,914 | 68,112 | 1,825 | 4,627 | 2,186 |
| Individuals | 12,486 | 6,092 | 31,616 | 7,637 | 12,546 | 905 | 4,627 | 1,545 |
| Corporations | 1,180 | 7,516 | 110,923 | 105,573 | 24,838 | 908 | — | 612 |
| Hungary | 494 | 142 | 5,952 | 2,636 | 130 | 103 | 153 | 1,642 |
| Individuals | 464 | 136 | 3,269 | 55 | 130 | 61 | 153 | 1,580 |
| Corporations | 4 | — | 26 | — | — | 26 | — | — |
| India | 3,916 | 1,773 | 22,351 | 7,095 | 1,384 | 845 | 666 | 1,440 |
| Individuals | 3,416 | 1,613 | 12,299 | 306 | 898 | 836 | 666 | 1,353 |
| Corporations | 46 | 65 | 5,320 | 2,477 | 180 | (1) | — | 26 |
| Indonesia | 1,536 | 477 | 16,238 | 11,171 | 1,082 | 26 | 44 | 2,127 |
| Individuals | 1,217 | 330 | 4,655 | 182 | 538 | 26 | 44 | 2,124 |
| Corporations | 42 | 17 | 10,645 | 10,549 | 49 | — | — | 1 |
| Ireland | 11,128 | 4,231 | 48,169 | 17,344 | 17,956 | 381 | 8,222 | 1,590 |
| Individuals | 10,289 | 1,932 | 21,834 | 7,255 | 2,586 | 290 | 8,222 | 1,474 |
| Corporations | 169 | 286 | 11,691 | 9,055 | 1,842 | 56 | — | 94 |
| Isle of Man | 794 | 1,014 | 23,466 | 11,021 | 3,641 | 250 | — | 91 |
| Individuals | 630 | 140 | 2,330 | 1,774 | 349 | 119 | — | 13 |
| Corporations | 97 | 750 | 20,054 | 8,719 | 2,794 | 131 | — | 78 |
| Israel | 7,501 | 3,954 | 32,193 | 15,317 | 5,363 | 1,086 | 3,725 | 2,267 |
| Individuals | 5,766 | 2,290 | 14,460 | 2,026 | 2,163 | 913 | 3,725 | 1,702 |
| Corporations | 143 | 328 | 9,258 | 8,256 | 173 | 93 | — | 370 |
| Italy | 35,899 | 13,052 | 330,119 | 126,572 | 53,819 | 36,650 | 89,419 | 9,230 |
| Individuals | 33,853 | 5,121 | 127,728 | 4,034 | 6,224 | 11,765 | 89,419 | 7,035 |
| Corporations | 517 | 4,392 | 158,921 | 105,933 | 26,305 | 23,561 | — | 1,057 |
| Jamaica | 2,267 | 955 | 7,404 | 364 | 765 | 157 | 5,074 | 265 |
| Individuals | 2,143 | 872 | 6,750 | 226 | 254 | 157 | 5,074 | 264 |
| Corporations | 28 | 76 | 525 | 36 | 486 | — | — | 1 |
| Japan | 28,874 | 510,567 | 8,421,793 | 5,465,354 | 2,034,428 | 479,823 | 10,793 | 101,100 |
| Individuals | 20,737 | 4,265 | 76,931 | 23,383 | 8,674 | 4,502 | 10,793 | 11,139 |
| Corporations | 4,093 | 395,913 | 6,599,866 | 4,549,957 | 1,358,324 | 455,862 | — | 88,759 |
| Jersey | 545 | 6,787 | 42,545 | 16,675 | 21,977 | 147 | 6 | 38 |
| Individuals | 111 | 99 | 444 | 86 | 292 | 7 | 6 | 36 |
| Corporations | 163 | 2,174 | 14,954 | 8,343 | 6,456 | 129 | — | 2 |
| Jordan | 830 | 185 | 11,113 | 8,042 | 290 | 2 | 62 | 5 |
| Individuals | 744 | 143 | 3,334 | 402 | 152 | 2 | 62 | 5 |
| Corporations | 23 | 20 | 7,693 | 7,625 | 67 | (1) | — | — |
| Kuwait | 1,910 | 3,668 | 186,428 | 139,969 | 45,249 | 63 | — | 290 |
| Individuals | 1,427 | 693 | 4,303 | 1,398 | 2,011 | 63 | — | 51 |
| Corporations | 154 | 1,512 | 49,256 | 44,719 | 4,249 | — | — | 239 |
| Lebanon | 1,889 | 831 | 13,922 | 2,498 | 1,503 | 54 | 367 | 8,879 |
| Individuals | 1,609 | 723 | 12,910 | 1,920 | 1,136 | 54 | 367 | 8,878 |
| Corporations | 40 | 25 | 177 | 96 | 82 | — | — | — |
| Liberia | 965 | 8,395 | 52,321 | 13,531 | 23,851 | 20 | 42 | — |
| Individuals | 274 | 319 | 1,325 | 172 | 898 | — | 42 | — |
| Corporations | 424 | 2,122 | 28,350 | 11,444 | 3,150 | 20 | — | — |
| Liechtenstein | 1,947 | 6,612 | 35,762 | 14,877 | 19,983 | 97 | 4 | 389 |
| Individuals | 336 | 1,105 | 4,767 | 1,248 | 3,339 | 1 | 4 | 1 |
| Corporations | 1,021 | 3,601 | 17,397 | 7,060 | 9,809 | 66 | — | 388 |
| Luxembourg | 6,066 | 26,368 | 285,803 | 176,030 | 103,400 | 315 | 171 | 713 |
| Individuals | 798 | 729 | 3,564 | 231 | 2,673 | — | 171 | 369 |
| Corporations | 1,634 | 7,635 | 153,444 | 118,952 | 31,230 | 315 | — | 342 |
| Malaysia | 1,908 | 318 | 40,193 | 38,457 | 776 | 51 | 24 | 219 |
| Individuals | 1,687 | 256 | 1,742 | 240 | 567 | 50 | 24 | 219 |
| Corporations | 44 | 12 | 8,091 | 8,043 | 47 | — | — | — |
| Mexico | 97,151 | 40,878 | 306,342 | 81,852 | 30,637 | 6,443 | 162,814 | 6,265 |
| Individuals | 89,984 | 35,600 | 245,710 | 40,102 | 24,046 | 3,995 | 162,814 | 2,834 |
| Corporations | 680 | 3,000 | 18,106 | 8,438 | 1,352 | 1,930 | — | 786 |
| Monaco | 947 | 2,338 | 13,139 | 2,847 | 5,632 | 2,120 | 113 | 1,467 |
| Individuals | 660 | 1,283 | 6,842 | 1,512 | 1,268 | 2,119 | 113 | 972 |
| Corporations | 91 | 412 | 3,946 | 1,161 | 2,675 | 1 | — | 10 |
| Netherlands | 13,257 | 88,191 | 2,404,212 | 1,114,527 | 1,039,927 | 136,202 | 5,328 | 20,196 |
| Individuals | 8,939 | 4,108 | 33,740 | 4,821 | 11,532 | 699 | 5,328 | 7,408 |
| Corporations | 1,367 | 54,495 | 2,011,186 | 981,882 | 805,444 | 132,264 | — | 12,403 |
| Netherlands Antilles | 3,864 | 29,315 | 1,576,516 | 1,424,452 | 98,913 | 18,203 | 393 | 952 |
| Individuals | 1,355 | 1,935 | 11,245 | 2,406 | 5,839 | 1,307 | 393 | 86 |
| Corporations | 1,458 | 19,458 | 1,418,467 | 1,303,113 | 65,671 | 16,837 | — | 866 |
| New Zealand | 4,739 | 1,307 | 60,076 | 34,931 | 4,857 | 327 | 345 | 1,450 |
| Individuals | 4,202 | 398 | 10,324 | 7,536 | 870 | 117 | 345 | 422 |
| Corporations | 119 | 511 | 11,539 | 7,510 | 3,029 | 101 | — | 895 |
| Norway | 7,345 | 2,838 | 58,325 | 23,507 | 5,606 | 1,044 | 11,331 | 1,775 |
| Individuals | 6,720 | 2,205 | 17,179 | 901 | 1,344 | 685 | 11,331 | 787 |
| Corporations | 172 | 404 | 37,831 | 21,065 | 2,679 | 335 | — | 860 |
| Oman | 116 | 12 | 9,243 | 1,476 | 1,189 | — | — | 1 |
| Individuals | 88 | 8 | 118 | 80 | 16 | — | — | — |
| Corporations | 9 | 2 | 6,651 | 88 | 7 | — | — | — |

Footnote at end of table.

**Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued**

[Money amounts are in thousands of dollars]

| Country or geographic area and recipient type | Number of Forms 1042S | Tax withheld | Income paid: Total | Income paid: Interest | Income paid: Dividends | Income paid: Rents and royalties | Income paid: Social security and railroad retirement | Income paid: Personal services |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Pakistan | 2,737 | 245 | 16,893 | 213 | 483 | 14 | 149 | 811 |
| Individuals | 2,560 | 204 | 16,698 | 169 | 254 | 10 | 149 | 810 |
| Corporations | 6 | 7 | 24 | 1 | 23 | — | — | — |
| Panama | 9,689 | 20,560 | 211,557 | 113,742 | 56,942 | 11,566 | 979 | 330 |
| Individuals | 2,772 | 2,032 | 12,254 | 2,967 | 5,593 | 31 | 979 | 235 |
| Corporations | 4,149 | 14,472 | 141,700 | 68,631 | 37,280 | 11,527 | — | 7 |
| Peru | 3,072 | 872 | 7,755 | 3,074 | 1,428 | 311 | 838 | 117 |
| Individuals | 2,623 | 631 | 5,782 | 1,614 | 1,012 | 273 | 838 | 71 |
| Corporations | 40 | 113 | 456 | 342 | 71 | 34 | — | — |
| Philippines | 28,546 | 11,747 | 79,214 | 2,827 | 2,818 | 120 | 66,833 | 1,556 |
| Individuals | 27,653 | 11,480 | 77,197 | 1,911 | 1,866 | 52 | 66,833 | 1,491 |
| Corporations | 106 | 73 | 674 | 490 | 121 | 54 | — | 6 |
| Poland | 2,933 | 1,589 | 15,319 | 217 | 1,332 | 114 | 9,419 | 2,465 |
| Individuals | 2,893 | 1,498 | 13,753 | 135 | 81 | 46 | 9,419 | 2,301 |
| Corporations | 7 | 63 | 1,334 | 81 | 1,249 | 3 | — | — |
| Portugal | 7,628 | 3,408 | 26,613 | 4,282 | 1,046 | 134 | 19,597 | 286 |
| Individuals | 7,219 | 3,259 | 22,146 | 794 | 721 | 91 | 19,597 | 277 |
| Corporations | 88 | 18 | 3,636 | 2,986 | 35 | 14 | — | — |
| Puerto Rico | 6,300 | 713 | 11,457 | 7,590 | 1,187 | 61 | 2,064 | 364 |
| Individuals | 5,673 | 534 | 3,400 | 435 | 585 | 8 | 2,064 | 126 |
| Corporations | 391 | 126 | 5,554 | 4,971 | 498 | 53 | — | 26 |
| Saudi Arabia | 5,251 | 3,341 | 133,789 | 90,898 | 36,109 | 59 | 16 | 4,146 |
| Individuals | 3,951 | 1,347 | 5,898 | 918 | 3,896 | 57 | 16 | 122 |
| Corporations | 111 | 389 | 62,607 | 33,839 | 28,468 | — | — | 267 |
| Singapore | 6,400 | 2,449 | 240,678 | 202,491 | 33,150 | 115 | 156 | 216 |
| Individuals | 5,395 | 673 | 4,196 | 1,530 | 1,417 | 106 | 156 | 196 |
| Corporations | 231 | 1,019 | 16,246 | 9,726 | 2,506 | 9 | — | 20 |
| South Africa | 5,625 | 1,491 | 20,088 | 11,785 | 1,374 | 1,032 | 541 | 1,572 |
| Individuals | 5,266 | 983 | 18,106 | 10,946 | 1,023 | 670 | 541 | 1,155 |
| Corporations | 43 | 132 | 495 | 220 | 52 | 223 | — | — |
| South Korea | 2,497 | 5,073 | 65,487 | 26,922 | 22,318 | 7,535 | 108 | 4,196 |
| Individuals | 2,294 | 240 | 9,032 | 489 | 386 | 5 | 108 | 4,055 |
| Corporations | 60 | 4,787 | 44,050 | 14,373 | 21,806 | 7,530 | — | 18 |
| Spain | 11,308 | 7,445 | 142,774 | 112,016 | 8,415 | 2,254 | 12,503 | 3,693 |
| Individuals | 10,051 | 4,281 | 28,158 | 5,335 | 3,791 | 260 | 12,503 | 2,741 |
| Corporations | 350 | 2,121 | 29,916 | 25,586 | 2,415 | 1,280 | — | 333 |
| Sweden | 8,634 | 13,107 | 207,170 | 29,012 | 141,712 | 5,262 | 10,934 | 14,207 |
| Individuals | 7,841 | 5,180 | 29,325 | 885 | 2,898 | 586 | 10,934 | 11,348 |
| Corporations | 204 | 6,733 | 159,287 | 17,737 | 133,594 | 4,213 | — | 471 |
| Switzerland | 39,226 | 128,049 | 1,964,432 | 1,075,940 | 684,913 | 105,449 | 4,413 | 16,261 |
| Individuals | 13,109 | 8,426 | 79,722 | 24,475 | 31,812 | 4,578 | 4,413 | 5,435 |
| Corporations | 14,741 | 68,471 | 1,314,950 | 843,974 | 322,652 | 89,079 | — | 10,369 |
| Taiwan | 6,631 | 2,239 | 173,519 | 149,269 | 5,082 | 187 | 132 | 2,885 |
| Individuals | 5,553 | 1,463 | 12,493 | 3,778 | 3,082 | 59 | 132 | 2,686 |
| Corporations | 98 | 333 | 42,074 | 28,191 | 692 | 11 | — | 50 |
| Thailand | 1,320 | 409 | 9,559 | 6,771 | 623 | 314 | 545 | 370 |
| Individuals | 1,105 | 339 | 2,744 | 190 | 397 | 308 | 545 | 369 |
| Corporations | 21 | 34 | 2,295 | 2,193 | 103 | — | — | 1 |
| United Arab Emirates | 1,042 | 443 | 312,895 | 178,585 | 132,187 | 2 | — | — |
| Individuals | 911 | 167 | 2,721 | 337 | 534 | 2 | — | — |
| Corporations | 38 | 218 | 2,242 | 1,422 | 565 | — | — | — |
| United Kingdom | 262,003 | 224,679 | 4,843,767 | 2,318,910 | 1,802,188 | 297,973 | 38,045 | 100,812 |
| Individuals | 209,082 | 16,229 | 626,074 | 440,108 | 63,065 | 16,567 | 38,045 | 31,541 |
| Corporations | 11,624 | 85,934 | 2,654,215 | 1,350,683 | 847,052 | 253,362 | — | 53,743 |
| Uruguay | 2,037 | 1,132 | 10,385 | 6,547 | 3,180 | 96 | 135 | 27 |
| Individuals | 992 | 522 | 2,860 | 1,000 | 1,229 | 96 | 135 | 14 |
| Corporations | 281 | 361 | 3,833 | 2,636 | 1,191 | — | — | — |
| Venezuela | 9,508 | 3,396 | 32,060 | 18,753 | 7,576 | 3,958 | 1,056 | 995 |
| Individuals | 7,381 | 2,325 | 15,928 | 5,622 | 4,818 | 346 | 1,056 | 921 |
| Corporations | 336 | 348 | 3,272 | 2,239 | 1,015 | 12 | — | 3 |
| West Germany | 89,041 | 96,790 | 1,415,517 | 530,930 | 552,598 | 134,328 | 34,498 | 24,419 |
| Individuals | 70,261 | 24,785 | 215,532 | 38,599 | 91,040 | 9,373 | 34,498 | 17,030 |
| Corporations | 2,820 | 54,005 | 983,675 | 386,282 | 378,746 | 112,801 | — | 5,238 |
| Yugoslavia | 3,994 | 2,261 | 15,000 | 946 | 513 | 86 | 11,700 | 175 |
| Individuals | 3,858 | 2,177 | 14,038 | 285 | 332 | 78 | 11,700 | 75 |
| Corporations | 14 | 21 | 92,360 | (1) | 69 | 2 | — | 14 |
| Other Countries | 61,163 | 32,002 | 488,255 | 218,012 | 150,008 | 9,432 | 43,708 | 8,648 |
| Individuals | 48,359 | 12,281 | 125,236 | 14,124 | 18,144 | 1,363 | 43,708 | 6,701 |
| Corporations | 2,436 | 10,754 | 219,263 | 200,404 | 71,260 | 7,122 | — | 1,471 |

[1] Less than $500.

# Section 12 U.S. Partnership Income of Foreign Partners

Contents



The Tax Reform Act of 1986 created an obligation for U.S. partnerships to withhold income tax on effectively connected taxable income deemed allocable to foreign partners. The U.S. partnership must file a Form 8805 for each foreign partner. This form identifies the partner by name, address, and organization type (individual, corporation, partnership, or other). The amount of income attributable to that partner, as well as, the amount of tax withheld on that income is specified, also. The United States partnership must file a Form 8804 for itself. This return lists the amount of income attributable to foreign partners as a whole, and the amount of tax withheld from that income.

This section presents information from five tables. The tables below list income amounts attributable to foreign partners and the tax withheld. There is a separate table for each different recipient type and a summary table. Recipients are differentiated by organization type: individual, corporation, partnership, or other. The tables present partner-level information by country of residence of each partner.

TABLE 1: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Summary of All Recipient Types

| COUNTRY | NUMBER OF FORMS 8805 FILED | GROSS INCOME (OR LOSS) | TAX WITHHELD | SECTION 1445 CREDIT TOTAL | SECTION 1446 CREDIT TOTAL |
|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] |
| All countries....... | 32,432 | 347,954,233 | 118,359,364 | 8,241,657 | 110,117,707 |
| Argentina........... | 13 | 212,851 | 61,010 | - | 61,010 |
| Australia........... | 58 | 5,868,920 | 2,200,289 | - | 2,200,289 |
| Austria............. | 15 | 30,879 | 13,226 | 281 | 12,945 |
| Bahamas, The........ | 29 | 294,085 | 116,121 | - | 116,121 |
| Belgium............. | 82 | 6,214,911 | 2,066,389 | 538 | 2,065,851 |
| Bermuda............. | 22 | 5,017,870 | 5,298,186 | - | 5,298,186 |
| Brazil.............. | 16 | 172,239 | 78,912 | 4,382 | 74,530 |
| Canada.............. | 2,249 | 25,356,196 | 9,988,975 | 109,569 | 9,879,406 |
| Canary Islands...... | 30 | 655,360 | 193,593 | 12,636 | 180,957 |
| Cayman Islands...... | 23 | 481,831 | 164,411 | 714 | 163,697 |
| China, People's Rep. | 17 | 200,309 | 56,493 | - | 56,493 |
| Colombia............ | 80 | 476,306 | 224,751 | 160,040 | 64,711 |
| Comoros............. | 4 | 107 | 235 | - | 235 |
| Costa Rica.......... | 7 | 77,130 | 25,942 | - | 25,942 |
| Cyprus.............. | 22 | 3,090 | 936 | - | 936 |
| Denmark............. | 7 | 42,962 | 15,064 | - | 15,064 |
| Egypt.............. | 6 | 5,367 | 1,886 | - | 1,886 |
| Finland............. | 6 | - | - | - | - |
| France.............. | 352 | 12,285,391 | 4,152,052 | 20,954 | 4,131,098 |
| Germany,Dem Rep-East | 7 | 29,746 | 8,329 | - | 8,329 |
| Germany,Fed Rep-West | 25,278 | 144,696,380 | 43,599,878 | 5,529,532 | 38,070,346 |
| Greece.............. | 22 | 429,738 | 141,987 | 102 | 141,885 |
| Guatemala........... | 4 | 295 | 377 | 59 | 318 |
| Hong Kong........... | 69 | 2,525,783 | 851,213 | - | 851,213 |
| Ireland............. | 97 | 217,978 | 61,034 | - | 61,034 |
| Israel.............. | 40 | 485,246 | 177,730 | - | 177,730 |
| Italy............... | 18 | 579,348 | 188,624 | 26,592 | 162,032 |
| Japan............... | 585 | 33,391,249 | 11,641,967 | - | 11,641,967 |

TABLE 1: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Summary of All Recipient Types

| COUNTRY | NUMBER OF FORMS 8805 FILED | GROSS INCOME (OR LOSS) | TAX WITHHELD | SECTION 1445 CREDIT TOTAL | SECTION 1446 CREDIT TOTAL |
|---|---|---|---|---|---|
| | [1] | [2] | [3] | [4] | [5] |
| Jersey............. | 8 | 12,280,254 | 3,438,471 | - | 3,438,471 |
| Kuwait............. | 8 | 132,377 | 39,517 | - | 39,517 |
| Lebanon............. | 26 | 618,888 | 203,989 | 21,963 | 182,026 |
| Liberia............. | 7 | 121,886 | 42,531 | 0 | 42,531 |
| Liechtenstein....... | 61 | 478,765 | 172,302 | 1,480 | 170,822 |
| Luxembourg.......... | 6 | 45,663 | 21,023 | 6,286 | 14,737 |
| Mexico............. | 345 | 3,203,797 | 1,031,859 | 10,423 | 1,021,436 |
| Monaco............. | 13 | 89,032 | 25,314 | 0 | 25,314 |
| Netherlands......... | 652 | 10,316,802 | 3,957,101 | 50,488 | 3,906,613 |
| Netherlands Antilles | 99 | 3,175,661 | 1,225,665 | 340,391 | 885,273 |
| New Zealand......... | 220 | 5,220,961 | 1,629,345 | 0 | 1,629,345 |
| Nigeria............. | 3 | 2,255 | 1,535 | 0 | 1,535 |
| Niue............... | 3 | 14,580 | 4,957 | 0 | 4,957 |
| Norway............. | 18 | 750,425 | 295,527 | 41,519 | 254,009 |
| Panama............. | 44 | 951,599 | 353,346 | 51,118 | 302,229 |
| Peru............... | 45 | 413,923 | 162,865 | 110,735 | 52,130 |
| Philippines......... | 16 | 35,607 | 17,843 | 2,095 | 15,748 |
| Puerto Rico......... | 17 | 558 | 156 | 0 | 156 |
| Saudi Arabia........ | 54 | 1,729,182 | 498,219 | 447,751 | 50,468 |
| Singapore........... | 9 | 1,295,269 | 442,567 | 0 | 442,567 |
| South Africa........ | 16 | 47,953 | 13,898 | 127 | 13,771 |
| Sweden............. | 36 | 235,741 | 140,146 | 0 | 140,146 |
| Switzerland......... | 541 | 7,281,967 | 2,950,507 | 94,619 | 2,855,888 |
| Thailand............ | 8 | 0 | 19 | 0 | 19 |
| Taiwan............. | 43 | (137,347) | 36,164 | 193 | 35,971 |
| United Arab Emirates | 4 | 5,147 | 1,441 | 0 | 1,441 |
| United Kingdom ..... | 363 | 10,979,520 | 3,614,962 | 22,814 | 3,592,148 |
| Venezuela........... | 45 | 2,122,687 | 685,976 | 489,316 | 196,660 |
| Virgin Is (British). | 30 | 13,868,978 | 3,999,213 | 0 | 3,999,213 |
| Other countries..... | 534 | 32,920,537 | 12,023,293 | 684,938 | 11,338,355 |

TABLE 2: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Individual

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| All countries........ | 30,181 | 160,266,243 | 49,699,970 | 7,218,387 | 42,481,583 |
| Argentina............ | 11 | 212,851 | 61,010 | - | 61,010 |
| Australia............ | 33 | 2,316,582 | 669,991 | - | 669,991 |
| Austria.............. | 13 | 26,107 | 11,380 | 281 | 11,099 |
| Bahamas, The......... | 7 | 41,224 | 11,746 | - | 11,746 |
| Belgium.............. | 70 | 4,531,176 | 1,491,511 | 538 | 1,490,974 |
| Bermuda.............. | 7 | 421,511 | 122,531 | - | 122,531 |
| Brazil............... | 15 | 96,167 | 50,488 | 4,382 | 46,106 |
| Canada............... | 1,734 | 8,008,949 | 2,993,827 | 102,638 | 2,891,189 |
| Canary Islands....... | 29 | 655,360 | 193,593 | 12,636 | 180,957 |
| China, People's Rep.. | 16 | 104,559 | 29,379 | - | 29,379 |
| Colombia............. | 74 | 457,552 | 217,815 | 160,040 | 57,775 |
| Cyprus............... | 22 | 3,090 | 936 | - | 936 |
| Denmark.............. | 5 | 24,407 | 6,874 | - | 6,874 |
| Egypt................ | 6 | 5,367 | 1,886 | - | 1,886 |
| Ireland.............. | 87 | 217,978 | 61,034 | - | 61,034 |
| France............... | 316 | 5,911,216 | 1,886,679 | 20,954 | 1,865,725 |
| Germany, Dem Rep-East | 7 | 29,746 | 8,329 | - | 8,329 |
| Germany, Fed Rep-West | 24,897 | 110,814,197 | 33,087,658 | 5,492,960 | 27,594,698 |
| Greece............... | 21 | 257,295 | 72,988 | 102 | 72,886 |
| Hong Kong............ | 59 | 643,121 | 303,642 | - | 303,642 |
| Israel............... | 36 | 485,246 | 175,730 | - | 175,730 |
| Italy................ | 15 | 456,072 | 146,456 | 26,592 | 119,864 |
| Japan................ | 330 | 3,236,449 | 926,797 | - | 926,797 |
| Kuwait............... | 6 | 119,086 | 34,066 | - | 34,066 |
| Lebanon.............. | 26 | 618,888 | 203,989 | 21,963 | 182,026 |
| Liechtenstein........ | 9 | 110,823 | 33,698 | - | 33,698 |

TABLE 2: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Recipient Type: Individual

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| Luxembourg........... | 3 | 39,562 | 11,077 | 6,286 | 4,791 |
| Mexico............... | 334 | 2,852,383 | 906,416 | 10,423 | 895,993 |
| Monaco............... | 11 | 89,032 | 25,314 | - | 25,314 |
| Netherlands.......... | 476 | 1,256,637 | 470,322 | 50,007 | 420,315 |
| Netherlands Antilles. | 17 | 11,558 | 4,442 | 238 | 4,205 |
| New Zealand.......... | 211 | 741,855 | 259,399 | - | 259,399 |
| Nigeria.............. | 3 | 2,255 | 1,535 | - | 1,535 |
| Norway............... | 12 | 2,784 | 11,104 | 39 | 11,066 |
| Panama............... | 14 | 497,147 | 160,908 | 51,118 | 109,791 |
| Peru................. | 45 | 413,923 | 162,865 | 110,735 | 52,130 |
| Philippines.......... | 10 | 20,241 | 13,542 | 2,095 | 11,447 |
| Puerto Rico.......... | 16 | 558 | 156 | - | 156 |
| Saudi Arabia......... | 49 | 1,729,129 | 498,189 | 447,751 | 50,438 |
| Singapore............ | 5 | 12,331 | 5,448 | - | 5,448 |
| South Africa......... | 16 | 47,953 | 13,898 | 127 | 13,771 |
| Sweden............... | 28 | 226,509 | 122,847 | - | 122,847 |
| Switzerland.......... | 337 | 1,706,174 | 649,065 | 94,585 | 554,481 |
| Taiwan............... | 40 | (138,151) | 35,533 | - | 35,533 |
| Thailand............. | 8 | 0 | 19 | - | 19 |
| United Arab Emirates. | 4 | 5,147 | 1,441 | - | 1,441 |
| United Kingdom....... | 276 | 4,531,762 | 1,336,250 | 22,814 | 1,313,436 |
| Venezuela............ | 41 | 2,072,932 | 671,114 | 489,316 | 181,798 |
| Virgin Is (British).. | 8 | 3,141 | 882 | - | 882 |
| Other countries...... | 366 | 4,336,362 | 1,534,167 | 89,766 | 1,444,401 |



TABLE 3: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Corporation

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| All countries....... | 1,852 | 131,255,393 | 48,231,734 | 802,271 | 47,429,464 |
| Australia........... | 15 | 2,455,061 | 837,989 | - | 837,989 |
| Bahamas, The........ | 21 | 249,234 | 103,360 | - | 103,360 |
| Belgium............. | 11 | 1,679,438 | 573,607 | - | 573,607 |
| Bermuda............. | 14 | 981,359 | 375,656 | - | 375,656 |
| Canada.............. | 408 | 12,469,850 | 5,450,179 | 41 | 5,450,138 |
| Cayman Islands...... | 20 | 428,138 | 146,363 | - | 146,363 |
| Colombia............ | 6 | 18,754 | 6,936 | - | 6,936 |
| Costa Rica.......... | 5 | 64,465 | 21,918 | - | 21,918 |
| Ireland............. | 10 | - | - | - | - |
| Finland............. | 6 | - | - | - | - |
| France.............. | 34 | 6,371,354 | 2,264,583 | - | 2,264,583 |
| Germany,Fed Rep-West | 239 | 3,517,110 | 1,862,820 | - | 1,862,820 |
| Hong Kong........... | 10 | 1,882,662 | 547,571 | - | 547,571 |
| Italy............... | 3 | 123,276 | 42,168 | - | 42,168 |
| Japan............... | 249 | 30,134,139 | 10,709,386 | - | 10,709,386 |
| Jersey.............. | 3 | - | - | - | - |
| Liberia............. | 6 | 117,964 | 41,433 | - | 41,433 |
| Liechtenstein....... | 40 | 339,526 | 126,051 | 1,480 | 124,571 |
| Luxembourg.......... | 3 | 6,101 | 9,946 | - | 9,946 |
| Mexico.............. | 8 | 350,776 | 125,150 | - | 125,150 |
| Netherlands......... | 166 | 8,956,710 | 3,456,109 | 481 | 3,455,628 |
| Netherlands Antilles | 82 | 3,164,103 | 1,221,222 | 340,154 | 881,068 |
| New Zealand......... | 7 | 1,686,378 | 587,982 | - | 587,982 |
| Niue................ | 3 | 14,580 | 4,957 | - | 4,957 |
| Norway.............. | 6 | 747,641 | 284,423 | 41,480 | 242,943 |
| Panama.............. | 30 | 454,452 | 192,438 | - | 192,438 |

TABLE 3: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Recipient Type: Corporation

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| Singapore........... | 4 | 1,282,938 | 437,119 | - | 437,119 |
| Sweden.............. | 7 | 8,968 | 16,684 | - | 16,684 |
| Switzerland......... | 183 | 5,556,882 | 2,295,176 | - | 2,295,176 |
| United Kingdom...... | 73 | 6,394,045 | 2,261,419 | - | 2,261,419 |
| Virgin Is (British). | 12 | 13,865,838 | 3,998,332 | - | 3,998,332 |
| Other countries..... | 168 | 27,933,652 | 10,230,758 | 418,635 | 9,812,124 |

TABLE 4: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Partnership

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| All countries.......... | 245 | 27,437,931 | 7,970,326 | 13,869 | 7,956,457 |
| Canada................. | 83 | 4,401,354 | 1,265,530 | 0 | 1,265,530 |
| Germany, Fed Rep-West.. | 114 | 20,010,418 | 5,743,479 | 13,835 | 5,729,644 |
| Japan.................. | 6 | 20,660 | 5,785 | 0 | 5,785 |
| Liechtenstein.......... | 4 | 542 | 222 | 0 | 222 |
| Netherlands............ | 9 | 103,456 | 30,670 | 0 | 30,670 |
| Philippines............ | 5 | 15,366 | 4,301 | 0 | 4,301 |
| Switzerland............ | 7 | 17,643 | 5,146 | 34 | 5,112 |
| Other countries........ | 17 | 2,868,492 | 915,193 | 0 | 915,193 |

TABLE 5: 1989 Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Other

| COUNTRY | NUMBER OF FORMS 8805 FILED [1] | GROSS INCOME (OR LOSS) [2] | TAX WITHHELD [3] | SECTION 1445 CREDIT TOTAL [4] | SECTION 1446 CREDIT TOTAL [5] |
|---|---|---|---|---|---|
| All countries....... | 154 | 28,994,666 | 12,457,334 | 207,131 | 12,250,203 |
| Australia........... | 10 | 1,097,277 | 692,309 | 0 | 692,309 |
| Canada.............. | 24 | 476,043 | 279,439 | 6,890 | 272,549 |
| Comoros............. | 3 | 83 | 179 | 0 | 179 |
| Germany,Fed Rep-West | 28 | 10,354,655 | 2,905,920 | 22,737 | 2,883,183 |
| Jersey.............. | 5 | 12,280,254 | 3,438,471 | 0 | 3,438,471 |
| Liechtenstein....... | 8 | 27,874 | 12,331 | 0 | 12,331 |
| Mexico.............. | 3 | 639 | 293 | 0 | 293 |
| Saudi Arabia........ | 3 | 53 | 30 | 0 | 30 |
| Switzerland......... | 14 | 1,267 | 1,120 | 0 | 1,120 |
| Taiwan.............. | 3 | 804 | 631 | 193 | 438 |
| United Kingdom...... | 13 | 49,042 | 15,985 | 0 | 15,985 |
| Virgin Is (British). | 9 | - | - | 0 | 0 |
| Other countries..... | 31 | 4,706,674 | 5,110,627 | 177,311 | 4,933,316 |

# Section 13 Foreign Trusts

Contents



Trusts are arrangements in which titles to property are held by persons with fiduciary responsibilities to conserve or protect the property for the benefit of other persons. Foreign trusts are those trusts which exhibit certain characteristics such as being created and governed under the laws of a foreign government and having property and records maintained outside the United States. Foreign trusts which have U.S. persons as grantors, transferors, or beneficiaries are subject to U.S. tax laws. Information filed with the Internal Revenue Service under these laws was the basis of the data shown in this section of this compendium.

The article in this section includes a brief history of the foreign trust and information on foreign trust activity in 1986. This information was provided by the trusts on Forms 3520 and 3520-A. A copy of each form, titled below, has been reproduced in Section 15 of this compendium.

* Form 3520, Creation of, or Transfers to, Certain Foreign Trusts, and Instructions (p. 499)

* Form 3520-A, Annual Return of Foreign Trust with U.S. Beneficiaries, and Instructions (p. 501)

# Foreign Trusts, 1986

By James R. Hobbs*

U.S. "persons" transferred nearly $17 million in money and property to trusts located in 17 foreign countries in 1986 [1]. There were 255 transfers made during the year, which brings the average transfer value to $66,000.

A total of 411 foreign trusts had one or more U.S. beneficiaries during 1986 and had received transfers from U.S. persons during their existence. These foreign trusts had more than $94 million in total assets and received nearly $8 million in total income. Their $2.6 million of net income were included in the taxable income of their U.S. grantors or transferors.

## BACKGROUND

Trusts are fiduciary arrangements created by persons (the "grantors") who transfer their ownership of property to other persons (the "trustees") subject to an obligation to protect and use that property for the benefit of other persons (the "beneficiaries"). The property (or "corpus") can be real or personal, tangible or intangible. The arrangement can be an "inter vivos trust" created by a living grantor, or a "testamentary trust" created as the result of the grantor's will.

The fiduciary relationship of a trust requires substantial management by the trustee, including a duty to act solely in the interest of the beneficiary. The powers, duties, restrictions, and obligations of the trustee, as well as the rights of the beneficiary, are based on the provisions of the trust agreement and the laws of the jurisdiction in which the trust was created. The beneficiary has the right to benefit from the trust's property, usually through receipt of the income produced from investments made by the trustee, or from the distribution of the trust's property itself. Factors a grantor might consider in selecting a jurisdiction in which to create a trust include the political and economic stability of a country, available banking and trust facilities, applicable trust laws, and tax laws.

For a trust to exist, there must be a separation of its ownership interests by the trustee from its beneficial interests. As a result, one person cannot be the grantor, trustee, and sole beneficiary of a trust all at the same time. However, if this person is not a beneficiary or is only one of two or more beneficiaries, then there is a separation of interests between two parties and a valid trust arrangement exists. (Trusts can have multiple grantors, trustees, and beneficiaries [2].) Similarly, a trust can exist if one of several joint trustees is also the sole beneficiary. Here again, there are at least two parties with separate interests.

The creation of a trust may result in U.S. income taxation of the grantor, the transferor, the trust, and the beneficiary. Domestic trusts are taxed as U.S. citizens or residents, whereas foreign trusts are taxed as nonresidents. The next section discusses foreign trusts in greater detail.

## FOREIGN TRUSTS

Trusts are generally considered to be "foreign" if the fiduciary is a nonresident alien for U.S. tax purposes; if the property is transferred to the fiduciary, the property and records are maintained, and the trust instrument is executed outside the United States; and if the trust is created and governed under the laws of a foreign country. Foreign trusts that have U.S. persons as grantors, transferors, or beneficiaries are also subject to U.S. income taxation.

Section 1491 of the Internal Revenue Code imposes a 35 percent excise tax on certain transfers of property by a U.S. person to a foreign trust. The tax applies to transfers, including sales and exchanges, of appreciated property in which gain, under the tax code, is not realized by the transferor at the time of the transfer. To the extent that the U.S. person realizes a gain for income tax purposes at the time of the transfer (based on the excess of the "fair market value" of the property over its "adjusted basis"), the transfer is not subject to the excise tax.

When a U.S. person (grantor or transferor) directly or indirectly transfers property to a foreign trust with one or more U.S. beneficiaries, "grantor trust rules" apply. Under these rules, the person is treated for U.S. income tax purposes as the owner of the portion of the trust attributable to the transferred property. Furthermore, the person is currently taxed on all items of worldwide income (including capital gains) of the trust, whether distributed or accumulated, that are attributable to that property [3]. Section 679 of the Internal Revenue Code covers these grantor trust rules.. That section, however, excludes: (1) testamentary trusts; (2) property transferred to a trust in a sale or exchange when the transferor realizes the gain for tax purposes; and (3) certain stock bonus, pension, or profit-sharing trusts.

The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984 combined to make foreign

*Chief, Foreign Returns Analysis Section. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

persons (including foreign trusts) who sell or exchange U.S. real property liable for a U.S. income tax on the gain realized from the disposition. In general, after December 31, 1984, a transferee of such property is required to deduct from the seller's proceeds, and to withhold for tax purposes, 10 percent of the amount realized on the sale or exchange. This withholding tax may not necessarily equal the actual tax liability of the foreign person on the disposition of the property.

A U.S. beneficiary of a foreign trust is liable for U.S. tax on his or her share of the trust's distributions, subject to a ceiling called "distributable net income" (DNI). The beneficiary includes the distributions received in his or her gross income for the current taxable year. The DNI of a foreign trust is an amount calculated similarly to the way taxable (net) income is calculated, but with certain adjustments. Among these adjustments is the provision to include foreign source income [4].

A foreign trust that does not actually distribute to its beneficiaries all its DNI in a taxable year has "undistributed net income." If, in a subsequent year, a non-grantor foreign trust distributes to its U.S. beneficiaries amounts in excess of the DNI for that year, then the excess amount is treated as an "accumulation distribution" and is taxed to those beneficiaries under "throwback" rules, described in the next paragraph. In addition, interest is charged on the tax deferral resulting from the accumulation of income.

The throwback rules are designed to tax beneficiaries on accumulation distributions at a rate equal to the rate that would have been paid had the income been distributed in the year it was earned by the trust. Beneficiaries are taxed on accumulation distributions in the year they are received. The beneficiaries' tax liability for the prior taxable year(s) in which the trust had undistributed net income is not changed.

A 6-percent simple interest charge per year is imposed on the beneficiary's tax on accumulated distributions from foreign trusts computed under the throwback rules. (This interest charge is not tax deductible.) For purposes of this interest charge, the accumulated distributions do not include foreign trust income for which a grantor had paid U.S. tax on that income. The interest charge is based on the length of time the tax has been deferred because of the trust's accumulation of income. In effect, the interest charge increases the effective income tax rate placed on accumulated distributions of foreign trusts. The total tax and interest charge is limited by the amount of the actual accumulation distribution [5].

## FILING CHARACTERISTICS OF FORMS 3520

Form 3520, Creation of or Transfers to Certain Foreign Trusts, is required to be filed by any U.S. grantor, transferor, or fiduciary who created a foreign trust or transferred money or property into an existing foreign trust [6]. This form requires information about the trust and its beneficiaries. It is due within 90 days after the creation of, or transfer of any money or property to, the foreign trust.

During 1986, as already mentioned, U.S. persons transferred $16.9 million in money and property to 255 foreign trusts, for an average transfer value per trust of $66,000. By comparison, in 1982 (the most recent prior year for which data are available), the value of transfers was $11.3 million, and the number of trusts receiving transfers was 342 [7]. As a result, the average transfer value doubled from $33,000 during the 4-year period.

Most U.S. persons filing Forms 3520 have been grantors. In both 1982 and 1986, grantors accounted for about three-fourths of all filers. Transferors made up most of the remaining filers, with fiduciaries accounting for a very small percentage. Figure A shows the types of filers by percentage.

**Figure A.—Forms 3520: Types of Filers, by Percentage, 1982 and 1986**

| Types of filers | 1982 | 1986 |
|---|---|---|
| All filers | 100% | 100% |
| Grantors | 78 | 72 |
| Transferors | 19 | 27 |
| Fiduciaries | 2 | 1 |

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

Figure B shows the six countries where nearly 90 percent of the foreign trusts were located for 1986. These trusts, in turn, accounted for 60 percent of the total amount of transfers. A small number of trusts created in the Bahamas (not shown separately) accounted for most of the transfers for the "other countries."

**Figure B.—Forms 3520: Number of Trusts, Total and Average Transfer Values, by Country Where the Trust was Created, 1986**

[Money amounts are in thousands of U.S. dollars]

| Country | Number of trusts | Total transfer value | Average transfer value per trust |
|---|---|---|---|
| | (1) | (2) | (3) |
| All countries | 255 | $16,892 | $ 66 |
| Canada | 127 | 1,396 | 11 |
| Cayman Islands | 43 | 2,885 | 67 |
| Channel Islands | 23 | 3,195 | 139 |
| Switzerland | 13 | 445 | 34 |
| Bermuda | 12 | 1,733 | 144 |
| Liechtenstein | 9 | 506 | 56 |
| Other countries | 28 | 6,732 | 240 |

With the exception of Canada, all the countries listed in Figure B, plus the Bahamas, British Virgin Islands, Gibraltar, and Hong Kong which are included in "other countries," are considered to be "tax haven countries" (described in the next paragraph) [8]. Together these tax havens accounted for nearly $15 million, or 89 percent, of the total transfers to foreign trusts by U.S. persons.

Tax haven countries generally have tax and secrecy laws favorable to foreign persons. They attract foreign investment by having no income tax or by offering low income tax rates. Some collect certain fees instead of income taxes. Tax havens also offer bank or commercial secrecy laws that prevent foreign governments from obtaining financial information about persons transacting business in their country.

Cash ($12.9 million) and corporate stocks ($1.2 million) made up nearly 84 percent of the total transfers to foreign trusts. Other types of transferred property reported on Forms 3520 included municipal bonds and partnership interests.

"Registered Retirement Savings Plans" received $1.2 million of transfers by U.S. persons to foreign trusts. These 123 Canadian retirement plans were treated for Canadian income tax purposes in a manner similar to the "Individual Retirement Arrangements" used by U.S. taxpayers to defer taxation on current income set aside for retirement purposes. Although the Registered Retirement Savings Plans accounted for nearly half of the total foreign trusts, they had a low average transfer value ($9,600). There were two fundamental reasons for this low average. First, these savings plans were generally set up by individuals who transferred funds for the purpose of deferring relatively small amounts of Canadian taxes. Secondly, Canada limited the amount of income on which tax could be deferred.

Most of the foreign trusts that received transfers from U.S. persons in 1986 were created recently. In fact, 230 of them had been created since 1980. Fifty-five were created in 1986 and 103 others in 1985. However, a few foreign trusts were created as far back as the early 1960's.

More than half (145) of the 255 foreign trusts reported on Forms 3520 that they had only one beneficiary; 73 other trusts had between two and four beneficiaries each. The remaining trusts either had five or more beneficiaries (18) or failed to report any information on their beneficiaries (19).

A total of 488 beneficiaries (who were the ultimate recipients of the trust funds) was reported on the Forms 3520, of which 254 were U.S. residents. Persons who resided in Canada (122) and the United Kingdom (45) also were frequent beneficiaries of trusts. Also reported were beneficiaries who resided in France, Israel, New Zealand, West Germany, and the Philippines.

## FILING CHARACTERISTICS OF FORMS 3520-A



Any U.S. person who directly or indirectly transferred property to a foreign trust (other than an employee's trust or an annuity plan) with one or more U.S. beneficiaries, was considered for U.S. tax purposes to be the owner of the part of the trust that was attributable to the transferred property. Once the transfer had been made, the person was thereafter required to file Form 3520-A, Annual Return of Foreign Trust with U.S. Beneficiaries, for as long as the trust had at least one U.S. beneficiary [9]. This return, which was required to be filed within 3 and one-half months after the end of the tax year of the grantor or transferor, contained balance sheet and profit-and-loss information for the trust.

Figure C shows income statement and end-of-year balance sheet data for the 411 foreign trusts reported on Forms 3520-A. (Tables 1 and 2, at the end of the article, show these data by selected countries in which the trusts were created.) Their total assets of $94.5 million were more than double the $45.2 million of assets reported for 393 foreign trusts for 1982. Average total assets per trust doubled, from $115,000 for 1982 to $230,000 for 1986.

**Figure C.—Forms 3520-A: Income Statement and Balance Sheet Items, 1986**

[Money amounts are in thousands of U.S. dollars]

| Item | Number or amount |
|---|---|
| Number of returns | 411 |
| Total income | $7,872 |
| Dividends | 1,526 |
| Interest | 3,195 |
| Net gain (less loss), sales of capital assets | 2,491 |
| Other income (less loss) | 661 |
| Total expenses | 5,264 |
| Net income (less deficit) | 2,608 |
| Net income | 4,273 |
| Total assets | 94,456 |
| Cash | 13,273 |
| Government obligations | 5,502 |
| Non-government obligations | 15,366 |
| Corporate stock | 27,334 |
| Other investments | 12,543 |
| Depreciable assets (net) | 13,471 |
| Other assets | 6,967 |
| Total liabilities | 37,339 |
| Net worth | 57,117 |

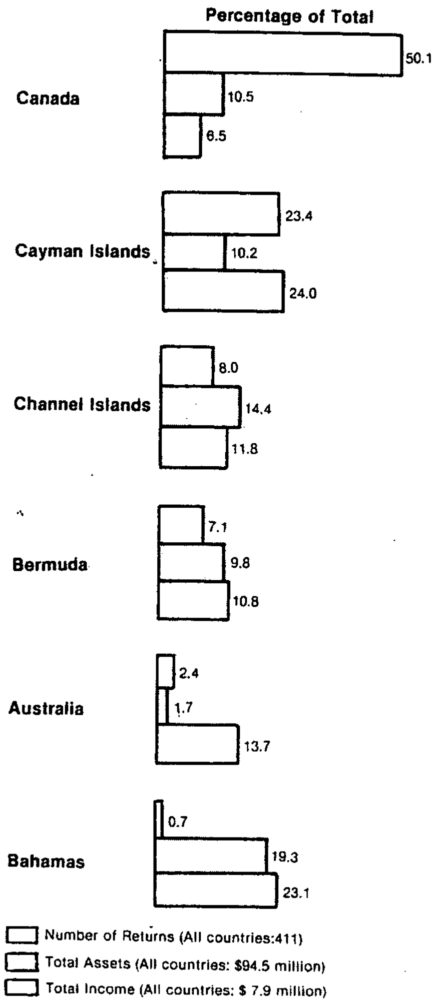
NOTE: Detail may not add to totals because of rounding.

The income statement data shown in Figure C generally represent the share attributable to the U.S. grantor or transferor of the foreign trust (see the Data Sources and Limitations section of this article). The allocable amount was based on the portion of the trust's assets attributable to property transferred by the U.S. person [10].

Most of the income allocable to U.S. grantors and transferors from foreign trusts was investment-related, including interest, dividends, and capital gains. After deducting expenses, net income (less deficit) of $2.6 million was reported for all the trusts — an average of $6,300 of net income per trust. These amounts of net income (and losses) were included in the taxable income of the U.S. grantors and transferors [11].

Figure D presents selected data items for trusts by selected foreign countries in which the trusts were created.

Figure D
**Forms 3520-A: Selected Foreign Trust Items, by Country Where Trust was Created, 1986**




Only those countries that had trusts accounting for 10 percent or more of the total for all trusts for at least one of the three items shown are included in this figure.

As was the case with Forms 3520, Canadian trusts accounted for half of all Forms 3520-A filed annually. These trusts had relatively small amounts of assets and income, in addition to their low transfer values previously discussed. Of the 206 Canadian trusts, 175 were Registered Retirement Savings Plans.

Trusts in tax haven countries accounted for most of the assets and income reported for all the trusts. In fact, trusts in these countries had 82 percent of the total assets and 84 percent of the total income reported for all the foreign trusts in 1986, while accounting for only 45 percent of the Forms 3520-A filed that year. In addition to the four tax haven countries shown in Figure D, trusts created in the following tax havens are also included in the totals for 1986: British Virgin Islands, Gibraltar, Liechtenstein, Netherlands Antilles, and Switzerland.

There were 15 large trusts in 1986, each having a net worth of $1 million or more. (Net worth is the difference between total assets and total liabilities.) However, these few trusts accounted for 39 percent of the assets and 33 percent of the total income for all foreign trusts (see Figure E). All but one of these large trusts were created in the tax haven countries.

**Figure E.—Forms 3520-A: Income Statement and Balance Sheet Items, for All Foreign Trusts and Trusts with Net Worth of $1 Million or More, 1986**

[Money amounts are in thousands of U.S. dollars]

| Item | All trusts | Trusts with net worth of $1 million or more | Percentage of total |
|---|---|---|---|
| | (1) | (2) | (3) |
| Number of returns | 411 | 15 | 3.6% |
| Total income | $ 7,872 | $ 2,606 | 33.1 |
| Dividends | 1,526 | 304 | 19.9 |
| Interest | 3,195 | 608 | 19.0 |
| Net gain (less loss), sales of capital assets | 2,491 | 1,694 | 68.0 |
| Other income (less loss) | 661 | - | - |
| Total expenses | 5,264 | 1,338 | 25.4 |
| Net income (less deficit) | 2,608 | 1,268 | 48.6 |
| Net income | 4,273 | 2,247 | 52.6 |
| Total assets | 94,456 | 36,763 | 38.9 |
| Cash | 13,273 | 4,712 | 35.5 |
| Government obligations | 5,502 | 2,472 | 44.9 |
| Non-government obligations | 15,366 | 1,518 | 9.9 |
| Corporate stock | 27,334 | 17,848 | 65.3 |
| Other investments | 12,543 | 4,919 | 39.2 |
| Depreciable assets (net) | 13,471 | 4,770 | 35.4 |
| Other assets | 6,967 | 524 | 7.5 |
| Total liabilities | 37,339 | 2,160 | 5.8 |
| Net worth | 57,117 | 34,603 | 60.6 |

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

Although 62 percent of the foreign trusts that filed annual returns for 1986 had been created since 1980, this was substantially less than the 90 percent (230 out of 255) figure for those filing Forms 3520. The different filing requirements for the forms account for this difference. Forms 3520 were required to be filed within 90 days after a transfer to a foreign trust. Forms 3520-A were required to be filed annually after a transfer to a foreign trust, as long as the trust continued to have at least one U.S. beneficiary. Thus, these forms were often filed for many years. In fact, the 1986 study contained several Forms 3520-A for trusts created in the mid-1950's.

For 1986, grantors filed more than 90 percent of all Forms 3520-A, compared with 72 percent for Forms 3520 (see Figure A, presented earlier). Transferors made up the rest of the filers of the annual returns.

Most (246) of the foreign trusts reported on the annual returns for 1986 as having only one U.S. beneficiary. Another 110 trusts had between two and four U.S. beneficiaries each. The remaining trusts either had five or more U.S. beneficiaries (30) or failed to report any information on their beneficiaries (25). For the 386 foreign trusts which reported beneficiary information, there was a total of 753 U.S. beneficiaries.

## SUMMARY

Tax haven countries played a large role in foreign trust activity for 1986. Trusts in these countries accounted for nearly $15 million, or 89 percent, of the transfers by U.S. persons to all foreign trusts. Similarly, annual returns for trusts in these countries accounted for the majority of assets (82 percent) and total income (84 percent) reported for all the foreign trusts.

Canadian trusts, primarily Registered Retirement Savings Plans, made up approximately half of the total foreign trusts for which returns were filed for 1986. However, their aggregate financial values were comparatively small. They accounted for only 8 percent of the value of transfers, and on the annual returns, for only 10 and 7 percent of total assets and income, respectively, for all the foreign trusts.

## DATA SOURCES AND LIMITATIONS

The statistics for 1986 presented in this article were based on all Forms 3520 and 3520-A filed at the Internal Revenue Service's Philadelphia Service Center between January 1 and December 31, 1986. Because all these returns were used for the statistics, the data are not subject to sampling error.

In the case of multiple transfers by the same U.S. person to the same foreign trust, a single Form 3520 could have been used to combine all the transfers made during a 90-day period. The form would have to include separate information on each of the transfers. Subsequent transfers were reported on separate Forms 3520, subject to the same 90-day rule.



Because Forms 3520 and 3520-A are information returns, taxpayer reporting is occasionally incomplete. This problem occurred most frequently with Part I, Foreign Trust Income Statement, of Form 3520-A, which shows the income and expense items of the trust and the amount of each apportioned to the U.S. grantor or transferor. In most cases the grantor or transferor portion was used for these statistics. When only the income and expense information for the entire trust was reported, however, the full amounts were used for the statistics.

Because the filing requirements of Forms 3520 and 3520-A were somewhat different, an exact match of forms in the 1986 studies could not be expected. For instance, the filing requirements for Forms 3520-A included the condition of one or more U.S. beneficiaries, while Forms 3520 had no such requirement. On the other hand, Forms 3520 were required to be filed only when a transfer had been recently made, while part of the filing requirements for Forms 3520-A specified the occurrence of a transfer at any time since the trust had been created [12]. As a result of these filing requirement differences, only 76 of the 411 Forms 3520-A indicated that Forms 3520 were also filed for the given trust in 1986.

## EXPLANATION OF SELECTED TERMS

**Beneficiary.** — For purposes of this article, a person who receives, will receive, or may receive money or property at any time from a foreign trust. This is the person for whose benefit a trust was created.

**Fiduciary.** — Any person who is a trustee, or a character similar to a trustee, and has the duty to act in good faith for the benefit of another person.

**Grantor.** — Any U.S. person who created, or was treated for tax purposes as the owner of, any portion of a foreign trust.

**Transferor.** — Any U.S. person other than the grantor or fiduciary who directly or indirectly transfers money or property to, or for the benefit of, a foreign trust. The term does not refer to a person who transfers money or property in accordance with a sale or exchange that was made for full compensation.

## NOTES AND REFERENCES

[1] The term "U.S. person" includes individuals, corporations, partnerships, trusts, and estates. Individuals include U.S. citizens and residents.

[2] Except where otherwise specifically noted, this article uses the singular form of grantor, trustee, or beneficiary. However, for any given trust, any of these may actually be multiple entities.

[3] A nonresident alien, i.e., a non-U.S. person, who establishes a foreign trust with a U.S. beneficiary and retains grantor trust powers, is subject to U.S. income tax only on U.S. source, fixed or determinable income (e.g., interest, dividends, rents, and royalties) and income "effectively connected" with the conduct of a U.S. trade or business.

[4] Section 643 of the Internal Revenue Code specifies the computation of distributable net income.

[5] The Tax Reform Act of 1986 contained several provisions specifically affecting U.S. income taxation of trusts and their related parties. First, in general, tax rates on U.S. taxable income of trusts, grantors and beneficiaries were reduced. Second, trusts were required to make estimated tax payments much as individuals were. The last major provision of the Act related to trusts was that they adopt the calendar year as their taxable year. In general, these provisions were effective for taxable years beginning in 1987.

[6] Section 16.3-1(d)(4) of the Internal Revenue Regulations exempts from these filing requirements payments to foreign trusts for employees.

[7] Foreign trust studies are currently conducted once every 4 years, i.e., 1982, 1986, 1990, etc.

[8] For a complete list of tax haven countries, see Senate Report 99-130, *Crime and Secrecy: The Use of Offshore Banks and Companies*, Report by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, U.S. Senate, August 28, 1985.

[9] The following types of transfers do not require the filing of a Form 3520-A: (1) transfers made as the result of the death of the transferor; (2) transfers made on or before May 21, 1974; and (3) any sale or exchange of property at fair market value in which the entire gain to the transferor is realized at the time of the sale, or is returned under the Internal Revenue Code section 453 installment method.

[10] The balance sheet information shown in Table 2 represents the total amounts for foreign trusts. Unlike the income statement data, the amounts do not represent only the share attributable to U.S. grantors and transferors.

[11] See the income reported from "estates and trusts" in *Statistics of Income — Individual Income Tax Returns*, Internal Revenue Service, U.S. Department of the Treasury.

[12] Forms 3520-A were filed by U.S. persons who directly or indirectly transferred property to foreign trusts with one or more U.S. beneficiaries. In the case of two transferors or grantors who did not file joint U.S. income tax returns but did transfer property to the same trust, two Forms 3520-A would have been filed for that trust. To this extent, the 411 Forms 3520-A shown in the data would not actually represent 411 different foreign trusts.



**Table 1.—Forms 3520-A: Income Statement Items, by Selected Country Where the Trust was Created**

[Money amounts are in thousands of U.S. dollars]

| Country where trust was created | Number of returns | Income: Total | Income: Dividends | Income: Interest | Income: Net gain (less loss), sales of capital assets | Income: Other income (less loss) | Total expenses | Net income (less deficit) |
|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| All countries | 411 | 7,872 | 1,526 | 3,195 | 2,491 | 661 | 5,264 | 2,608 |
| Canada | 206 | 515 | 8 | 95 | 3 | 408 | 496 | 18 |
| Cayman Islands | 96 | 1,888 | (1) | 222 | 1,689 | -22 | 380 | 1,509 |
| Channel Islands | 33 | 930 | 6 | 909 | 17 | -3 | 638 | 292 |
| Bermuda | 29 | 846 | 117 | 169 | 520 | 41 | 42 | 805 |
| Australia | 10 | 1,078 | 1,027 | 46 | 7 | -2 | 959 | 119 |
| British Virgin Islands | 8 | (1) | - | (1) | - | - | 407 | -407 |
| Liechtenstein | 7 | 216 | - | 208 | 8 | - | 29 | 187 |
| Gibraltar | 5 | 517 | 330 | 187 | - | - | 67 | 450 |
| Bahamas | 3 | 1,821 | - | 1,335 | 247 | 240 | 1,245 | 576 |
| Switzerland | 3 | 16 | 3 | 13 | - | (1) | 13 | 3 |
| United Kingdom | 3 | 35 | 35 | 1 | - | - | 982 | -946 |

[1] Less than $500.

NOTE: Detail may not add to totals because of rounding. Data for certain countries are not shown to avoid disclosure of information about specific trusts. The data shown in this table generally represent the share attributable to the U.S. grantors or transferors of the foreign trusts. (See the Data Sources and Limitations section of this article.)

**Table 2.—Forms 3520-A: Balance Sheet Items, by Selected Country Where the Trust was Created**

[Money amounts are in thousands of U.S. dollars]

| Country where trust was created | Number of returns | Assets: Total | Assets: Cash | Assets: Government obligations | Assets: Non-government obligations | Assets: Corporate stock | Assets: Other investments | Assets: Depreciable assets (net) | Assets: Other assets | Total liabilities | Net worth |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| All countries | 411 | 94,456 | 13,273 | 5,502 | 15,366 | 27,334 | 12,543 | 13,471 | 6,967 | 37,339 | 57,117 |
| Canada | 206 | 9,900 | 1,191 | - | 109 | 51 | 136 | 8,006 | 407 | 8,439 | 1,461 |
| Cayman Islands | 96 | 9,675 | 1,490 | 4 | - | 5,451 | 1,711 | 223 | 797 | 3,358 | 6,317 |
| Channel Islands | 33 | 13,580 | 3,718 | 1,343 | - | 1,373 | 2,885 | 453 | 3,808 | 4,265 | 9,315 |
| Bermuda | 29 | 9,239 | 1,134 | 1,862 | - | 1,864 | 4,269 | - | 110 | 403 | 8,837 |
| Australia | 10 | 1,585 | 254 | - | - | 271 | 275 | 19 | 766 | 766 | 819 |
| British Virgin Islands | 8 | 5,846 | 83 | - | - | 5,430 | 125 | - | 208 | 5,046 | 799 |
| Liechtenstein | 7 | 3,630 | 1,257 | - | 1,518 | - | 200 | - | 655 | 327 | 3,303 |
| Gibraltar | 5 | 3,687 | 2,425 | 1,261 | - | 1 | - | - | - | - | 3,687 |
| Bahamas | 3 | 18,239 | 1,642 | 1,000 | 13,682 | - | 1,705 | - | 209 | 14,584 | 3,655 |
| Switzerland | 3 | 926 | 2 | - | 56 | - | 866 | - | 2 | 52 | 874 |
| United Kingdom | 3 | 5,124 | 20 | 33 | - | - | 299 | 4,770 | 2 | 2 | 5,122 |

NOTE: Detail may not add to totals because of rounding. Data for certain countries are not shown to avoid disclosure of information about specific trusts.

# Section 14 Nonresident Alien Estates

Contents



The estates of nonresident aliens, who have property in the United States at the time of death, are subject to U.S. estate taxation. A nonresident alien decedent is an individual who was neither a citizen nor resident of the United States at the time of death. The tax imposed on the estate was a graduated tax, with rates ranging from 6 percent for property valued under $100,000 to 30 percent for property valued in excess of $2,000,000. The estate could reduce its final estate tax liability through certain deductions and credits.

The paper included in this section describes some of the characteristics of the nonresident alien estates and some of the differences between those estates and the estates of U.S. citizens and aliens domiciled in the United States at time of death. The paper also details some of the available deductions and credits for the estates of nonresident aliens.

All of the data are based on information from Forms 706NA, filed for nonresident aliens with dates of death in 1986. A copy of this form, titled below, has been reproduced in Section 15 of this compendium.

* Form 706NA, United States Estate Tax Return, and Instructions (p. 433)

# Nonresident Alien Estates, 1986

By DeWitt Long

The United States imposes an estate tax based on the portion of the estate of a nonresident alien that is located within the United States. Total gross U.S. estate of $62.0 million and total U.S. estate tax after credits of $6.5 million was reported for the estates of nonresident aliens who died during 1986.

## TAXATION OF THE ESTATES OF NONRESIDENT ALIENS

The United States imposes an estate tax on the estates of nonresident aliens. A nonresident alien is an individual who is not a citizen or resident of the United States at the time of the individual's death. For estate tax purposes, residency is equated with domicile, i.e., the individual's permanent home [1]. For a place to qualify as a decedent's domicile, the decedent prior to death must have been physically present there. Further, the decedent must have had no present intent to move from the place. The determination of a decedent's domicile involves an examination of the totality of the decedent's lifestyle to see whether it was centered in the United States or some other place. Among the factors considered are the location of the decedent's family, friends, and religious and social affiliations; the size, cost and location of the decedent's personal residence; the location and the type of business the decedent was engaged in; and the duration and purpose of any time that the decedent spent in the United States [2]. In addition to these factors, the decedent's immigration status is usually considered, although this factor alone is not determinative [3]. Also, the provisions of an applicable estate tax treaty with another country may affect the determination of estate tax residency [4].

In general, the estate of a nonresident alien decedent is taxed on that portion of the alien's gross estate located in the United States [5]. Gross U.S. estate is that part of the nonresident alien's gross estate (determined under Code section 2031) that is located in the United States at the time of the nonresident alien's death, and generally includes all the nonresident alien's property [6]. The location of property is determined under several general and specific situs rules. Both real property and tangible personal property are sited to the physical location of the property. For example, real estate located in the United States owned by the nonresident alien is included in the decedent's gross U.S. estate, but real estate located outside the Unites States is not. Intangible property, such as a patent or a copyright, is sited to the location of the person who issues the intangible or against whom the rights to the intangible can be enforced [7]. An interest in a trust or estate is generally sited to the location of the underlying assets [8].

In addition to the general situs rules, the Internal Revenue Code contains special rules for determining the location of particular types of property. Under Code section 2104, property within the United States includes stock issued by a U.S. corporation [9]. Also, U.S. property includes any property that was transferred by the decedent in a way that would require inclusion of the property in the decedent's gross estate under the provisions of Code sections 2035, 2036, 2037 and 2038, provided that the property was located in the United States at either the time of transfer or the time of the decedent's death [10]. In addition, property within the United States includes the debt obligations of a U.S. person or governmental entity, and deposits in a U.S. branch of a foreign commercial bank [11,12].

Code section 2105 enumerates certain types of property owned by a nonresident alien decedent considered to be located outside the United States. Property located outside the United States includes proceeds payable under an insurance policy on the life of the decedent, certain types of debt obligations, and works of art on loan for exhibition to a public gallery or museum at the time of the decedent's death [13,14].

The U.S. estate tax is imposed on the decedent's taxable estate. Taxable estate is determined by reducing the nonresident alien's gross U.S. estate by any allowable deductions [15]. Several types of deductions are allowed to the estates of nonresident aliens. The estate may deduct the same expenses allowed estates of U.S. citizens and residents under Code sections 2053 and 2054.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

Deductible expenses allowed under Code section 2053 include funeral expenses, administration expenses, claims against the estate, and indebtedness on property (where the total value of the property is included in gross estate). To be deductible, these expenses must be allowed to the estate under the law of the jurisdiction where the estate is administered [16]. Under Code section 2054, the estate can deduct losses incurred during the settlement of the estate from casualty or theft. In computing the allowable deduction for expenses under Code sections 2053 and 2054, the estate must limit the deduction to the ratio that gross U.S. estate bears to gross worldwide estate [17].

In addition to the deduction for expenses under Code sections 2053 and 2054, the estate of a nonresident alien was allowed a deduction for charitable transfers under Code section 2106(a)(2). The estate can deduct contributions made to public entities or to qualifying U.S. organizations, that meet the tax-exempt requirements of Code section 501(c)(3). Also, in certain cases, a nonresident alien's estate was allowed a deduction for certain transfers of property to the alien's spouse [18].

**Figure A.--U.S. Estate Tax Schedule for Nonresident Aliens, 1986**

| Amount on which tax is computed | Amount of tax |
|---|---|
| $100,000 or less.............. | 6 percent of amount |
| Over $100,000 to $500,000.............. | $6,000 plus 12 percent of excess over $100,000 |
| Over $500,000 to $1,000,000.............. | $54,000 plus 18 percent of excess over $500,000 |
| Over $1,000,000 to $2,000,000.............. | $144,000 plus 24 percent of excess over $1,000,000 |
| Over $2,000,000.............. | $384,000 plus 30 percent of excess over $2,000,000 |

While the estate tax is imposed on the decedent's taxable estate, the amount of the estate tax is determined by calculating the amount of tax on the sum of the decedent's taxable estate and "adjusted taxable gifts" minus the amount of estate tax on adjusted taxable gifts [19]. The tax rates, which appear in Figure A, are progressive, ranging from 6 percent on amounts less than $100,000 to 30 percent on amounts in excess of $2 million.

The estate of a nonresident alien could reduce its estate tax by claiming several credits. First, the estate could claim a "unified credit" of up to $3,600. This credit served to effectively exempt estates from the U.S. estate tax if the taxable estate was less than $60,000 [20]. Also, the nonresident alien's estate could claim those credits allowed the estates of U.S. citizens and residents under Code sections 2011, 2012, and 2013. Code section 2011 allows a limited credit for State death taxes paid. State death taxes include any estate, inheritance, legacy, or succession tax paid to any State or the District of Columbia on property that was included in gross U.S. estate [21]. Code section 2012 allows a limited credit for taxes paid on gifts when the value of the gifts must be included in gross U.S. estate [22]. Code section 2013 allows a limited credit for taxes on prior transfers, that is, for the Federal estate tax paid on the transfer of property to the decedent by another person who died within 10 years before or 2 years after the decedent.

## ESTATE TAXATION OF U.S. CITIZENS AND RESIDENTS AND NONRESIDENT ALIENS

Several major differences exist between the taxation of the estates of nonresident aliens and the estates of citizens and residents of the United States. First, the estate of a U.S. citizen or resident is taxed on its worldwide property, whereas the estate of a nonresident alien is taxed, in general, only on that property located within the United States at the time of death [23].

A second major difference relates to the rate of tax imposed on the estate. The estate of a U.S. citizen or resident is taxed under the rates contained in Code section 2001(c). These rates range from 18 percent for taxable estates of less than $10,000 to 55 percent for taxable estates over $3 million. However, the estates of nonresident aliens who died in 1986 are subject to significantly lower estate tax rates under Code section 2101(d) [24].

Two significant differences exist with respect to deductions. The estate of a U.S. citizen or resident is entitled to a marital deduction for all property transferred to the surviving spouse [25]. The estate of a nonresident alien who died in 1986 is generally not entitled to a marital deduction, except as provided for in several estate tax treaties. Also, the estate of a U.S. citizen or resident can deduct virtually all charitable contributions, whereas the estate of a nonresident alien can only deduct certain contributions [26].

A final difference involves allowable credits. The estate of a U.S. citizen or resident is entitled to a unified credit of $192,800. This credit effectively exempts from tax a taxable estate with less than $600,000 of assets [27]. As previously mentioned, the estate of nonresident aliens who died in 1986 is entitled to a unified credit of $3,600, which effectively exempts estates from estate taxation if taxable estate is less than $60,000. Also, the credits for State death taxes, gift taxes, and taxes on prior transfers allowed to the estates of nonresident aliens are subject to special limitations [28].

## DATA ANALYSIS

Estate tax returns were filed for the estates of 161 nonresident alien decedents who died during 1986. Total gross U.S. estate of $62,017,417 was reported for these decedents. The average gross U.S. estate was $385,201, an increase of 38.1 percent from 1982, the last previous year for which data are available.

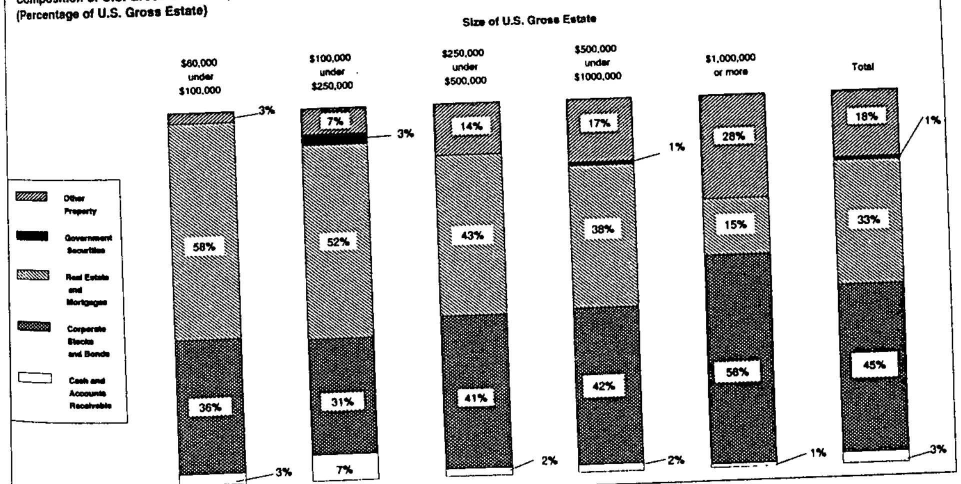
Of the 161 returns filed, 89 returns showed the foreign component of gross estate, 55.3 percent of the total number of returns. Gross foreign estate had to be reported only if deductions attributable to gross worldwide estate were allocated to gross U.S. estate. These 89 returns showed total gross U.S. estate of $41,390,447 and total gross worldwide estate of $218,983,544. Total gross foreign estate was thus $177,593,097, which was 76.0 percent greater than 1982 [29].

Stocks and bonds, and real estate and mortgages, constituted the largest categories of property in gross U.S. estate. Together these two categories comprised 78.2 percent of total U.S. property reported. The total value of corporate stocks and bonds reported for the estates of nonresident aliens was $27,770,401. This amount was a 34.4 percent increase over 1982. Real estate and mortgages equaled $20,709,960, up 4.1 percent from 1982. However, the greatest increase was for "other property," which was reported as $11,418,566, nearly triple the amount reported for 1982 [30].



As indicated in Figure B, the relative composition of U.S. assets changed with the size of gross estate. In general, the larger the estate, the greater the proportion of stocks and bonds and other property, and the smaller the proportion of real estate and mortgages. With respect to the smallest estates (i.e., those with assets between $60,000 and $100,000), real estate constituted 58.2 percent of U.S. assets, stocks and bonds, 35.6 percent, and other property, 3.0 percent. For the largest estates (i.e., those with assets of $1 million or more), real estate was only 14.8 percent of U.S. property, whereas stocks and bonds constituted 55.7 percent, and other property, 28.1 percent. With respect to individual countries, the largest number of returns were filed for the estates of Canadian decedents. Estate tax returns were filed for the estates of 51 Canadian decedents. These returns comprised nearly one-third of the total number of returns filed. However, many of these returns were filed for relatively small estates. The average gross U.S. estate for returns of Canadian decedents was only $219,506. Furthermore, these returns accounted for only 18.1 percent of the total U.S. property reported for nonresident alien estates. United Kingdom (U.K.) decedents also had relatively small estates. Although 7.5 percent of the returns were filed for the estates of U.K. decedents, the average estate size was only $180,647. U.K. returns accounted for only 3.5 percent of the total U.S. property. On the other hand, the estates of West German and Venezuelan decedents

Figure B.
Composition of U.S. Gross Estates by Size of Estates
(Percentage of U.S. Gross Estate)



were substantially larger than average. About 6.8 percent of the returns were filed for the estates of West German decedents. These estates had an average size of $659,718 and accounted for nearly 11.7 percent of total U.S. property. In addition, although only 5.0 percent of the returns were filed for the estates of Venezuelan decedents, these estates had an average size of $1,740,669 and accounted for 22.5 percent of total U.S. property. However, if the returns filed for the few wealthiest decedents are excluded, the average estate size of Venezuelan decedents was substantially lower.

Expenses of $21,071,425 were reported for the estates of nonresident aliens. This amount was about $4 million less than 1982. Of this total, $6,119,675 were deducted from gross U.S. estate [31]. The combined amount for charitable and marital deductions was $1,889,995, an increase of 746.8 percent from 1982. This increase appeared to be mainly due to the marital deduction. Ten returns showed marital deductions totalling $1,858,528 [32].

Total taxable U.S. estate was $53,933,747, an increase of 30.3 percent over 1982. The gross estate tax was $8,054,638, so that the average tax rate was 14.9 percent. Credits of $1,534,235 against the gross estate tax were claimed for the estates of nonresident aliens. The largest credit claimed was for State death taxes, $849,956. This amount represented a 169.0 percent increase from 1982. The second largest credit was the unified credit, $613,897, a decrease of 1.4 percent from 1982. After credits, the tax liability of the estates of nonresident aliens was $6,520,403, an increase of 69.4 percent over 1982.

## SUMMARY

The taxable estates of nonresident alien decedents are generally subject to U.S. estate tax on that property located within the United States. Taxable estate is determined by reducing gross estate by allowable deductions. The estate tax can be reduced by several credits.

Estate tax returns were filed for 161 nonresident alien decedents who died during 1986. Property located within the United States accounted for $62,017,417 of the worldwide estate of these decedents. The largest categories of U.S. property were stocks and bonds, and real estate and mortgages, which accounted for 44.8 percent and 33.4 percent, respectively, of gross U.S. estate. Taxable estate totaled $53,933,747, and the gross estate tax equaled $8,054,638. After taking credits of $1,534,235, the estates of nonresident aliens faced a U.S. estate tax of $6,520,403.

## DATA SOURCES AND LIMITATIONS

The data contained in this article and the following table were reported on all Forms 706NA, United States Estate Tax Return, Estate of nonresident not a citizen of the United States, filed at the Philadelphia Service Center between January 1986, and October 1988, by personal representatives of the decedents reporting a date of death during 1986. No sampling errors exist since the entire population was included in the study. However, the data contained here do not include information reported on returns with a taxable estate of less than $60,000, returns showing assets exempt from U.S. estate taxation under the provisions of an applicable estate tax treaty, and returns that were erroneously filed.

The personal representative of the estate had 9 months following the decedent's death to file the return. A 6-month extension could be requested. However, possible delinquencies may have occurred. Therefore, the population may be slightly understated.

One potential data limitation should be mentioned. Seventy-three returns did not report any foreign assets. Therefore, the amounts shown in Table 1 for gross foreign estate and gross worldwide estate do not include the foreign assets for all nonresident alien estates.

## DEFINITIONS OF SELECTED TERMS

Domicile - Domicile is the place where an individual's permanent home is located and from which the individual has no present intention of moving.

Gross estate - Gross estate includes all interests in property that were owned by the decedent at the time of death, that were subject to a power of acquisition at the time of the decedent's death, that were transferred during the decedent's lifetime in a manner substantially equivalent to a transfer under a will, or that were passed to the decedent tax-free through the use of the marital deduction. Gross worldwide estate includes all property included in gross estate no matter where it is located. However, the foreign component of gross worldwide estate had to be reported only if deductions had to be allocated between the foreign and U.S. estate. Gross U.S. estate includes only that portion of gross estate located within the United States.

Personal representative - A personal representative is an executor or administrator of an estate.

Taxable estate - Taxable estate is the value of the decedent's interests in property net of allowable deductions.



## NOTES AND REFERENCES

[1] Treasury Regulation section 20.0-1(b). Residency for estate tax purposes differs from residency for income tax purposes. Under Internal Revenue Code section 7701(b), a resident for income tax purposes is an individual who meets the requirements of either the lawful permanent resident test or the substantial presence test. For additional information about residency requirements for income tax purposes, see, for example, Kaplan, Richard L., Federal Taxation of International Transactions, West Publishing Company, 1988, pp. 529-35.

[2] For additional information about the factors considered in determining domicile, see, for example, Oliver, Harry Gordon, "Estate and Gift Tax Planning for Nonresidents," International Tax Journal, Fall 1986, p. 300; and Schuldenfrei, A. Finley, Stark, Elwood V. and Cline, Judith Hankins, "Estate Planning Considerations for Nonresident Aliens," The Tax Adviser, November 1985, p. 695.

[3] Revenue Ruling 80-209, 1980-2 Cumulative Bulletin 248, U.S. Internal Revenue Service (1980).

[4] See, for example, Estate and Gift Tax Treaty Between the United Kingdom and the United States, Article 4.

[5] Special rules apply to the taxation of expatriates and residents of U.S. possessions. Under Code section 2107, an expatriate is a U.S. citizen who has lost citizenship within 10 years of death if a principal purpose for the loss of citizenship was the avoidance of U.S. tax. If a nonresident alien is an expatriate, then the alien's estate is taxed under the tax rates that apply to U.S. citizens and residents. Also, the estate of an expatriate must include in gross U.S. estate the value of the assets of a foreign corporation if the decedent owned (directly or indirectly) 10 percent or more of the voting stock of the corporation, or owned (directly, indirectly, or constructively) at least 50 percent of the total combined voting power of all stock of the corporation. For additional information about these special rules, see, for example, Schuldenfrei, Stark and Cline, op. cit. note 2 at p. 703. In addition, under Code section 2107(c), an expatriate is allowed a unified credit of up to $13,000. Under Code section 2209, a U.S. citizen residing in a U.S. possession is considered to be a nonresident (and is taxed as such) if the individual acquired U.S. citizenship solely by reason of being a citizen of a U.S. possession, or by birth or residency within a U.S. possession. All other residents of U.S. possessions are treated as citizens of the United States.

[6] Gross estate includes all property, real or personal, tangible or intangible, that was owned by the decedent at the time of death, that was subject to a power of acquisition at the time of the decedent's death, that was transferred during the decedent's lifetime in a manner substantially equivalent to a transfer under a will, or that was passed to the decedent tax-free through the use of the marital deduction.

[7] Treasury Regulation section 20.2104-1(a).

[8] Schuldenfrei, Stark and Cline, op. cit. note 2 at p. 700.

[9] Conversely, the stock of a foreign corporation is generally considered to be property located outside the United States. However, in certain cases, U.S. property owned by a foreign corporation controlled by the nonresident alien may be included in the nonresident alien's gross U.S. estate. For more information about this inclusion of property in the nonresident alien's estate, see, for example, Oliver, op. cit. note 2 at p. 300.

[10] Code sections 2035-2038 require the inclusion in gross estate of certain property transferred by the decedent with restrictions prior to death. Code section 2035 requires the inclusion in gross estate of property transferred by the decedent within 3 years of the decedent's death. Code section 2036 requires the inclusion in gross estate of transferred property in which the decedent has either retained the right to possess or enjoy the property, or the power to designate who shall possess or enjoy the property. Code section 2037 requires the inclusion in gross estate of property in which the decedent retained an express reversionary interest that another person can possess or enjoy only by surviving the decedent. Code section 2038 requires the inclusion in gross estate of property transferred by the decedent in which the decedent retained the power to alter, amend, revoke or terminate the transfer.

[11] A U.S. person is a citizen or resident of the United States, a domestic corporation or partnership, and an estate or trust that is not considered under the Internal Revenue Code to be a foreign estate or trust.

[12] Code section 2104 does not apply to a debt obligation if Code section 2105(b) (relating to certain debt obligations considered to be property located out-

side the United States) applies, or if any interest on the obligation would be treated as income fromsources outside the United States under Code section 861(a)(1)(B) (relating to interest from a domestic corporation with less than 20 percent of its gross income over a 3 year period from within the United States), Code section 861(a)(1)(G) (relating to interest on certain foreign debt obligations acquired before July 1, 1974), and Code section 861(a)(1)(H) (relating to interest on certain debt obligations of foreign obligors that are guaranteed by a U.S. person).

[13] The debt obligations considered to be located outside the United States include (1) amounts described in Code section 861(c) (i.e., certain deposits with banks, and savings and loan associations, and amounts held by an insurance company under an agreement to pay interest on the amounts), if the interest on the amounts would be treated under Code section 861(a)(1)(A) as income from sources outside the United States (i.e., interest income not effectively connected with a trade or business within the United States that is deposited in a domestic bank or a U.S. branch of a foreign bank); (2) deposits in a foreign branch of a domestic bank; and (3) debt obligations, if the interest on the obligation were exempt from tax under Code section 871(h)(1) (relating to the exemption for portfolio interest from the tax imposed on the income of nonresident aliens not connected with a U.S. business).

[14] In addition to these general and specific situs rules, the location of property may be affected by the provisions of an estate tax treaty.

[15] Code section 2106.

[16] In addition, deductions are limited to the amount of property included in gross U.S. estate.

[17] For example, if gross U.S. estate equals $1 million, gross worldwide estate equals $2 million, and expenses under Code sections 2053 and 2054 equal $500,000, then the allowable deduction under Code section 2106(a)(1) equals:
($1 million/ $2 million) x $500,000 = $250,000

[18] A marital deduction may be allowed the estate of a nonresident alien under an applicable tax treaty. For example, Article 8 of the Estate and Gift Tax Treaty Between the United Kingdom and the United States allows a marital deduction (to the extent it is allowed to a U.S.-domiciled decedent) for transfers of U.S. property by a U.K.-domiciled decedent to the decedent's spouse.

19] Adjusted taxable gifts is the total amount of taxable gifts made by the decedent after December 31, 1976, except for gifts otherwise included in the decedent's gross estate. Adjusted taxable gifts is included in the estate tax calculation in order to prevent taxpayers from avoiding the impact of the progressive estate tax rates by making pre-death gifts.[31] Expenses were reported on the 89 returns that reported gross foreign estate and by 13 returns which only reported U.S. assets. This latter group showed deductions of $519,527.

[20] Code section 2102(c). Estate tax returns were not required if taxable estate was less than $60,000. Therefore, these estates are not included in the statistics.

[21] Two limitations are imposed on the credit that the estate of a nonresident alien can take for State death taxes. Under Code section 2011(b), the credit is limited to a certain percentage of "adjusted taxable estate." In addition, under Code section 2102(b), the State death tax credit is limited to a percentage determined by dividing the value of property on which the State tax is imposed by the nonresident alien's gross U.S. estate.

[22] This credit applies only to gifts made before 1977 of property that was subject to gift taxation and which is included in the decedent's gross U.S. estate. With the unification of the estate and gift tax systems by the Tax Reform Act of 1976, the credit is no longer necessary.

[23] Code sections 2031, 2103.

[24] In 1988, Code section 2102 was amended so that the rates imposed on U.S. persons under Code section 2001 apply to the estates of nonresident aliens who died after November 10, 1988.

[25] Code section 2056. There are a number of limitations on the deduction where the interest passing to the surviving spouse is a terminable interest.

[26] Code sections 2055, 2106(a)(2).

[27] Code section 2010.



[28] Code section 2102.

[29] Gross foreign estate, as well as gross worldwide estate, may be underreported since only 89 returns reported an amount for foreign gross estate.

[30] As used in this article, "other property" includes all property other than cash and accounts receivable, corporate stocks and bonds, real estate and mortgages, and government securities.

[31] Expenses were reported on the 89 returns that reported gross foreign estate and by 13 returns which only reported U.S. assets. This latter group showed deductions of $519,527.

[32] The amount for the charitable and marital deductions are combined on the Form 706NA, United States Estate Tax Return, Estate of nonresident not a citizen of the United States. However, ten returns, accounting for the bulk of the combined charitable and marital deductions had an attached schedule indicating the amount of the marital deduction.

**Table 1.--Gross U.S. and Worldwide Estates, Deductions, Taxable Estate, Estate Tax and Credits, by Selected Country of Domicile of Decedent and Size of Gross U.S. Estate**

[Money amounts are in full U.S. dollars]

| Selected countries and size of gross U.S. estate | Number of returns | Gross estate: Worldwide estate[1] | Gross estate: Estate outside the United States[1] | Gross estate: Estate in the United States: Total | Type of U.S. property: Cash and accounts receivable | Type of U.S. property: Corporate stocks and bonds | Type of U.S. property: Real estate and mortgages | Type of U.S. property: Government securities | Type of U.S. property: Other property[2] | Funeral and other expenses |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| **All countries, total** | 161 | 239,610,514 | 177,593,097 | 62,017,417 | 1,628,206 | 27,770,401 | 20,709,960 | 490,285 | 11,418,566 | 21,071,425 |
| $60,000 under $100,000 | 34 | 8,485,271 | 5,714,995 | 2,770,276 | 89,083 | 986,594 | 1,611,121 | – | 83,478 | 569,087 |
| $100,000 under $250,000 | 66 | 49,642,744 | 39,708,853 | 9,933,891 | 648,747 | 3,098,337 | 5,186,704 | 308,528 | 691,575 | 2,527,501 |
| $250,000 under $500,000 | 29 | 25,101,653 | 15,151,986 | 9,949,667 | 197,111 | 4,029,293 | 4,306,528 | 19,656 | 1,397,079 | 3,448,142 |
| $500,000 under $1,000,000 | 25 | 110,376,123 | 93,949,212 | 16,426,911 | 378,019 | 6,870,443 | 6,210,107 | 162,101 | 2,806,241 | 9,451,658 |
| $1,000,000 and over | 7 | 46,004,723 | 23,068,051 | 22,936,672 | 315,245 | 12,785,734 | 3,395,500 | – | 6,440,193 | 5,075,037 |
| **Canada, total** | 51 | 60,044,270 | 48,849,485 | 11,194,785 | 280,383 | 6,061,661 | 4,761,995 | 22,163 | 48,583 | 3,964,927 |
| $60,000 under $100,000 | 13 | 5,308,760 | 4,197,532 | 1,111,228 | 869 | 368,672 | 736,737 | – | 4,950 | 421,817 |
| $100,000 under $250,000 | 29 | 24,523,940 | 20,390,396 | 4,133,544 | 94,155 | 1,499,657 | 2,473,936 | 22,163 | 43,633 | 1,835,945 |
| $250,000 under $500,000 | 4 | 7,705,854 | 6,371,854 | 1,334,000 | – | 385,000 | 949,000 | – | – | 692,274 |
| $500,000 and over | 5 | 22,505,716 | 17,889,703 | 4,616,013 | 185,359 | 3,828,332 | 602,322 | – | – | 1,014,891 |
| United Kingdom | 12 | 11,738,959 | 9,571,196 | 2,167,763 | 8,462 | 687,291 | 1,182,611 | 97,457 | 191,942 | 2,710,857 |
| West Germany | 11 | 23,465,464 | 16,208,571 | 7,256,893 | 202,320 | 3,580,816 | 1,385,449 | – | 2,088,308 | 1,604,188 |
| Venezuela | 8 | 17,064,530 | 3,139,179 | 13,925,351 | – | 6,663,000 | 1,253,468 | – | 6,008,883 | 3,595,455 |
| Mexico | 7 | 2,716,419 | 1,454,283 | 1,262,136 | – | 409,234 | 781,000 | 39,577 | 32,325 | 45,223 |
| Puerto Rico | 7 | 68,479,126 | 65,620,036 | 2,859,090 | – | 1,894,340 | 904,750 | – | 60,000 | 4,858,469 |
| Switzerland | 6 | 23,336,356 | 20,235,278 | 3,101,078 | – | 2,107,375 | 357,000 | 159,553 | 477,150 | 2,042,939 |
| Australia | 4 | 4,534,512 | 1,742,427 | 2,792,085 | 381,258 | 936,628 | 1,324,826 | – | 149,373 | 452,348 |
| Belgium | 4 | 465,520 | – | 465,520 | 11,214 | 233,906 | 220,400 | – | – | 3,932 |
| Ecuador | 4 | 971,550 | 500 | 971,050 | 168,453 | 194,720 | 125,000 | – | 482,877 | 23,437 |
| Hong Kong | 4 | 1,202,177 | 229,689 | 972,488 | – | 435,277 | 447,000 | – | 90,211 | 1,390 |
| France | 3 | 795,568 | 90,147 | 705,421 | – | 35,493 | 617,900 | – | 52,028 | 17,015 |
| Italy | 3 | 1,385,493 | 810,687 | 574,806 | 142,989 | 272,811 | 159,006 | – | – | 51,458 |
| All other countries[3] | 37 | 23,410,570 | 9,641,619 | 13,768,951 | 433,126 | 4,237,849 | 7,189,555 | 171,535 | 1,736,886 | 1,699,787 |

| Selected countries and size of gross U.S. estate | Deductions: Total | Deductions: Deduction for expenses | Deductions: Charitable and marital deductions | U.S. taxable estate | Gross estate tax | Credits: Total | Credits: Unified credit | Credits: Credit for State death taxes | Credits: Credit for tax on prior transfers | U.S. estate tax after credits |
|---|---|---|---|---|---|---|---|---|---|---|
| | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) |
| **All countries, total** | 8,083,670 | 6,193,675 | 1,889,995 | 53,933,747 | 8,054,638 | 1,534,235 | 613,897 | 849,956 | 70,382 | 6,520,403 |
| $60,000 under $100,000 | 155,326 | 155,326 | – | 2,614,950 | 160,336 | 120,878 | 119,440 | 220 | 1,218 | 39,458 |
| $100,000 under $250,000 | 1,428,560 | 707,599 | 720,961 | 8,505,331 | 644,987 | 267,490 | 237,549 | 29,941 | – | 377,497 |
| $250,000 under $500,000 | 1,388,094 | 1,037,958 | 350,136 | 8,561,573 | 865,387 | 224,490 | 145,308 | 48,180 | 31,002 | 640,897 |
| $500,000 under $1,000,000 | 1,478,465 | 659,567 | 818,898 | 14,948,446 | 1,861,175 | 323,446 | 86,400 | 198,884 | 38,162 | 1,537,729 |
| $1,000,000 and over | 3,633,225 | 3,633,225 | – | 19,303,447 | 4,522,753 | 597,931 | 25,200 | 572,731 | – | 3,924,822 |
| **Canada, total** | 895,077 | 664,874 | 230,203 | 10,299,708 | 1,104,534 | 220,109 | 169,738 | 49,153 | 1,218 | 884,425 |
| $60,000 under $100,000 | 71,205 | 71,205 | – | 1,040,023 | 65,768 | 44,956 | 43,738 | – | 1,218 | 20,812 |
| $100,000 under $250,000 | 620,640 | 390,437 | 230,203 | 3,512,904 | 250,038 | 116,597 | 93,600 | 22,997 | – | 133,441 |
| $250,000 under $500,000 | 71,420 | 71,420 | – | 1,262,580 | 127,509 | 19,237 | 14,400 | 4,837 | – | 108,272 |
| $500,000 and over | 131,812 | 131,812 | – | 4,484,201 | 661,219 | 39,319 | 18,000 | 21,319 | – | 621,900 |
| United Kingdom | 978,510 | 321,404 | 657,106 | 1,189,253 | 94,113 | 36,434 | 32,400 | 4,034 | – | 57,679 |
| West Germany | 427,439 | 427,439 | – | 6,829,454 | 1,224,837 | 79,717 | 36,000 | 43,717 | – | 1,145,120 |
| Venezuela | 3,092,199 | 3,092,199 | – | 10,833,152 | 2,738,367 | 499,889 | 28,800 | 471,089 | – | 2,238,478 |
| Mexico | 16,851 | 16,851 | – | 1,245,285 | 109,834 | 36,603 | 25,200 | 7,947 | 3,456 | 73,231 |
| Puerto Rico | 236,905 | 236,905 | – | 2,622,185 | 312,417 | 54,750 | 28,752 | 25,998 | – | 257,667 |
| Switzerland | 428,778 | 173,300 | 255,478 | 2,672,300 | 308,588 | 46,630 | 45,694 | 936 | – | 261,958 |
| Australia | 314,079 | 314,079 | – | 2,478,006 | 326,303 | 27,048 | 10,800 | 16,248 | – | 299,255 |
| Belgium | 149,619 | 3,932 | 145,687 | 315,901 | 20,278 | 10,976 | 10,800 | 176 | – | 9,302 |
| Ecuador | 23,437 | 23,437 | – | 947,613 | 95,642 | 23,403 | 14,400 | 9,003 | – | 72,239 |
| Hong Kong | 666 | 666 | – | 971,822 | 92,618 | 48,723 | 14,400 | 6,777 | 27,546 | 43,895 |
| France | 557,994 | 7,994 | 550,000 | 147,427 | 8,917 | 7,200 | 7,200 | – | – | 1,717 |
| Italy | 20,185 | 20,185 | – | 554,621 | 48,554 | 48,554 | 48,554 | – | – | – |
| All other countries[3] | 941,931 | 890,410 | 51,521 | 12,827,020 | 1,569,636 | 394,199 | 141,159 | 214,878 | 38,162 | 1,175,437 |

[1] These amounts may be underreported since only 89 returns reported an amount for "Estate outside the United States." An estate was required to report this amount only if it allocated deductions for its worldwide estate to its U.S. estate. When this amount was not reported, U.S. estate and worldwide estate would be equal.

[2] Includes personal property.

[3] Includes U.S. possessions, except Puerto Rico.

# Section 15 Forms and Instructions

The forms and instructions shown in this section of this compendium relate to the studies discussed in Sections 2 through 14. In general, the forms and instructions applicable to the tax years covered in each section are presented here.

Contents

Form **706NA** (Rev. November 1987) Department of the Treasury Internal Revenue Service

## United States Estate (and Generation-Skipping Transfer) Tax Return

**Estate of nonresident not a citizen of the United States**

**(Section references are to the Internal Revenue Code.)**

OMB No. 1545-0531 Expires 06-30-90

Attach supplemental documents and translations. Show amounts in United States dollars.

### PART 1.—Decedent, Executor, and Attorney

| | | |
|---|---|---|
| 1a Decedent's first name and middle initial | b Decedent's last name | 2 U.S. social security number (if any) |
| 3 Place of death | 4 Domicile at time of death | 5 Citizenship (nationality) / 6 Date of death |
| 7a Date of birth | b Place of birth | 8 Business or occupation |

| | | |
|---|---|---|
| In United States | 9a Name of executor | 10a Name of attorney for estate |
| | b Address | b Address |
| Outside United States | 11a Name of executor | 12a Name of attorney for estate |
| | b Address | b Address |

### PART 2.—Tax Computation

| | | | |
|---|---|---|---|
| 1 | Taxable estate (from Schedule B, line 8) | | 1 |
| 2 | Total taxable gifts of tangible or intangible property located in the U.S., transferred (directly or indirectly) by the decedent after December 31, 1976, and not included in the gross estate (see section 2511) | | 2 |
| 3 | Total (add lines 1 and 2) | | 3 |
| 4 | Tentative tax on the amount on line 3 (see instructions) | | 4 |
| 5 | Tentative tax on the amount on line 2 (see instructions) | | 5 |
| 6 | Gross estate tax (subtract line 5 from line 4) | | 6 |
| 7 | Unified credit—enter lesser of line 6 amount or maximum allowed (see instructions) | | 7 |
| 8 | Balance (subtract line 7 from line 6) | | 8 |
| 9 | Credit for state death taxes (see instructions and attach credit evidence) | | 9 |
| 10 | Balance (subtract line 9 from line 8) | | 10 |
| 11 | Credit for Federal gift taxes (see sections 2102 and 2012 and attach computation) | 11 | |
| 12 | Credit for tax on prior transfers (attach Schedule Q, Form 706) | 12 | |
| 13 | Total (add lines 11 and 12) | | 13 |
| 14 | Net estate tax (subtract line 13 from line 10) | | 14 |
| 15 | Total generation-skipping transfer tax (attach Schedule R, Form 706) | | 15 |
| 16 | Section 4981A increased estate tax (attach Schedule S (Form 706)(see instructions)) | | 16 |
| 17 | **Total transfer taxes** (Add lines 14, 15, and 16) | | 17 |
| 18 | Earlier payments (see instructions and attach explanation) | 18 | |
| 19 | U.S. Treasury bonds redeemed to pay estate tax | 19 | |
| 20 | Total (add lines 18 and 19) | | 20 |
| 21 | Balance due (subtract line 20 from line 17) (see instructions) | | 21 |

Under penalties of perjury, I declare that I have examined this return, including any additional sheets attached, and to the best of my knowledge and belief, it is true, correct, and complete. I understand that a complete return requires listing all property constituting the part of the decedent's gross estate (as defined by the statute) situated in the United States.

(Signature of executor) (Date)

(Signature of preparer (other than executor)) (Address) (Date)

**For Paperwork Reduction Act Notice, see the first page of the Instructions.** Form **706NA** (Rev. 11-87)

Form 706NA (Rev. 11-87) Page **2**

### PART 3.—General Information

| | | Yes | No |
|---|---|---|---|
| 1a | Did the decedent die testate? | | |
| b | Were letters testamentary or of administration granted for the estate? *If granted to persons other than those filing the return, include names and addresses on page 1* | | |
| 2 | Did the decedent, at the time of death, own any: | | |
| a | Real property located in the U.S.? | | |
| b | U.S. corporate stock? | | |
| c | Debt obligations of (1) a U.S. person or (2) the U.S., a state or any political subdivision, or the District of Columbia? | | |
| d | Other property located in the U.S.? | | |
| 3 | Was the decedent engaged in business in the U.S. at date of death? | | |
| 4 | At date of death, did the decedent have access, personally or through an agent, to a safe deposit box located in the U.S.? | | |
| 5 | At date of death, did the decedent own any property located in the U.S. as a joint tenant with right of survivorship; as a tenant by the entirety; or, with surviving spouse, as community property? *If "Yes," attach Schedule E, Form 706* | | |
| 6a | Had the decedent ever been a citizen of the United States? | | |
| b | If "Yes," did the decedent lose U.S. citizenship within 10 years of death? | | |
| 7 | Did the decedent make any transfer (of property that was located in the U.S. at either the time of the transfer or the time of death) described in sections 2035, 2036, 2037, or 2038 (see the instructions for Form 706, Schedule G)? *If "Yes," attach Schedule G, Form 706* | | |
| 8 | At the date of death, had the decedent created any existing trusts that included property located in the U.S. either when the trust was created or when the decedent died? *If "Yes," attach Schedule G, Form 706* | | |
| 9 | At the date of death, did the decedent | | |
| a | Have a general power of appointment over any property located in the U.S.? | | |
| b | Or, at any time, exercise or release the power? *If "Yes" to either a or b, attach Schedule H, Form 706* | | |
| 10a | Have Federal gift tax returns ever been filed? | | |
| b | Periods covered ▶ | | |
| c | Internal Revenue offices where filed ▶ | | |
| 11 | Does the gross estate in the United States include any interests in property transferred to a "skip person" as defined in the instructions to Schedule R of Form 706? *If "Yes," attach Schedules R and/or R-1, Form 706* | | |

**Schedule A** **Gross Estate in the United States (see Instructions)** Yes No

Do you elect to value the decedent's gross estate at a date or dates after the decedent's death (as authorized by section 2032)?

*To make the election, you must check this box "Yes." If you check "Yes," complete columns (c), (d), and (e). If you check "No," complete column (e). You may leave columns (c) and (d) blank or you may use them to expand your column (b) description.*

| (a) Item No. | (b) Description of property and securities For securities, give CUSIP number, if available | (c) Alternate valuation date | (d) Alternate value in U.S. dollars | (e) Value at date of death in U.S. dollars |
|---|---|---|---|---|
| 1 | | | | |
| | *(If you need more space, attach additional sheets of same size.)* | | | |
| **Total** | | | | |

**Schedule B** **Taxable Estate**

**You must document lines 2 and 4 for the deduction on line 5 to be allowed.**

| | | | |
|---|---|---|---|
| 1 | Gross estate in the U.S. (Schedule A total) | 1 | |
| 2 | Gross estate outside the U.S. (see instructions) | 2 | |
| 3 | Entire gross estate wherever located (add amounts on lines 1 and 2) | 3 | |
| 4 | Amount of funeral expenses, administration expenses, decedent's debts, mortgages and liens, and losses during administration (attach itemized schedule) (see instructions) | 4 | |
| 5 | Deduction for expenses, claims, etc. (divide line 1 by line 3 and multiply the result by line 4) (see instructions) | 5 | |
| 6 | Charitable deduction (attach Schedule O, Form 706) and marital deduction (attach Schedule M, Form 706, and computation) | 6 | |
| 7 | Total deductions (add lines 5 and 6) | 7 | |
| 8 | Taxable estate (subtract line 7 from line 1) | 8 | |

# Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Form 706.**—In order to complete this return, you must obtain Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, and its separate instructions. You must attach schedules from Form 706 if you intend to claim a marital deduction, a charitable deduction, or a credit for tax on prior transfers, or if you answer "Yes" to questions 5, 7, 8, 9, or 11. You will need the instructions to Form 706 to explain how to value stocks and bonds. If the decedent was a U.S. expatriate, you will need the tax rate tables in the instructions to Form 706. Make sure that you obtain the revision of Form 706 that is applicable for the date of the decedent's death.

## Changes You Should Note

**New Generation-Skipping Transfer Tax.**—A new generation-skipping transfer (GST) tax is imposed on the estates of certain decedents who died after October 22, 1986. This new tax is described in the instructions to Schedules R and R-1 of Form 706.

**New Increased Estate Tax on Excess Retirement Accumulations.**—Code section 4981A imposes an increased estate tax on the estates of decedents who die after December 31, 1986. The new tax applies only if the decedent possessed at death an interest in either a qualified employer plan or an individual retirement account. If the decedent possessed such an interest, see the instructions to Schedule S (Form 706), Increased Estate Tax on Excess Retirement Accumulations. Schedule S is expected to be available in late 1987.

## General Instructions

**A. Purpose of Form.**—Form 706NA is used to compute estate (and GST) tax liability for nonresident alien decedents. The estate tax is imposed on the transfer of the decedent's taxable estate, rather than on the receipt of any part of it.

If you need tax information not in these instructions, see **Publication 448**, Federal Estate and Gift Taxes. For information about transfer certificates for U.S. assets, write to the Assistant Commissioner (International), P.O. Box 19007, Washington, D.C. 20036.

**B. Definitions.**—The following terms are used often in these instructions.

1. The **U.S.** means the 50 States and the District of Columbia.

2. A **nonresident alien decedent** means a decedent who is neither domiciled in nor a citizen of the U.S. at the time of death. For purposes of this form, a citizen of a U.S. possession is not a U.S. citizen.

3. A **U.S. expatriate** is one who lost U.S. citizenship within 10 years before the date of death, and for whom it is reasonable to assume that a main purpose in doing so was to avoid U.S. taxes. The executor has the burden of proving otherwise. See specific instructions for question 6 of Part 3, Schedule A, and lines 4, 5, and 7 of Part 2.

**C. Who Must File.**—The executor must file Form 706NA if the date of death value of the decedent's gross estate located in the U.S. under Internal Revenue Code situs rules exceeds the filing limit. The filing limit is $60,000 reduced by the sum of (1) the gift tax specific exemption (section 2521) allowed with respect to gifts made between September 9, 1976, and December 31, 1976, inclusive, and (2) the total taxable gifts made after December 31, 1976, that are not included in the gross estate.

The **executor** is the personal representative, executor, executrix, administrator, or administratrix of the deceased person's estate. If no executor is appointed, qualified, and acting in the U.S., every person in actual or constructive possession of any of the decedent's property must file a return. If more than one person must file, it is preferable that they join in filing one complete return. Otherwise, each must file as complete a return as possible, including a full description of the property and each person's name who holds an interest in it.

**D. When and Where To File.**—File Form 706NA within 9 months after the date of death unless an extension of time to file was granted. In that case, attach a copy of the approved Form 4768, Application for Extension of Time to File U.S. Estate (and Generation-Skipping Transfer) Tax Return and/or Pay Estate (and Generation-Skipping Transfer) Tax.

Send Form 706NA to the Internal Revenue Service Center, Philadelphia, PA 19255.

**E. Penalties.**—By law, additional tax may be charged if the return is filed late or the tax is paid late (section 6651).

**F. Death Tax Treaties.**—Death tax treaties are in effect with the following countries:

| | |
|---|---|
| Australia | Italy |
| Austria | Japan |
| Denmark | Netherlands |
| Federal Republic of Germany | Norway |
| Finland | Republic of South Africa |
| France | Sweden |
| Greece | Switzerland |
| Ireland | United Kingdom |

## Specific Instructions

**Attachments.**—If the decedent died testate, attach a certified copy of the will to Form 706NA. For closely held or inactive corporate stock, attach the balance sheets, particularly the one nearest the valuation date, and statements of the net earnings or operating results and dividends paid for each of the 5 preceding years. Attach any other documents, such as appraisal lists, needed for explanation. Also attach copies of all available U.S. gift tax returns the decedent filed. Other documents may be required as explained in these instructions.

Attach an English translation to all documents in other languages.

## How To Complete Form 706NA

First, enter the decedent's name and the other information called for on Part 1. Then complete questions 1a–11 in Part 3.

The estate tax is imposed on the decedent's gross estate in the United States, reduced by allowable deductions. Compute the gross estate in the United States on Schedule A. Reduce the Schedule A total by the allowable deductions to derive the taxable estate on Schedule B, and figure the tax due using the Tax Computation schedule (Part 2).

### Part 3.—General Information

**Question 6a.**—If you answer "Yes," please attach a statement listing the citizenship of the decedent's parents; whether the decedent became a U.S. citizen through a naturalization proceeding in the U.S.; and when the decedent lost U.S. citizenship.

**Question 6b.**—If you answer "Yes" but maintain that avoiding U.S. taxes was not one of the main reasons for the decedent's loss of citizenship, attach documents to sustain your position. See General Instruction B3.

**Question 9.**—A general power of appointment means any power of appointment exercisable in favor of the decedent, the decedent's estate, the decedent's creditors, or the creditors of the decedent's estate, and includes the right of a beneficiary to appropriate or consume the principal of a trust. For a complete definition, see section 2041.

### Schedule A

Before you complete Schedule A, you must determine what assets are included in the decedent's entire gross estate wherever located. There is no space on the form to itemize the entire gross estate. You need not attach a separate itemized list of the gross estate outside the U.S. unless you claim deductions on Schedule B. See the instructions for Schedule B.

The entire gross estate wherever located is figured the same way for a nonresident alien decedent as for a U.S. citizen or resident. It consists of all property the decedent beneficially owned, wherever located, and includes the following property interests:

(a) Generally, the full value of property the decedent owned at the time of death as a joint tenant with right of survivorship (but only half the value of property held by the decedent and surviving spouse either as joint tenants with right of survivorship or as tenants by the entirety).

(b) Property the decedent and a surviving spouse owned as community property to the extent of the decedent's interest in the property under applicable state, possession, or foreign law.

(c) A surviving spouse's dower or curtesy interest and all substitute interests created by statute.

(d) Proceeds of insurance on the decedent's life, generally including proceeds receivable by beneficiaries other than the estate.

(e) Several kinds of transfers the decedent made before death.

(f) Property in which the decedent either held a general power of appointment at the time of death, or used or released this power in certain ways before death.

(g) Certain annuities to surviving beneficiaries.

For additional information concerning joint tenancies, tenancies by the entirety, annuities, life insurance, transfers during life, and powers of appointment, see Publication 448.

**Enter on Schedule A all of the assets that meet both the following tests:**

(1) They are included in the "entire gross estate wherever located," and

(2) They are located in the U.S.

Unless a treaty provides otherwise (see General Instruction F, Death Tax Treaties), use the following rules to determine whether assets are located in the United States.

(a) Real estate and tangible personal property are located in the U.S. if they are physically located there. An exception is made for works of art imported into the U.S. solely for public exhibition.

(b) No matter where stock certificates are physically located, stock of corporations organized in or under U.S. law is property located in the U.S., and all other corporate stock is property located outside the U.S. Foreign Registered Securities under section 871(h) are not considered located in the U.S.

(c) Proceeds of insurance policies on the decedent's life are property located outside the U.S.

**Caution:** *The situs rules below for domestic corporations' debt obligations and certain deposits do not reflect the revision of the income tax source rules (Code sections 861 through 865) by the Tax Reform Act of 1986. At the time this revision of Form 706NA went to print, a Technical Corrections Bill had been introduced to conform the estate tax situs rules of Code sections 2104 and 2105 to the new income tax source rules.*

(d) Debts are generally property located in the U.S. if they are debts of a U.S. citizen or resident, a domestic partnership or corporation, a domestic estate or trust, the United States, a state or state's political subdivision, or the District of Columbia.

Debt obligations are not considered located in the U.S. if interest thereon would be eligible for the exemption from tax under section 871(h)(2) were such interest received by the decedent at the time of his death.

However, a domestic corporation's debt obligation is treated as located outside the U.S. if the interest from it (had it been received at the

(Continued on page 4)



time of death) would have been treated as income from outside the U.S. because the corporation derived less than 20% of its gross income from sources in the U.S. during its 3 tax years before the decedent's death (section 861(a)(1)(B)), or if the obligation was treated as the obligation of a foreign corporation under the interest equalization tax and meets the other requirements of either section 861(a)(1)(G) or section 861(a)(1)(H).

(e) The following deposits are treated as located outside the U.S. *if they are not effectively connected with conducting a trade or business within the U.S.*:

(1) A deposit with a U.S. bank or a U.S. banking branch of a foreign corporation.

(2) A deposit or withdrawable account with a savings and loan association chartered and supervised under Federal or state law.

(3) An amount held by a U.S. insurance company under an agreement to pay interest.

(4) A deposit in a foreign branch of a U.S. bank.

If an asset is included in the total gross estate because the decedent owned it at the time of death, apply these location rules as of the date of the decedent's death. However, if an asset is included in the decedent's total gross estate under one of the transfer provisions (sections 2035, 2036, 2037, and 2038), it is treated as located in the U.S. if it fulfills these rules either at the time of the transfer or at the time of death. For example, if an item of tangible personal property was physically located in the U.S. on the date of a section 2038 transfer but had been moved outside the U.S. at the time of the decedent's death, the item would be considered still located in the U.S. and should be listed on Schedule A.

Describe the property on Schedule A in enough detail to enable IRS to identify it. To determine the fair market value of stocks and bonds, use the rules in the instructions for Schedule B of Form 706.

In descriptions of stock include the corporation's name; the number of shares; whether common or preferred (if preferred, what issue); the par value (when needed for identification); CUSIP number if available; and the quotation at which reported. Give the main exchange for listed stock; for unlisted stock, give the post office address of the main business office, the state in which incorporated, and the incorporation date.

In bond descriptions include the number; principal; obligor's name; maturity date; interest rate; each date when interest is payable; CUSIP number if available; and series number (if more than one issue). Give the exchange where the bond is listed; if it is unlisted, give the corporation's main business office.

If you are required to file Schedule(s) E, G, or H from Form 706, you need not enter the assets reported on those schedules on Schedule A of this Form 706NA. Instead, attach the schedule(s) to Form 706NA, enter "Total from Schedule, Form 706," and enter the total value(s) from the attached schedule(s) in either column (d) or (e).

If the decedent was a U.S. expatriate, the decedent is treated as owning a prorated share of the U.S. property held by a foreign corporation in which he or she directly owned at least 10% of the voting stock and, with related interests, controlled over 50% of it (section 2107(b)).

**Property valuation date.**—Generally, property must be valued as of the date of death. Columns (c) and (d) do not apply, and you may use the space to expand descriptions from column (b).

However, you may elect to use the alternate valuation date. To make this election, check the "Yes" box at the beginning of Schedule A. If you do so, the election applies to all property, and you will need to complete each column in Schedule A. Under this election, any property distributed, sold, exchanged, or otherwise disposed of within 6 months after the decedent's death is valued as of the date of the disposition. Any property not disposed of during that period is valued as of the date 6 months after the decedent's death.

If the decedent died after July 18, 1984, you may not elect alternate valuation unless the election will decrease both the value of the gross estate and the net estate tax due after application of all allowable credits.

### Schedule B

**For the line 5 deduction to be allowed, you must complete lines 1–4 and document the amounts you include on lines 2 and 4.**—To document the line 2 amount, attach a certified copy of the foreign death tax return, or if none was filed, a certified copy of the estate inventory and the schedule of debts and charges that were filed with the foreign probate court or as part of the estate's administration proceedings. If more proof is needed, you will be notified.

To support the line 4 amount, attach an itemized schedule. For each expense or claim, specify the nature and amount and give the creditor's name. Describe other deductions fully and identify any particular property to which they relate.

**Line 2.**—The amount on line 2 is the total value of the assets included in the entire gross estate that were not listed on Schedule A. If you elected the alternate valuation date for property listed on Schedule A, use it also for the assets valued on line 2. Otherwise, value the amounts as of the date of death.

**Line 4.**—You may deduct the following items whether or not they were incurred or paid in the U.S.: funeral expenses; administration expenses; claims against the estate; unpaid mortgages and other liens; and uncompensated losses that were incurred during settlement of the estate and that arose from theft or from casualties such as fires, storm, or shipwreck. You may deduct only that part of a debt or mortgage that was contracted in good faith and for full value in money or money's worth. You may deduct mortgages only if you included the full value of the mortgaged property in the total gross estate (line 3). Do not deduct death taxes, tax on income received after death, or property taxes accrued after death.

On line 4, show the total of these deductible items. In general, the total is limited to the amount on line 3.

**Line 5.**—To find your actual deduction, multiply the line 4 amount by a fraction. The numerator is the amount on line 1, and the denominator is the amount on line 3. Enter the result on line 5.

**Line 6.**—*Charitable deduction.* Unless a treaty allows otherwise, you may take a charitable deduction only if the transfer was to a domestic entity or for use in the U.S. as described in Publication 448. Attach Schedule O of Form 706 if you claim the deduction under a treaty, specify the applicable treaty and attach a computation of the deduction.

*Marital deduction, treaty only.*—Unless a treaty allows otherwise, you may not take a marital deduction. If you claim a marital deduction under a treaty, include the deduction on line 6. Attach Schedule M, Form 706, and a statement showing your computation of the marital deduction.

See section 2518 for the rules governing disclaimers of interests in property.

### Part 2.—Tax Computation

**Lines 4–5.**—Use the following rates unless the decedent was a U.S. expatriate. In that case, use the rates given in Table A of the instructions for Form 706.

| If line 2 (line 3) is not over— | Enter | | Of amount over— |
|---|---|---|---|
| $ 100,000 | | 6% | $ 0 |
| 500,000 | 6,000 | + 12% | 100,000 |
| 1,000,000 | 54,000 | + 18% | 500,000 |
| 2,000,000 | 144,000 | + 24% | 1,000,000 |
| Over $2,000,000 | 384,000 | + 30% | 2,000,000 |

☆ U.S. Government Printing Office: 1987—201-693/40178

**Line 7.**—Enter the unified credit. The unified credit is allowed for the lesser of the line 6 amount or the maximum unified credit. In general, the maximum unified credit is $3,600, but for a U.S. expatriate it is $13,000. For a citizen of a U.S. possession (section 2209) who died after 1980, the maximum unified credit is the greater of (a) $3,600 or (b) the product of $15,075 times a fraction. The numerator of the fraction is the part of the gross estate located in the U.S. (line 1 of Schedule B), and the denominator is the entire gross estate wherever located (line 3 of Schedule B). If the decedent died before 1981 see section 2102(c)(3).

**Line 9.**—You may take a credit for part of the death or inheritance taxes you paid to a state or the District of Columbia on property listed in Schedule A. Generally, you must claim this credit within 4 years of filing the return. To find your allowed credit, use Table C in the Form 706 instructions to figure the supposed credit that would be allowable on the entire line 1 amount (reduced by $60,000). Your allowed credit cannot be more than this supposed credit multiplied by a fraction. The numerator of the fraction is the value of the property you include in Schedule A and on which you paid the state tax, and the denominator is the value of all the property you report in Schedule A. Enter the lesser of this amount or the taxes you paid on line 9.

For the credit to be allowed, you must file a certificate signed by the appropriate official of the taxing state. The certificate should show the total tax charged; any discount allowed; any penalties and interest imposed; the tax actually paid; and each payment date. If possible, attach the certificate to this return; otherwise, please file it as soon as possible. See Regulations section 20.2011-1(c)(2) for more information about the certificate.

If you later recover any of the state tax for which you claim this credit, notify the Internal Revenue Service Center, Philadelphia, PA 19255 within 30 days of receiving any refund of state taxes.

**Line 15.**—If you answered "Yes" to Question 11 of Part 3, you must complete and attach Schedules R and/or R-1 from Form 706.

For the purposes of Form 706NA, the GST tax is imposed only on transfers of interests in property that is part of the gross estate in the United States. Therefore, when completing Schedules R and/or R-1, you should enter only transfers of interests in property that you listed on Schedule A of Form 706NA. Otherwise, complete Schedules R and/or R-1 according to their instructions and enter the total GST tax from Schedule R on line 15.

**Line 16.**—See "New Increased Estate Tax on Excess Retirement Accumulations" under Changes You Should Note, above.

**Lines 18–19.**—Attach an explanatory statement if earlier payments were made to the Internal Revenue Service or if payment is made by certain U.S. Treasury bonds that were issued before March 4, 1971, and redeemed at any Federal Reserve bank, the office of the Treasurer of the United States, or the Bureau of Public Debt. For details, see Rev. Proc. 69-18, 1969-2 C.B. 300.

**Line 21.**—Pay the balance due within 9 months after the decedent's death unless an extension of time to pay was granted. In that case, attach a copy of the approved Form 4768 to Form 706NA. Make the check or money order payable to the Internal Revenue Service for the face value in U.S. dollars.

**Signature.**—Form 706NA must be signed. Each executor must verify and sign it. If another person prepares Form 706NA for the executor, the preparer must also sign. The executor may use **Form 2848**, Power of Attorney and Declaration of Representative, or **Form 2848-D**, Tax Information Authorization and Declaration of Representative, to authorize another person to act for him or her before the Internal Revenue Service.

---

Form **940** — Department of the Treasury, Internal Revenue Service

# Employer's Annual Federal Unemployment (FUTA) Tax Return

▶ For Paperwork Reduction Act Notice, see page 2.

OMB No. 1545-0028 — **1987**

If incorrect, make any necessary change. ▶

Name (as distinguished from trade name) — Calendar year

Trade name, if any

Address and ZIP code — Employer identification number

T / FF / FD / FP / I / T

A Did you pay all required contributions to state unemployment funds by the due date of Form 940? (See instructions if none required.) . . . . [ ] Yes [ ] No

If you checked the "Yes" box, enter the amount of contributions paid to state unemployment funds . . . . ▶ $

B Are you required to pay contributions to only one state? . . . . [ ] Yes [ ] No

If you checked the "Yes" box: (1) Enter the name of the state where you are required to pay contributions . . . ▶

(2) Enter your state reporting number(s) as shown on state unemployment tax return . ▶

C If any part of wages taxable for FUTA tax is exempt from state unemployment tax, check the box. (See the Specific Instructions on page 2.) . . . [ ]

**Part I Computation of Taxable Wages and Credit Reduction (to be completed by all taxpayers)**

1 Total payments (including exempt payments) during the calendar year for services of employees . . . 1

2 Exempt payments. (Explain each exemption shown, attaching additional sheets if necessary.) ▶ . . . 2 (Amount paid)

3 Payments for services of more than $7,000. Enter only the excess over the first $7,000 paid to individual employees not including exempt amounts shown on line 2. Do not use the state wage limitation . . . 3

4 Total exempt payments (add lines 2 and 3) . . . 4

5 **Total taxable wages** (subtract line 4 from line 1). (If any part is exempt from state contributions, see instructions.) ▶ 5

6 Additional tax resulting from credit reduction for unrepaid advances to the state listed below (by two letter Postal Service abbreviation). Enter the wages included on line 5 above for that state and multiply by the rate shown. (See the instructions.)

Enter the credit reduction amount here and in Part II, line 2, or Part III, line 4: PA . . . x .015= ▶ 6

**Part II Tax Due or Refund (Complete if you checked the "Yes" boxes in both questions A and B and did not check the box in C, above.)**

1 FUTA tax. Multiply the wages in Part I, line 5, by .008 and enter here . . . 1

2 Enter amount from Part I, line 6 . . . 2

3 Total FUTA tax (add lines 1 and 2) . . . 3

4 Minus: Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records) 4

5 **Balance due** (subtract line 4 from line 3). This should be $100 or less. Pay to IRS . . . ▶ 5

6 **Overpayment** (subtract line 3 from line 4). Check if it is to be: [ ] Applied to next return, or [ ] Refunded . ▶ 6

**Part III Tax Due or Refund (Complete if you checked the "No" box in either question A or B or you checked the box in C, above. Also complete Part V.)**

1 Gross FUTA tax. Multiply the wages in Part I, line 5, by .062 . . . 1

2 Maximum credit. Multiply the wages in Part I, line 5, by .054 . . . 2

3 Enter the smaller of the amount in Part V, line 11, or Part III, line 2 . . . 3

4 Enter amount from Part I, line 6 . . . 4

5 **Credit allowable** (subtract line 4 from line 3). (If zero or less, enter 0.) . . . 5

6 **Total FUTA tax** (subtract line 5 from line 1) . . . 6

7 Minus: Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records) 7

8 **Balance due** (subtract line 7 from line 6). This should be $100 or less. Pay to IRS . . . ▶ 8

9 **Overpayment** (subtract line 6 from line 7). Check if it is to be: [ ] Applied to next return, or [ ] Refunded . ▶ 9

**Part IV Record of Quarterly Federal Tax Liability for Unemployment Tax (Do not include state liability.)**

| Quarter | First | Second | Third | Fourth | Total for Year |
|---|---|---|---|---|---|
| Liability for quarter | | | | | |

**If you will not have to file returns in the future, write "Final" here (see general instruction "Who Must File") and sign the return.** ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was or is to be deducted from the payments to employees.

Signature ▶ Title (Owner, etc.) ▶ Date ▶

Form **940** (1987)

---



**Part V Computation of Tentative Credit (Complete if you checked the "No" box in either question A or B or you checked the box in C, on page 1—see instructions.)**

| Name of state (1) | State reporting number(s) as shown on employer's state contribution returns (2) | Taxable payroll (as defined in state act) (3) | State experience rate period (4) From— | (4) To— | State experience rate (5) | Contributions if rate had been 5.4% (col. 3 x .054) (6) | Contributions payable at experience rate (col. 3 x col. 5) (7) | Additional credit (col. 6 minus col. 7) If 0 or less, enter 0. (8) | Contributions actually paid to state (9) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| 10 Totals ▶ | | | | | | | | | |

11 Total tentative credit (add line 10, columns 8 and 9—see instructions for limitations) . . . ▶

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Caution for 1988.**—The FUTA tax rate is scheduled to decrease from 6.2% to 6.0% for 1988. However, legislation is pending that would eliminate the reduction in the rate. If the legislation is enacted, the rate will remain at 6.2% for 1988.

## General Instructions

**Purpose of Form.**—Use this form for your annual FUTA tax report. Only the employer pays this tax.

### Who Must File

**Household Employers.**—You do not have to file this form unless you paid cash wages of $1,000 or more in any calendar quarter in 1986 or 1987 for household work in a private home, local college club, or a local chapter of a college fraternity or sorority. **Note:** *See Publication 503, Child and Dependent Care Credit, and Employment Taxes for Household Employers, for more information.*

**In General.**—You must file this form if you were other than a household or agricultural employer during 1986 or 1987, and you (a) paid wages of $1,500 or more in any calendar quarter, or (b) had one or more employees for some part of a day in any 20 different weeks. Count all regular, temporary, and part-time employees. A partnership should not count its partners. If there is a change in ownership or other transfer of business during the year, each employer who meets test (a) or (b) above must file. Neither should report wages paid by the other. Organizations described in section 501(c)(3) of the Internal Revenue Code do not have to file.

**Agricultural Employers.**—You must file Form 940 if either of the following applies to you:

(1) You paid cash wages of $20,000 or more to farmworkers during any calendar quarter in 1986 or 1987.

(2) You employed 10 or more farmworkers during some part of a day (whether or not at the same time) for at least one day during any 20 different weeks in 1986 or 1987. Count aliens admitted to the United States on a temporary basis to perform farmwork to determine if you meet either of the above tests. However, wages paid to these aliens are not subject to FUTA tax before 1993.

### Completing Form 940

**Employers Who Are Not Required To Deposit FUTA Tax.**—If your total FUTA tax for 1987 is not more than $100, you do not have to deposit the tax. Make your FUTA tax payment when you file Form 940. If you do not have to deposit FUTA tax and you:

(a) made all required payments to state unemployment funds by the due date of Form 940,

(b) are required to make payments to the unemployment fund of only one state; and

(c) paid wages subject to Federal unemployment tax that are also subject to state unemployment tax,

complete Parts I and II. Otherwise, complete Parts I, III, and V.

**Employers Who Are Required To Deposit FUTA Tax.**—If you meet tests (a), (b), and (c) above, complete Parts I, II, and IV. Otherwise, complete Parts I, III, IV, and V.

**If You Are Not Liable for FUTA Tax.**—If you receive Form 940 and are not liable for FUTA tax for 1987, write "Not Liable" across the front and return it to IRS. If you will not have to file returns after this, write "Final" on the line above the signature line and sign the return.

**Due Date.**—Form 940 for 1987 is due by February 1, 1988. However, if you made timely deposits in full payment of the tax due, your due date is February 10, 1988.

### Where To File.—

| If your principal business, office or agency is located in: | File with the Internal Revenue Service Center at: |
|---|---|
| Alabama, Florida, Georgia, Mississippi, South Carolina | Atlanta, GA 39901 |
| New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester) | Holtsville, NY 00501 |
| New York (all other counties), Connecticut, Maine, Massachusetts, Minnesota, New Hampshire, Rhode Island, Vermont | Andover, MA 05501 |
| Illinois, Iowa, Missouri, Wisconsin | Kansas City, MO 64999 |
| Delaware, District of Columbia, Maryland, Pennsylvania, Puerto Rico, Virgin Islands | Philadelphia, PA 19255 |
| Kentucky, Michigan, Ohio, West Virginia | Cincinnati, OH 45999 |
| Kansas, Louisiana, New Mexico, Oklahoma, Texas | Austin, TX 73301 |
| Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming | Ogden, UT 84201 |
| California (all other counties), Hawaii | Fresno, CA 93888 |
| Arkansas, Indiana, North Carolina, Tennessee, Virginia | Memphis, TN 37501 |

If you have no legal residence or principal place of business in any IRS district, file with the Internal Revenue Service Center, Philadelphia, PA 19255.

**Employer's Name, Address, and Identification Number.**—Use the preaddressed Form 940 mailed to you. If you must use a nonpreaddressed form, type or print your name, trade name, address, and employer identification number on it.

See **Publication 583**, Information for Business Taxpayers, for details on how to make tax deposits, file a return, etc., if these are due before you receive your number.

**Identifying Your Payments.**—On balance due payments made to IRS (Part II, line 5 and Part III, line 8) and Federal tax deposit payments, write your employer identification number, "Form 940," and the tax period to which the payment applies on your check or money order. This will help ensure proper crediting of your account.

**Penalties and Interest.**—Avoid penalties and interest by making tax deposits when due and filing a correct return and paying the proper amount of tax when due. The law provides penalties for late deposits and late filing unless you show reasonable cause for the delay. If you file late, attach an explanation to the return. The law also provides a penalty of 25% of the overstatement if, without reasonable cause, you overstate the amount you deposited.

There are also penalties for willful failure to pay tax, keep records, make returns, and for filing false or fraudulent returns.

**Credit for Contributions Paid Into State Funds.**—You can claim credit for amounts you pay into a certified state (including Puerto Rico and the Virgin Islands) unemployment fund by the due date of Form 940.

**Note:** *Be sure to enter your state reporting number where required on Form 940. This number is needed for IRS to verify your state contributions.*

"Contributions" are payments that state law requires you to make to an unemployment fund because you are an employer. These payments are "contributions" only to the extent that they are not deducted or deductible from the employees' pay.

Do not take credit for penalties, interest, surcharges, and special taxes which are in addition to the rate assigned by the state. Also do not take credit for voluntary contributions paid to obtain a lower assigned rate.

If you have been assigned an experience rate lower than 5.4% (.054) by a state for the whole or part of the year, you are entitled to an additional credit. This credit is equal to the difference between actual payments and the amount you would have been required to pay at 5.4%.

The total credit allowable may not be more than 5.4% of taxable FUTA wages.

**Special Credit for Successor Employers.**—If you are claiming special credit as a successor employer, see Code section 3302(e) or Circular E, for the conditions you must meet.

**Amended Returns.**—If you are amending a previously filed return, complete a new Form 940, using the amounts that should have been used on the original return, and sign the return. Attach a statement explaining why you are filing an amended return. Be sure to use a Form 940 for the year you are amending. Write "AMENDED RETURN" at the top of the form and file it with the Internal Revenue Service Center where you filed the original return.

## Specific Instructions

***You must answer questions A and B (check the box in C only if it applies), complete Part I, and sign the return.***

**Note:** *If you have been assigned a zero percent experience rate by your state, so that there are no required contributions to the state unemployment fund, check the "Yes" box in question A and write "0% rate" on the dollar amount line.*

Use Part II only if you checked the "Yes" boxes in questions A and B and did not check the box in C. Otherwise, skip Part II and complete Parts III and V.

Complete Part IV if your total tax for the year is more than $100.

**Box C.**—Check this box ONLY if you pay any wages that are taxable for FUTA tax but are exempt from your state's unemployment tax.

(Instructions continued on page 4.)

Form **940** Department of the Treasury Internal Revenue Service

# Employer's Annual Federal Unemployment (FUTA) Tax Return

▶ For Paperwork Reduction Act Notice, see page 2.

OMB No. 1545-0028

**1987**

EMPLOYER'S COPY

Employer identification number [ - ]

A Did you pay all required contributions to state unemployment funds by the due date of Form 940? (See instructions if none required) . . . . ☐ Yes ☐ No
If you checked the "Yes" box, enter the amount of contributions paid to state unemployment funds . . . . . . . ▶ $

B Are you required to pay contributions to only one state? . . . . . . ☐ Yes ☐ No
If you checked the "Yes" box. (1) Enter the name of the state where you are required to pay contributions . . . . ▶
(2) Enter your state reporting number(s) as shown on state unemployment tax return ▶

C If any part of wages taxable for FUTA tax is exempt from state unemployment tax, check the box (See the Specific Instructions on page 2.) . . . . ☐

**Part I Computation of Taxable Wages and Credit Reduction (to be completed by all taxpayers)**

| | | | |
|---|---|---|---|
| 1 | Total payments (including exempt payments) during the calendar year for services of employees | 1 | |
| 2 | Exempt payments. (Explain each exemption shown, attaching additional sheets if necessary.) ▶ | 2 Amount paid | |
| 3 | Payments for services of more than $7,000. Enter only the excess over the first $7,000 paid to individual employees not including exempt amounts shown on line 2. Do not use the state wage limitation | 3 | |
| 4 | Total exempt payments (add lines 2 and 3) | 4 | |
| 5 | **Total taxable wages** (subtract line 4 from line 1) (If any part is exempt from state contributions, see instructions.) ▶ | 5 | |
| 6 | Additional tax resulting from credit reduction for unrepaid advances to the state listed below (by two letter Postal Service abbreviation). Enter the wages included on line 5 above for that state and multiply by the rate shown. (See the instructions.) Enter the credit reduction amount here and in Part II, line 2, or Part III, line 4: PA × .015= ▶ | 6 | |

**Part II Tax Due or Refund** (Complete if you checked the "Yes" boxes in both questions A and B and did not check the box in C, above.)

| | | | |
|---|---|---|---|
| 1 | FUTA tax. Multiply the wages in Part I, line 5, by .008 and enter here | 1 | |
| 2 | Enter amount from Part I, line 6 | 2 | |
| 3 | **Total FUTA tax** (add lines 1 and 2) | 3 | |
| 4 | Minus: Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records) | 4 | |
| 5 | **Balance due** (subtract line 4 from line 3). This should be $100 or less. Pay to IRS ▶ | 5 | |
| 6 | **Overpayment** (subtract line 3 from line 4). Check if it is to be: ☐ Applied to next return, or ☐ Refunded ▶ | 6 | |

**Part III Tax Due or Refund** (Complete if you checked the "No" box in either question A or B or you checked the box in C, above. Also complete Part V.)

| | | | |
|---|---|---|---|
| 1 | Gross FUTA tax. Multiply the wages in Part I, line 5, by .062 | 1 | |
| 2 | Maximum credit. Multiply the wages in Part I, line 5, by .054 | 2 | |
| 3 | Enter the smaller of the amount in Part V, line 11, or Part III, line 2 | 3 | |
| 4 | Enter amount from Part I, line 6 | 4 | |
| 5 | **Credit allowable** (subtract line 4 from line 3) (If zero or less, enter 0.) | 5 | |
| 6 | **Total FUTA tax** (subtract line 5 from line 1) | 6 | |
| 7 | Minus: Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records) | 7 | |
| 8 | **Balance due** (subtract line 7 from line 6). This should be $100 or less. Pay to IRS ▶ | 8 | |
| 9 | **Overpayment** (subtract line 6 from line 7). Check if it is to be: ☐ Applied to next return, or ☐ Refunded ▶ | 9 | |

**Part IV Record of Quarterly Federal Tax Liability for Unemployment Tax (Do not include state liability.)**

| Quarter | First | Second | Third | Fourth | Total for Year |
|---|---|---|---|---|---|
| Liability for quarter | | | | | |

**If you will not have to file returns in the future, write "Final" here (see general instruction "Who Must File") and sign the return.** ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was or is to be deducted from the payments to employees.

Signature ▶ Title (Owner, etc.) ▶ Date ▶

**Note:** *You must keep this copy and a copy of each related schedule or statement for 4 years after the date the tax is due or paid, whichever is later. These copies must be available for inspection by the IRS. See Circular E and* **Publication 539**, *Employment Taxes, for more information. Household employers should see Publication 503.*

Form 940 (1987) Page 4

**Part V Computation of Tentative Credit** (Complete if you checked the "No" box in either question A or B or you checked the box in C, on page 1—see instructions.)

| Name of state | State reporting number(s) as shown on employer's state contribution returns | Taxable payroll (as defined in state act) | State experience rate period From— | To— | State experience rate | Contributions if rate had been 5.4% (col. 3 × .054) | Contributions payable at experience rate (col. 3 × col. 5) | Additional credit (col. 6 minus col. 7) If 0 or less, enter 0 | Contributions actually paid to state |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | | 5 | 6 | 7 | 8 | 9 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| 10 Totals ▶ | | | | | | | | | |

11 Total tentative credit (add line 10, columns 8 and 9—see instructions for limitations) ▶

**Part I.—Computation of Taxable Wages and Credit Reduction**

**Line 1—Total payments.**—Enter the total payments you made to employees during the calendar year, even if they are not taxable. Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, and the value of goods, lodging, food, clothing, and noncash fringe benefits. Also include the amount of tips reported to you in writing by your employees. Enter the amount before any deductions.

How the payments are made is not important in determining if they are wages. Thus, you may pay wages for piecework or as a percentage of profits, and you may pay wages hourly, daily, weekly, monthly, or yearly. You may pay wages in cash or some other way, such as goods, lodging, food, or clothing. For items other than cash, use the fair market value at the time of payment.

**Line 2—Exempt payments.**—"Wages" and "employment" as defined for FUTA purposes do not include every payment and every kind of service an employee may perform. In general, payments excluded from wages and payments for services excepted from employment are not subject to tax. You may deduct these payments from total payments only if you explain them on line 2.

Enter such items as the following:

(1) Agricultural labor, if you didn't meet either of the tests in *Agricultural Employers* on page 2.

(2) Benefit payments for sickness or injury under a worker's compensation law.

(3) Household service if you did not pay cash wages of $1,000 or more in any calendar quarter in 1986 and 1987.

(4) Certain family employment.

(5) Certain fishing activities.

(6) Noncash payments for farmwork or household services in a private home that are included on line 1. Only cash wages to these workers are taxable.

(7) Value of certain meals and lodging.

(8) Any other exempt service or pay.

For more information, see Circular E.

**Line 3.**—Enter the total amounts of more than $7,000 you paid each employee. For example, if you have 10 employees to whom you paid $8,000 each during the year, enter $80,000 on line 1 and $10,000 on line 3. The $7,000 wage limitation is for FUTA purposes only. Do not use the state wage limitation for this entry.

**Line 5—Total taxable wages.**—If any part of these wages is exempt from state unemployment taxes, you must fill out Parts III and V. For example, if you pay wages to corporate officers in a state that exempts these wages from its unemployment taxes (these wages are taxable for FUTA tax), you would check the box in C on page 1 and complete Parts III and V.

**Line 6.**—Enter any wages included on line 5 subject to the unemployment compensation laws of the state listed. (If in doubt, ask your state unemployment service.) Multiply the wages by the rate shown. This adjustment increases the FUTA tax by the amount shown on this line, by reducing the credit otherwise allowable against the FUTA tax for contributions made to state unemployment funds. (However, the increase cannot be more than the credit otherwise allowable.)

*Note: The wages shown on line 6 cannot exceed the total taxable wages shown on line 5.* If no wages are subject, enter "none" on line 6.

**Part II.—Tax Due or Refund**

Use this part only if you checked "Yes" for both questions A and B on page 1, and did not check the box in C. The tax rate of .008 gives you credit for your payments to your state's unemployment fund.

**Part III.—Tax Due or Refund**

Use this part if you do not qualify for Part II.

**Line 3.**—Enter the smaller of Part V, line 11, or Part III, line 2. This is the maximum credit allowable for your payments to state unemployment funds.

**Lines 4 and 5.**—Enter the amount from Part I, line 6 on line 4. Subtract this amount from Part III, line 3. The result on line 5 is your allowable credit for payments to the state.

**Part IV.—Record of Federal Tax Liability**

Complete this part if your total tax (Part II, line 3 or Part III, line 6) is over $100. To figure your FUTA tax liability for each of the first 3 quarters of 1987, multiply by .008 that part of the first $7,000 of each employee's annual wages you paid during the quarter. Enter this amount under that quarter.

Your liability for the 4th quarter is the total tax (Part II, line 3 or Part III, line 6) minus your liability for the first 3 quarters of the year. The total liability must equal your total tax. Otherwise, you may be charged a failure to deposit penalty figured on your average liability.

**Depositing FUTA Tax.**—If your liability for any of the first 3 quarters of 1987 (plus any undeposited amount of $100 or less from any earlier quarter) is over $100, deposit it by the last day of the first month following the close of the quarter. If it is $100 or less, carry it to the next quarter; a deposit is not required. If your liability for the 4th quarter (plus any undeposited amount from any earlier quarter) is over $100, deposit the entire amount by February 1, 1988. If it is $100 or less, you can either make a deposit or pay it with your Form 940 by February 1.

**Note:** *The total amount of all deposits must be shown in Part II, line 4 or Part III, line 7.*

If you deposited the correct amounts, following these rules, the balance due with Form 940 will never be more than $100.

Deposit FUTA tax in an authorized financial institution or the Federal Reserve Bank for your area. To avoid a possible penalty, do not mail deposits directly to IRS. Records of your deposits will be sent to IRS for crediting to your business accounts. See *Identifying Your Payments* on page 2.

You must use a **Form 8109**, Federal Tax Deposit Coupon, when making each tax deposit. IRS will send you a book of deposit coupons when you apply for an employer identification number. Follow the instructions in the coupon book. If you don't have coupons, see Circular E.

Taxpayers who willfully claim credit for deposits not made are subject to fines and other criminal penalties.

**Part V.—Computation of Tentative Credit**

Complete this schedule if you checked the "No" box in either question A or B on page 1, or if you checked the box in C on page 1. If you have been assigned an experience rate by your state of 0% or more, but less than 5.4% for all or part of the year, use columns 1 through 9. If you have not been assigned any experience rate by your state, use columns 1, 2, 3, and 9 only. If you have been assigned a rate of 5.4% or higher, use columns 1, 2, 3, 4, 5, and 9 only. If you were assigned an experience rate for only part of the year or the rate was changed during the year, complete a separate line for each rate period.

**Column 1.**—Enter the name of the state(s) (including Puerto Rico and the Virgin Islands) that you were required to pay contributions to.

**Column 2.**—Enter the state reporting number that was assigned to you when you registered as an employer with each state.

**Column 3.**—Enter the taxable payroll on which you must pay taxes to the unemployment fund of each state in column 1. If your experience rate is zero, enter the amount of wages that you would have had to pay on if the rate had not been granted.

**Columns 4 and 5.**—Your state experience rate is the rate at which the state taxes your payroll for state unemployment purposes. This rate may be adjusted from time to time based on your "experience" with the state fund, that is, unemployment compensation paid to your former employees and other factors. If you do not know your rate, contact your state unemployment insurance service.

**Column 8.**—Subtract column 7 from column 6. If zero or less, enter "0."

**Column 9.**—Enter contributions actually paid into the state fund by the due date of Form 940. Do not include any special assessments, surtaxes, surcharges, etc., used by the state to pay interest on unrepaid advances from the Federal Government.

**Line 11.**—Add line 10, columns 8 and 9. The allowable credit for state contributions you make after the due date for filing Form 940 may not be more than 90% of the credit that would have been allowed if you had paid the state contributions by the due date. For example, if $1,500 of state contributions was paid on time, and $1,000 was paid after the due date for filing Form 940, the total tentative credit on line 11 (assuming no additional credit (column 8)) would be $2,400 ($1,500 + $900 (90% of $1,000)).

*Note: If you are receiving additional credit (column 8) because your state experience rate is less than 5.4%, the additional credit is not subject to the 90% limitation.*

☆ U.S. GOVT. PRINTING OFFICE: 1987 M163-080

Form **1040** Department of the Treasury—Internal Revenue Service

# U.S. Individual Income Tax Return 1987

For the year Jan.–Dec. 31, 1987, or other tax year beginning , 1987, ending , 19 . OMB No. 1545-0074

**Label**

Use IRS label. Otherwise, please print or type.

Your first name and initial (if joint return, also give spouse's name and initial) | Last name | Your social security number

Present home address (number and street or rural route). (If you have a P.O. Box, see page 6 of Instructions.) | Spouse's social security number

City, town or post office, state, and ZIP code | For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

**Presidential Election Campaign** ▶ Do you want $1 to go to this fund? . . . Yes No
If joint return, does your spouse want $1 to go to this fund? . . . Yes No
Note: *Checking "Yes" will not change your tax or reduce your refund.*

**Filing Status**

Check only one box.

1 ☐ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here.
4 ☐ Head of household (with qualifying person). (See page 7 of Instructions.) If the qualifying person is your child but not your dependent, enter child's name here.
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19 ). (See page 7 of Instructions.)

**Exemptions**

(See Instructions on page 7.)

**Caution:** If you can be claimed as a dependent on another person's tax return (such as your parents' return), do not check box 6a. But be sure to check the box on line 32b on page 2.

6a ☐ Yourself 6b ☐ Spouse — No. of boxes checked on 6a and 6b ▶

c Dependents

| (1) Name (first, initial, and last name) | (2) Check if under age 5 | (3) If age 5 or over, dependent's social security number | (4) Relationship | (5) No. of months lived in your home in 1987 |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

No. of children on 6c who lived with you ▶
No. of children on 6c who didn't live with you due to divorce or separation ▶
No. of parents listed on 6c ▶
No. of other dependents listed on 6c ▶

If more than 7 dependents, see Instructions on page 7.

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here ▶ ☐
e Total number of exemptions claimed (also complete line 35) — Add numbers entered in boxes above ▶

**Income**

Please attach Copy B of your Forms W-2, W-2G, and W-2P here.

If you do not have a W-2, see page 6 of Instructions.

Please attach check or money order here.

| | | |
|---|---|---|
| 7 | Wages, salaries, tips, etc. *(attach Form(s) W-2)* | 7 |
| 8 | Taxable interest income *(also attach Schedule B if over $400)* | 8 |
| 9 | Tax-exempt interest income (see page 10). DON'T include on line 8 [9] | |
| 10 | Dividend income *(also attach Schedule B if over $400)* | 10 |
| 11 | Taxable refunds of state and local income taxes, if any, from worksheet on page 11 of Instructions | 11 |
| 12 | Alimony received | 12 |
| 13 | Business income or (loss) *(attach Schedule C)* | 13 |
| 14 | Capital gain or (loss) *(attach Schedule D)* | 14 |
| 15 | Other gains or (losses) *(attach Form 4797)* | 15 |
| 16a | Pensions, IRA distributions, annuities, and rollovers. Total received [16a] | |
| b | Taxable amount (see page 11) | 16b |
| 17 | Rents, royalties, partnerships, estates, trusts, etc. *(attach Schedule E)* | 17 |
| 18 | Farm income or (loss) *(attach Schedule F)* | 18 |
| 19 | Unemployment compensation (insurance) (see page 11) | 19 |
| 20a | Social security benefits (see page 12) [20a] | |
| b | Taxable amount, if any, from the worksheet on page 12 | 20b |
| 21 | Other income (list type and amount—see page 12) | 21 |
| 22 | Add the amounts shown in the far right column for lines 7, 8, and 10–21. This is your **total income** ▶ | 22 |

**Adjustments to Income**

(See Instructions on page 12.)

| | | |
|---|---|---|
| 23 | Reimbursed employee business expenses from Form 2106 | 23 |
| 24a | Your IRA deduction, from applicable worksheet on page 13 or 14 | 24a |
| b | Spouse's IRA deduction, from applicable worksheet on page 13 or 14 | 24b |
| 25 | Self-employed health insurance deduction, from worksheet on page 14 | 25 |
| 26 | Keogh retirement plan and self-employed SEP deduction | 26 |
| 27 | Penalty on early withdrawal of savings | 27 |
| 28 | Alimony paid (recipient's last name and social security no. ) | 28 |
| 29 | Add lines 23 through 28. These are your **total adjustments** ▶ | 29 |

**Adjusted Gross Income**

| | | |
|---|---|---|
| 30 | Subtract line 29 from line 22. This is your **adjusted gross income.** *If this line is less than $15,432 and a child lived with you, see "Earned Income Credit" (line 56) on page 18 of the Instructions. If you want IRS to figure your tax, see page 15 of the Instructions* ▶ | 30 |

Form 1040 (1987) Page 2

**Tax Computation**

| | | |
|---|---|---|
| 31 | Amount from line 30 (adjusted gross income) | 31 |
| 32a | Check if: ☐ You were 65 or over ☐ Blind; ☐ Spouse was 65 or over ☐ Blind. Add the number of boxes checked and enter the total here ▶ [32a] | |
| b | If you can be claimed as a dependent on another person's return, check here ▶ 32b ☐ | |
| c | If you are married filing a separate return and your spouse itemizes deductions, or you are a dual status alien, see page 15 and check here ▶ 32c ☐ | |
| 33a | **Itemized deductions.** See page 15 to see if you should itemize. If you don't itemize, enter zero. If you do itemize, attach Schedule A, enter the amount from Schedule A, line 26, AND skip line 33b | 33a |
| b | **Standard deduction.** Read **Caution** to left. If it applies, see page 16 for the amount to enter. If Caution doesn't apply and your filing status from page 1 is: Single or Head of household, enter $2,540; Married filing jointly or Qualifying widow(er), enter $3,760; Married filing separately, enter $1,880 | 33b |
| 34 | Subtract line 33a or 33b, whichever applies, from line 31. Enter the result here | 34 |
| 35 | Multiply $1,900 by the total number of exemptions claimed on line 6e or see chart on page 16 | 35 |
| 36 | **Taxable income.** Subtract line 35 from line 34. Enter the result (but not less than zero) | 36 |
| | **Caution:** If under age 14 and you have more than $1,000 of investment income, check here ▶☐ and see page 16 to see if you have to use Form 8615 to figure your tax. | |
| 37 | Enter tax. Check if from ☐ Tax Table, ☐ Tax Rate Schedules, ☐ Schedule D, or ☐ Form 8615 | 37 |
| 38 | Additional taxes (see page 16). Check if from ☐ Form 4970 or ☐ Form 4972 | 38 |
| 39 | Add lines 37 and 38. Enter the total ▶ | 39 |

**Caution:** If you checked any box on line 32a, b, or c and you don't itemize, see page 16 for the amount to enter on line 33b.

**Credits**

(See Instructions on page 17.)

| | | |
|---|---|---|
| 40 | Credit for child and dependent care expenses *(attach Form 2441)* [40] | |
| 41 | Credit for the elderly or for the permanently and totally disabled *(attach Schedule R)* [41] | |
| 42 | Add lines 40 and 41. Enter the total | 42 |
| 43 | Subtract line 42 from line 39. Enter the result (but not less than zero) | 43 |
| 44 | Foreign tax credit *(attach Form 1116)* [44] | |
| 45 | General business credit. Check if from ☐ Form 3800, ☐ Form 3468, ☐ Form 5884, ☐ Form 6478, ☐ Form 6765, or ☐ Form 8586 [45] | |
| 46 | Add lines 44 and 45. Enter the total | 46 |
| 47 | Subtract line 46 from line 43. Enter the result (but not less than zero) ▶ | 47 |

**Other Taxes**

(Including Advance EIC Payments)

| | | |
|---|---|---|
| 48 | Self-employment tax *(attach Schedule SE)* | 48 |
| 49 | Alternative minimum tax *(attach Form 6251)* | 49 |
| 50 | Tax from recapture of investment credit *(attach Form 4255)* | 50 |
| 51 | Social security tax on tip income not reported to employer *(attach Form 4137)* | 51 |
| 52 | Tax on an IRA or a qualified retirement plan *(attach Form 5329)* | 52 |
| 53 | Add lines 47 through 52. This is your **total tax** ▶ | 53 |

**Payments**

Attach Forms W-2, W-2G, and W-2P to front.

| | | |
|---|---|---|
| 54 | Federal income tax withheld (including tax shown on Form(s) 1099) [54] | |
| 55 | 1987 estimated tax payments and amount applied from 1986 return [55] | |
| 56 | Earned income credit (see page 18) [56] | |
| 57 | Amount paid with Form 4868 (extension request) [57] | |
| 58 | Excess social security tax and RRTA tax withheld (see page 19) [58] | |
| 59 | Credit for Federal tax on gasoline and special fuels *(attach Form 4136)* [59] | |
| 60 | Regulated investment company credit *(attach Form 2439)* [60] | |
| 61 | Add lines 54 through 60. These are your **total payments** ▶ | 61 |

**Refund or Amount You Owe**

| | | |
|---|---|---|
| 62 | If line 61 is larger than line 53, enter amount **OVERPAID** ▶ | 62 |
| 63 | Amount of line 62 to be **REFUNDED TO YOU** ▶ | 63 |
| 64 | Amount of line 62 to be applied to your 1988 estimated tax ▶ [64] | |
| 65 | If line 53 is larger than line 61, enter **AMOUNT YOU OWE.** Attach check or money order for full amount payable to "Internal Revenue Service." Write your social security number, daytime phone number, and "1987 Form 1040" on it. Check ▶ ☐ if Form 2210 (2210F) is attached. See page 20. Penalty: $ | 65 |

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Your signature | Date | Your occupation
▶ Spouse's signature (if joint return, BOTH must sign) | Date | Spouse's occupation

**Paid Preparer's Use Only**

Preparer's signature ▶ | Date | Check if self-employed ☐ | Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶ | E.I. No. | ZIP code

☆U.S. Government Printing Office: 1987—183-004 15-0616758

Form **1042S**
Department of the Treasury
Internal Revenue Service

## Foreign Person's U.S. Source Income Subject to Withholding

**1987**

For Paperwork Reduction Act Notice, see separate Instructions for Forms 1042 and 1042S.

OMB No. 1545-0096

**Copy A** for Internal Revenue Service

| Line | (a) Income code | (b) Gross income paid | (c) Tax rate (%) | (d) Exemption code | (e) Tax withheld (net of any tax released) | (f) Country code |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | Total | | | | | |

4 Recipient code (see instructions) ▶

5 Recipient's U.S. tax identification no. ▶

6 Account number (optional) ▶

7 Withholding agent's EIN ▶

8 RECIPIENT'S name, street address, city, province, country, and postal zone

9 Recipient's country of residence for tax purposes

10 WITHHOLDING AGENT'S name, address, and ZIP code (as shown on Form 1042)

11 Payer's name and employer identification number (if different from withholding agent's)

### Instructions

**Column (a).**—Enter the appropriate income code

| Code | Type of Income |
|---|---|
| 01 | Interest paid by U.S. obligors—general |
| 02 | Interest on real property mortgages |
| 03 | Interest paid to controlling foreign corporations |
| 04 | Interest paid by foreign corporations (U.S. agents) |
| 05 | Interest on tax free covenant bonds |
| 06 | Dividends paid by U.S. corporations—general |
| 07 | Dividends paid by U.S. subsidiaries to foreign parent corporations |
| 08 | Dividends paid by foreign corporations |
| 09 | Capital gains |
| 10 | Industrial royalties |
| 11 | Motion picture or television copyright royalties |
| 12 | Other royalties (e.g., copyright, recording, publishing) |
| 13 | Real property income and natural resources royalties |
| 14 | Pensions, annuities, alimony, and/or insurance premiums |
| 15 | Scholarship or fellowship grants |
| 16 | Compensation for independent personal services * |
| 17 | Compensation for dependent personal services * |
| 18 | Compensation for teaching * |
| 19 | Compensation during training * |
| 20 | Earnings as an artist or athlete |
| 24 | Real estate investment trust (REIT) distributions of capital gains |
| 25 | Publicly traded partnership and trust distributions subject to IRC section 1445 |
| 26 | Unsevered growing crops and timber distributions by a publicly traded partnership or trust subject to IRC section 1445 |
| 50 | Other income (specify) ________________ |

* See the "note" in column 3 on the back of Copy D.

**Column (d).**—If the tax rate entered in column (c) is 0%, enter the appropriate exemption code.

| Code | Authority for Exemption |
|---|---|
| 1 | Income effectively connected with a U.S. trade or business (copy of Form 4224 attached) |
| 2 | Exempt under the Internal Revenue Code (specify IRC section _____) |
| 3 | Income is not from U.S. sources |
| 4 | Exempt under tax treaty |

**Line 4.** — Enter the appropriate recipient code

| Code | Type of Recipient |
|---|---|
| 01 | Individual * |
| 02 | Corporation * |
| 03 | Partnership * |
| 04 | Fiduciary |
| 05 | Nominee |
| 06 | Government or International Organization |
| 07 | "Tax-Exempt" Organization (IRC section 501(a)) |
| 08 | Private Foundation |
| 09 | Artist or athlete |
| 19 | Other (specify) ________________ |
| 20 | Type of recipient unknown |

**For country codes, see last two pages.**

### U.S. Income Tax Filing Requirements

Every nonresident alien individual, nonresident alien fiduciary and foreign corporation with United States income, including income that is effectively connected with the conduct of a trade or business in the United States, must file a United States income tax return. However, no return is required to be filed by a nonresident alien individual, nonresident alien fiduciary, or a foreign corporation if such person was not engaged in a trade or business in the United States at any time during the tax year and if the tax liability of such person was fully satisfied by the withholding of United States tax at the source. (Corporations file Form 1120F; all others file Form 1040NR.) You may get the return forms and instructions at any United States Embassy or consulate or by writing to: Richmond Distribution Center, P.O. Box 25866, Richmond, VA 23260, U.S.A.

Tout étranger non-résident, tout organisme fidéicommissaire étranger non-résident et toute société étrangère percevant un revenu aux États-Unis, y compris tout revenu dérivé, en fait, du fonctionnement d'un commerce ou d'une affaire aux États-Unis, doit soumettre aux États-Unis une déclaration d'impôt sur le revenu. Cependant aucune déclaration d'impôt sur le revenu n'est exigée d'un étranger non-résident, d'un organisme fidéicommissaire étranger non-résident, ou d'une société étrangère s'ils n'ont pris part à aucun commerce ou affaire aux États-Unis à aucun moment pendant l'année fiscale et si les impôts dont ils sont redevables ont été entièrement acquittés par une retenue à la source, de leur montant. (Les sociétés doivent faire leur déclaration d'impôt en remplissant le formulaire 1120F; tous les autres redevables doivent remplir le formulaire 1040NR.) On peut se procurer formulaires de déclarations d'impôts et instructions dans toutes les Ambassades et tous les Consulats des États-Unis. L'on peut également s'adresser pour tous renseignements à: Richmond Distribution Center, P.O. Box 25866, Richmond, VA 23260, U.S.A.

Todo extranjero no residente, todo organismo fideicomisario extranjero no residente y toda sociedad anónima extranjera que reciba ingresos en los Estados Unidos, incluyendo ingresos relacionados de la conducción de un negocio u oficio dentro de los Estados Unidos, deberá presentar una declaración estadounidense de impuestos sobre ingreso. Sin embargo, no se requiere declaración alguna a un individuo extranjero una sociedad anónima extranjera u organismo fideicomisario extranjero no residentes, si tal persona no ha efectuado comercio o negocio en los Estados Unidos durante el año fiscal y si la responsabilidad en impuestos de tal persona ha sido satisfecha plenamente mediante retención del impuesto de los Estados Unidos en la fuente. (Las sociedades anónimas envían el formulario 1120F; todos los demás contribuyentes envían el formulario 1040NR.) Se podrán obtener formularios e instrucciones en cualquier Embajada o Consulado de los Estados Unidos o pueden escribir directamente en demanda de información a: Richmond Distribution Center, P.O. Box 25866, Richmond, VA 23260, U.S.A.

Jede ausländische Einzelperson, jeder ausländische Bevollmächtigte und jede ausländische Gesellschaft mit Einkommen in den Vereinigten Staaten, einschliesslich des Einkommens, welches direkt mit der Ausübung von Handel oder Gewerbe innerhalb der Staaten verbunden ist, müssen eine Einkommensteuererklärung der Vereinigten Staaten abgeben. Eine Erklärung muss jedoch nicht von Ausländern, ausländischen Bevollmächtigten oder ausländischen Gesellschaften in den Vereinigten Staaten eingereicht werden, falls eine solche Person während des Steuerjahres kein Gewerbe oder Handel in den Vereinigten Staaten ausgeübt hat und die Steuerschuld durch Einbehaltung der Steuern der Vereinigten Staaten durch die Einkommensquelle abgegolten ist. (Gesellschaften reichen den Vordruck 1120F ein; alle anderen reichen das Formblatt 1040NR ein.) Einkommensteuererklärungen und Instruktionen können bei den Botschaften und Konsulaten der Vereinigten Staaten eingeholt werden. Um weitere Informationen wende man sich bitte an: Richmond Distribution Center, P.O. Box 25866, Richmond, VA 23260, U.S.A.

### Specific Instructions for Withholding Agents

**Changes You Should Note.**—Three new income codes (24, 25, and 26) have been added to the back of Copy A. For details, see separate Instructions for Forms 1042 and 1042S.

Complete Form 1042S to report income subject to withholding under sections 1441 or 1442 of the Internal Revenue Code (and regulation section 1.1445-8T) paid to nonresident aliens, foreign partnerships, foreign corporations, or a nonresident alien or foreign fiduciary of an estate or trust. File Copy A with the Internal Revenue Service (for details, see separate Instructions for Forms 1042 and 1042S). Copies B and C are for the recipient, and Copy D is for your records.

You must file a Form 1042S even if: (1) You did not withhold tax because the income was exempt from tax under a U.S. tax treaty or the Code, including the exemption for income effectively connected with conducting a trade or business in the United States. (Attach a copy of Form 4224, Exemption from Withholding of Tax on Income Effectively Connected with the Conduct of a Trade or Business in the United States, to Form 1042.); or (2) You released the tax withheld to the recipient.

**Note:** *Generally, you must use magnetic tape to file 250 or more Forms 1042S with IRS. For details, see* **Publication 515**, *Withholding of Tax on Nonresident Aliens and Foreign Corporations, separate Instructions for Forms 1042 and 1042S, and* **Publication 1187**.

**Caution:** *Be sure to reconcile amounts on Form 1042S with amounts on Form 1042, to avoid unnecessary correspondence with IRS.*

**Completing Form 1042S.**—Care should be taken in entering the correct income code, exemption code, country code, country name, and recipient code on Form 1042S. These items determine the correct rate of tax to be applied to the gross amount of income paid. The recipient's country of residence for tax purposes (the country in which the recipient is resident for purposes of that country's tax laws thereby entitling the recipient to the benefits of that country's tax treaty) is extremely important in order to reconcile the tax per return for administrative purposes and to identify the information required to be furnished to a foreign government under a mutual exchange of information agreement provided under treaty. The country shown in Box 9 may be different from the country shown in the address in Box 8.

The income code, exemption code, and recipient code are listed on the back of Copy A. The country code for the country of which the recipient is a resident for tax purposes is listed on the last two pages of this form.

**Note:** *If compensations covered under Income Codes 16-19 are directly attributable to the recipient's occupation as an artist or athlete, income code 20 should be used. Also, wherever appropriate, recipient code "09" should be used instead of recipient code "01" (individual), "02" (corporation), or "03" (partnership).*

You must obtain and enter a taxpayer identification number for (1) any citizen or resident of the United States, and (2) any recipient whose income is effectively connected with the conduct of a trade or business in the United States (in which case exemption Code 1 should be entered in column (d)).

Be sure to include on line 63a, Form 1042, the sum of all Forms 1042S, line 3, column (b).

In column (e) enter any withheld tax less any tax that has been released (repaid) to the recipient. Use line 6 to provide the recipient's account number assigned by you. Furnishing the account number is optional.

### Country Codes

Enter in column (f) the code, from the list below, for the country of which the recipient is a resident for tax purposes. These codes are used by IRS to provide information to all tax treaty countries for purposes of their tax administration. Generally, the recipient's country for both tax and mailing purposes will be the same. In some cases, however, two different countries are involved.

| Country | Code | Country | Code | Country | Code | Country | Code | Country | Code |
|---|---|---|---|---|---|---|---|---|---|
| Afghanistan | AF | Barbados | BB | Canada | CA | Ethiopia | ET | Haiti | HA |
| Albania | AL | Bassas da India | BS | Canary Islands | SP | Europa Island | EU | Heard Island and McDonald Islands | HM |
| Algeria | AG | Belgium | BE | Cape Verde | CV | Falkland Islands (Islas Malvinas) | FA | Honduras | HO |
| American Samoa | AQ | Belize | BH | Cayman Islands | CJ | Faroe Islands | FO | Hong Kong | HK |
| Andorra | AN | Benin | BN | Central African Republic | CT | Fiji | FJ | Hungary | HU |
| Angola | AO | Bermuda | BD | Chad | CD | Finland | FI | Iceland | IC |
| Anguilla | AV | Bhutan | BT | Chile | CI | France | FR | India | IN |
| Antarctica | AY | Bolivia | BL | China, Peoples Republic of | CH | French Guiana | FG | Indonesia | ID |
| Antigua and Barbuda | AC | Botswana | BC | Christmas Island (Indian Ocean) | KT | French Polynesia | FP | Iran | IR |
| Argentina | AR | Bouvet Island | BV | Christmas Island (Pacific Ocean) | KR | French Southern and Antarctic Lands | FS | Iraq | IZ |
| Aruba | AA | Brazil | BR | Clipperton Island | IP | Gabon | GB | Iraq Saudi Arabia Neutral Zone | IY |
| Ashmore and Cartier Islands | AT | British Indian Ocean Territory | IO | Cocos (Keeling) Islands | CK | Gambia, The | GA | Ireland | EI |
| Australia | AS | Brunei | BX | Colombia | CO | Gaza Strip | GZ | Isle of Man | IM |
| Austria | AU | Bulgaria | BU | Comoros | CN | German Democratic Republic (East) | GC | Israel | IS |
| Azores | PO | Burkina (Upper Volta) | UV | Congo | CF | Germany, Federal Republic of (West) | GE | Italy | IT |
| Bahamas, The | BF | Burma | BM | Cook Islands | CW | Ghana | GH | Ivory Coast | IV |
| Bahrain | BA | Burundi | BY | Coral Sea Islands Territory | CR | Gibraltar | GI | Jamaica | JM |
| Bangladesh | BG | Cambodia (Kampuchea) | CB | Costa Rica | CS | Glorioso Islands | GO | Jan Mayen | JN |
| | | Cameroon | CM | Cuba | CU | Greece | GR | Japan | JA |
| | | | | Cyprus | CY | Greenland | GL | Jersey | JE |
| | | | | Czechoslovakia | CZ | Grenada | GJ | Johnston Atoll | JQ |
| | | | | Denmark | DA | Guadeloupe | GP | Jordan | JO |
| | | | | Djibouti | DJ | Guam | GQ | Juan de Nova Island | JU |
| | | | | Dominica | DO | Guatemala | GT | Kenya | KE |
| | | | | Dominican Republic | DR | Guernsey | GK | Kingman Reef | KQ |
| | | | | Ecuador | EC | Guinea | GV | Kiribati | KR |
| | | | | Egypt | EG | Guinea Bissau | PU | Korea, Democratic People's Republic of (North) | KN |
| | | | | El Salvador | ES | Guyana | GY | | |
| | | | | Equatorial Guinea | EK | | | | |

(Continued on back page)

**Country Codes** (Continued)

| Country | Code | Country | Code | Country | Code | Country | Code | Country | Code |
|---|---|---|---|---|---|---|---|---|---|
| Korea, Republic of (South) | KS | Mozambique | MZ | Portugal | PO | Sweden | SW | Vietnam | VM |
| Kuwait | KU | Namibia | WA | Puerto Rico | RQ | Switzerland | SZ | Virgin Islands (British) | VI |
| Laos | LA | Nauru | NR | Qatar | QA | Syria | SY | Virgin Islands (U.S.) | VQ |
| Lebanon | LE | Navassa Island | BQ | Reunion | RE | Taiwan | TW | Wake Island | WQ |
| Lesotho | LT | Nepal | NP | Romania | RO | Tanzania, United Republic of | TZ | Wallis and Futuna | WF |
| Liberia | LI | Netherlands | NL | Rwanda | RW | Thailand | TH | West Bank | WE |
| Libya | LY | Netherlands Antilles | NA | St. Christopher Nevis | SC | Togo | TO | Western Sahara | WI |
| Liechtenstein | LS | New Caledonia | NC | St. Helena | SH | Tokelau | TL | Western Samoa | WS |
| Luxembourg | LU | New Zealand | NZ | St. Lucia | ST | Tonga | TN | Yemen (Aden) | YS |
| Macau | MC | Nicaragua | NU | St. Pierre and Miquelon | SB | Trinidad and Tobago | TD | Yemen (Sanaa) | YE |
| Madagascar | MA | Niger | NG | St. Vincent and the Grenadines | VC | Tromelin Island | TE | Yugoslavia | YO |
| Malawi | MI | Nigeria | NI | San Marino | SM | Trust Territory of the Pacific Islands | PS | Zaire | CG |
| Malaysia | MY | Niue | NE | Sao Tome and Principe | TP | Tunisia | TS | Zambia | ZA |
| Maldives | MV | Norfolk Island | NF | Saudi Arabia | SA | Turkey | TU | Zimbabwe | ZI |
| Mali | ML | Northern Ireland | UK | Senegal | SG | Turks and Caicos Islands | TK | Other Countries | OC |
| Malta | MT | Northern Mariana Islands | CQ | Seychelles | SE | Tuvalu | TV | | |
| Marshall Islands | RM | Norway | NO | Sierra Leone | SL | Uganda | UG | | |
| Martinique | MB | Oman | MU | Singapore | SN | Union of Soviet Socialist Republics | UR | | |
| Mauritania | MR | Pakistan | PK | Solomon Islands | BP | United Arab Emirates | TC | | |
| Mauritius | MP | Palmyra Atoll | LQ | Somalia | SO | United Kingdom | UK | | |
| Mayotte | MF | Panama | PM | South Africa | SF | Upper Volta (Burkina) | UV | | |
| Mexico | MX | Papua New Guinea | PP | Spain | SP | Uruguay | UY | | |
| Micronesia, Federated States of | FM | Paracel Islands | PF | Spratly Islands | PG | Vanuatu | NH | | |
| Midway Islands | MQ | Paraguay | PA | Sri Lanka | CE | Vatican City | VT | | |
| Monaco | MN | Peru | PE | Sudan | SU | Venezuela | VE | | |
| Mongolia | MG | Philippines | RP | Suriname | NS | | | | |
| Montserrat | MH | Pitcairn Islands | PC | Svalbard | SV | | | | |
| Morocco | MO | Poland | PL | Swaziland | WZ | | | | |

**1987** Department of the Treasury Internal Revenue Service

# Instructions for Forms 1042 and 1042S

*(Section references are to the Internal Revenue Code, unless otherwise noted.)*

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

## General Instructions

### Changes You Should Note

• Three new income codes have been added to the back of Copy A of Form 1042S. They are:

| Income code | Type of income |
|---|---|
| 24 | Real estate investment trust (REIT) distributions of capital gains |
| 25 | Publicly traded partnership and trust distributions subject to IRC section 1445 |
| 26 | Unsevered growing crops and timber distributions by a publicly traded partnership or trust subject to IRC section 1445 |

These additions are based on Temporary Regulations section 1.1445-8T. For more information, see **Withholding Upon Dispositions of U.S. Real Property Interests by Publicly Traded Partnerships, Publicly Traded Trusts, and Real Estate Investment Trusts (REITS)** on page 2.

• Withholding agents will now attach all necessary information forms (Forms 4224, 8233, etc.) to Form 1042 and not to Form 1042S. See **Forms You Must Send With Form 1042** on page 2 for more details.

**Purpose of Form.**—Use Form 1042 to report withheld tax and to transmit any paper document Forms 1042S, Foreign Person's U.S. Source Income Subject to Withholding.

**Who Must File.**—Form 1042 must be filed by all individuals, corporations, partnerships, or resident or domestic fiduciaries of trusts and estates, in whatever capacity acting, having the control, receipt, custody, disposal, or payment of interest, dividends, rents, royalties, annuities, salaries, wages, premiums, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical income, gains described in section 631(b) or (c), amounts subject to tax under section 871(a)(1)(C) or 881(a)(3), gains subject to tax under section 871(a)(1)(D) or 881(a)(4), and gains on transfers described in section 1235 made before October 5, 1966, to the extent such items constitute gross income from sources within the United States (see sections 638 and 861 through 864) of nonresident alien individuals, foreign partnerships, foreign corporations, or a nonresident alien or foreign fiduciary of an estate or trust.

Also file Form 1042 if you pay gross investment income to foreign private foundations that are subject to the tax imposed by section 4948(a).

The payers of such income are required to withhold and deduct a tax therefrom at the rate in effect when the payment is made.

You do not have to withhold tax on any of the above income (other than compensation for personal services) if the income is: (1) effectively connected with the conduct of a trade or business in the United States; (2) includible in the recipient's gross income for the tax year under section 871(b)(2), 842, or 882(a)(2); and (3) the recipient has filed, in duplicate, **Form 4224**, Exemption From Withholding of Tax on Income Effectively Connected With the Conduct of a Trade or Business in the United States, or a written statement giving the same information shown on Form 4224. The copy of the form or statement must be attached to Form 1042.

You must file Form 1042 whether or not any tax was withheld or was required to be withheld if you are required to file Form 1042S. Form 1042S must be filed to report all items of income described above, except income that is required to be reported on Form W-2.

The tax paid at the source upon tax-free covenant bond interest payable to a domestic or resident fiduciary and allocable to any nonresident alien beneficiary under section 652 or 662 is allowable, pro rata, as a credit against the tax required to be withheld by the fiduciary from the income of the beneficiary.

**Interest on Deposits.**—No withholding (or reporting) is required on interest paid on deposits to nonresident aliens, foreign partnerships, or foreign corporations, if such interest is not effectively connected with the conduct of a trade or business in the United States. For this purpose the term "deposits" means amounts which are:

(A) deposits with persons carrying on the banking business,

(B) deposits or withdrawable accounts with savings institutions chartered and supervised as savings and loan or similar associations under Federal or state law, but only to the extent that amounts paid or credited on such deposits or accounts are deductible under section 591 (determined without regard to sections 265 and 291) in computing the taxable income of such institutions, and

(C) amounts held by an insurance company under an agreement to pay interest thereon.

**Form 8233**, Exemption From Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual, can be used by nonresident alien students, teachers, and researchers to claim exemption from withholding on compensation for services that is exempt from taxation under a U.S. tax treaty. Students must provide the information required by Revenue Procedure 87-8, 1987-2, I.R.B. 8. Teachers and researchers must provide the information required by Revenue Procedure 87-9, 1987-2, I.R.B. 10. All these individuals must also provide the information required by Form 8233, disregarding references to independent personal services, and then submit the form to their withholding agent.

**Portfolio Interest.**—Generally, for obligations issued after July 18, 1984, no withholding is required on interest paid on portfolio debt investments to nonresident aliens, foreign partnerships, or foreign corporations. The following discussion gives details on portfolio interest.

• For interest on a **registered obligation not targeted to foreign markets** to qualify as portfolio interest and not be subject to 30% withholding, you must receive from the beneficial owner of the obligation a **Form W-8**, Certificate of Foreign Status, or a similar substitute statement; or you must receive a statement from a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business that the institution has received a Form W-8 or substitute form. A copy of Form W-8 or substitute must be attached to the statement.

Even though the portfolio interest on a registered obligation not targeted to foreign markets is not subject to 30% withholding, you must prepare a Form 1042S (or magnetic tape report) to report the interest payment. Attach the Form W-8 or the substitute you received to Form 1042.

• You may treat the interest on a **registered obligation that is targeted to foreign markets** as portfolio interest not subject to 30% withholding if you do not have actual knowledge that the beneficial owner is a U.S. person and you receive the required certification from a payee that is a financial institution or a member of a clearing organization. (See Temporary Regulations section 35a.9999-5, A-12, A-14, and A-15.) You must receive a Form W-8 or substitute form if you pay interest to a beneficial owner that is neither a financial institution nor a member of a clearing organization. However, a U.S. withholding agent that is a foreign branch of a U.S. financial institution is not required to receive a Form W-8 if the beneficial owner provides the withholding agent with documentary evidence that the beneficial owner is not a U.S. person. Do not file Form 1042S to report interest not subject to withholding on registered obligations targeted to foreign markets when a Form W-8 is not required.

• You need not receive Form W-8 or substitute for **bearer obligations targeted to foreign markets**. Treat the interest on a bearer obligation as portfolio interest not subject to 30% withholding if the obligation is considered targeted to foreign markets. Do not file Form 1042S to report interest not subject to withholding on bearer obligations when a Form W-8 is not required.

**Additional Information.**—For more information, see **Publication 515**, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

**Withholding Upon Dispositions of U.S. Real Property Interests by Publicly Traded Partnerships, Publicly Traded Trusts, and Real Estate Investment Trusts (REITS)**

Treasury Decision 8114 provides Temporary Income Tax Regulations relating to the withholding that is required upon the disposition of a U.S. real property interest by publicly traded partnerships, publicly traded trusts, and real estate investment trusts (Regulations section 1.1445-8T).

The regulations are generally effective with respect to distributions after January 23, 1987.

The special rules of section 1.1445-8T only apply to distributions by (1) a publicly traded partnership or publicly traded trust, or (2) a real estate investment trust.

In general, when an entity described in the preceding paragraph makes a distribution to a foreign person attributable to the disposition of a U.S. real property interest, such entity must withhold tax under section 1445. However, this withholding liability is shifted to the person that pays the distribution to a foreign person (or to the account of the foreign person) if the special notice requirement of section 1.1445-8T(f) and other requirements of section 1.1445-8T(b)(1) are satisfied.

The amount subject to withholding in the case of a distribution by a publicly traded partnership or publicly traded trust is determined under the large partnership rules of section 1.1445-5(c)(3). The amount subject to withholding in the case of a distribution by a REIT generally is the amount with respect to each share or beneficial interest designated by the REIT as a capital gain dividend multiplied by the number of shares or certificates of beneficial interests owned by a foreign person. If the withholding liability is shifted to the payor of the distribution under section 1.1445-8T(b), such payor will receive notice pursuant to section 1.1445-8T(f) of the amount of the distribution subject to withholding.

The rate of withholding is as follows: (1) distribution by publicly traded partnership or publicly traded trust that makes recurring sales of growing crops and timber, 10%; (2) distribution by a publicly traded partnership or publicly traded trust other than an entity described in (1) above, 34% (28% if the distribution occurs after November 21, 1986, and the partnership's or trust's taxable year began before January 1, 1987); (3) distribution by a REIT, 34%.

For rules regarding the determination of whether an interest holder is a foreign person, see section 1.1445-8T(e).

Generally, the new rules for reporting and paying over withheld amounts apply to the system adopted for reporting and paying over withheld amounts under sections 1441 and 1442. This approach was taken because that system is generally familiar to potential withholding agents under section 1.1445-8T, and the specialized system developed under section 1445 is unnecessary in this context. A withholding agent must report and pay over withheld amounts pursuant to section 1461 and the regulations thereunder and section 1.6302-2 (section 1.1445-8T(g)). Form 1042 and Form 1042S will be used for this purpose. It should be noted that these procedures apply solely with regard to distributions subject to the special rules of section 1.1445-8T; all other withholding required under section 1445 will continue to be reported and paid over using **Form 8288**, Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interest, and **Form 8288A**, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests.

The rules of section 1.1461-4 control the timing and manner of obtaining refunds of overwithheld amounts. Thus, the early refund procedure set forth in section 1.1445-6(g) does not apply to persons whose payments were withheld upon under section 1.1445-8T.

**Form 941.**—Use Form 941, Employer's Quarterly Federal Tax Return, to report wages paid to a nonresident alien employee that are subject to withholding under section 3402.

**Forms You Must Send With Form 1042.**—You must send Copy A of all paper document Forms 1042S when you file Form 1042 even if income is exempt from tax withholding.

File a copy of Form 1001 with Form 1042 if the recipient of income is claiming treaty benefits and the recipient's address on Form 1042S is not in the country shown in column f, and on line 9, Form 1042S. Also attach to Form 1042 a copy of Form 4224, Form 8233, or any other certificate, statement, letter, or form relating to exemption from withholding as described in Regulations section 1.1441-4.

Also attach to Form 1042 Forms W-8 or similar substitute statements received from beneficial owners of interest on registered obligations not targeted to foreign markets.

**Where and When To File.**—File Form 1042 and any paper document Forms 1042S, along with other required forms and attachments, with the Internal Revenue Service Center, Philadelphia, PA 19255, by March 15, 1988. If any tax due for the calendar year is less than $200, pay it in full with this return. Make your check or money order payable to the Internal Revenue Service.

**Filing of Forms 1042S on Magnetic Tape.**

A. Standard mail shipments should be addressed to

Magnetic Media Reporting
Internal Revenue Service
National Computer Center
P.O. Box 1359
Martinsburg, West Virginia 25401-1359

B. Shipments by land carriers (UPS, for example) should be addressed to:

Magnetic Media Reporting
Internal Revenue Service
Route 9
Needy Road
Martinsburg, West Virginia 25401

Note on the address side of the shipment: "EXPEDITE FORM 1042S STATEMENTS ON MAGNETIC TAPE, DELIVER UNOPENED TO TAPE LIBRARY."

Magnetic tape reporting to IRS for Forms 1042S must be on a calendar year basis. The dates prescribed for filing paper documents with IRS also apply to magnetic tape filing. Files must be submitted to the National Computer Center by March 15.

**Magnetic Tape Reporting.**—Generally, you must use magnetic tape to file 250 or more Forms 1042S for a calendar year beginning on or after January 1, 1987 (tax year 1987 and subsequent years). See **Publication 1187** for requirements and conditions for filing Forms 1042S on magnetic tape.

**Tax Treaties.**—Residents of certain foreign countries may be entitled to reduced rates of, or exemptions from, tax under an applicable tax treaty between the country of which they are residents and the United States. The procedures recipients must follow to establish with you that they qualify for a reduced rate of, or exemption from, tax are discussed in Publication 515.

**Deposit Requirements.**—Generally, you must deposit the tax withheld and required to be shown on Form 1042 with an authorized financial institution or a Federal Reserve bank or branch using a Federal Tax Deposit Coupon (**Form 8109**) from the coupon book that IRS sent you. Please follow the instructions provided on that form. Please do not use anyone else's coupons. If you don't have your coupons when a deposit is due, contact your IRS district office. To avoid a penalty, do not mail your deposits directly to the IRS. The following rules explain how often you must make deposits.

• **If at the end of any quarter-monthly period the total amount of undeposited taxes for the year is $2,000 or more**, you must deposit the taxes within 3 banking days after the end of the quarter-monthly period. (A quarter-monthly period ends on the 7th, 15th, 22nd, and last day of the month.) In determining banking days, do not count any local holidays observed by authorized financial institutions, as well as Saturdays, Sundays, and legal holidays. The deposit requirements are considered met if (1) you deposit at least 90% of the actual tax liability for the deposit period, and (2) if the quarter-monthly period is in a month other than December, you deposit any underpayment with your first deposit that is required to be made after the 15th day of the following month. Any underpayment of $200 or more for a quarter-monthly period ending in December must be deposited by January 31.

- **If at the end of any month the total amount of undeposited taxes for the year is $200 or more but less than $2,000,** you must deposit the taxes by the 15th day of the following month (This does not apply if you made a deposit for a quarter-monthly period during the month under the $2,000 rule explained above )
- **If at the end of the year the total amount of undeposited taxes is less than $200,** you may either pay the taxes directly to IRS along with your Form 1042 or deposit them by March 15

**Penalty for Overstated Tax Deposits.**—If you overstate your deposits you may be subject to a penalty See section 6656(b)

### Canadian Withholding Agents

If you are a nominee, representative, fiduciary, or partnership in Canada and you receive dividends from sources in the United States for the account of any person who is not entitled to the reduced rate granted under the tax treaty between the United States and Canada, you are a withholding agent and you must withhold the additional tax due on such income

Send the additional U S. tax withheld, in U S currency, with Form 1042 to the Internal Revenue Service Center, Philadelphia, PA 19255, by March 15, 1988

## Specific Instructions for Form 1042

**Note:** *If you are a withholding agent for numerous clients you must make required Federal Tax Deposits (FTDs) and file only one Form 1042 (consolidating all Forms 1042S recipient information), using your name, address, and employer identification number (EIN), regardless of the number of different clients, branches, divisions or types of income for which you are the withholding agent*

**Line 63.**—The amount on line 63a should equal the sum of all Forms 1042S, line 3, column (b), plus the amount shown on Forms 1000 If during 1987 you withheld more tax than required, you may release it to the recipient any time before you file Form 1042 for the year In this case, enter in column (e) of Form 1042S the tax withheld less any tax released. The amount on line 63b should equal the sum of all Forms 1042S, line 3, column (e) plus the tax assumed from Forms 1000 If it does not, attach a statement explaining the difference.

In determining tax withheld on remuneration for labor or personal services that a nonresident alien performs in the United States, a deduction for personal exemptions to the extent allowed by section 873(b)(3) is allowed prorated on the basis of $5 21 ($5 33 for 1988) a day for each exemption for the period during which the alien performs the services in the United States Attach a statement to Form 1042 explaining the amount of compensation for labor or personal services in the United States and the amount of exemptions prorated For more information, see Publication 515

**Lines 68 and 69.**—You may claim an overpayment shown on line 68 as a refund or a credit Check either box on line 69 to show which you are claiming If you claim a credit, it can reduce your required deposits of withheld tax for 1988

☆U.S. GOVERNMENT PRINTING OFFICE: 1987-183-426 E.I. 43-0787287



Form **1116**

Department of the Treasury Internal Revenue Service

## Computation of Foreign Tax Credit

**Individual, Fiduciary, or Nonresident Alien Individual**

► **Attach to Form 1040, 1040NR, 1041, or 990-T.**

► **See separate Instructions.**

OMB No 1545-0121

**1987**

Attachment Sequence No **21**

Name | **Identifying number as shown on page 1 of your tax return**

*Use a separate Form 1116 for each type of income Check only one box This form is being completed for credit for taxes on*

- ☐ Passive income
- ☐ High withholding tax interest
- ☐ Financial services income
- ☐ Shipping income
- ☐ Dividends from an IC-DISC or former DISC
- ☐ Distributions from a foreign sales corporation (FSC) or former FSC
- ☐ Dividends from each noncontrolled section 902 corporation
- ☐ General limitation income—all other income from sources outside the United States (including income from sources within U S. possessions)

Resident of (name of country) ►

**Note:** *If you paid taxes to one foreign country, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country, use a separate column and line for each country.*

### Part I Taxable Income From Sources Outside the United States

| | Foreign Country or U.S. Possession A | B | C | Total (Add Cols. A, B, and C) |
|---|---|---|---|---|
| **Write the name of the foreign country or U.S. possession** ► | | | | |
| 1 Gross income from sources within country shown above and of the type checked above (see instructions) | | | | 1 |
| 2 Applicable deductions and losses (see instructions) | | | | |
| a Expenses directly allocable to the income on line 1 (attach schedule) | | | | |
| b Pro rata share of all other deductions not directly allocable | | | | |
| (i) Itemized deductions (attach schedule) | | | | |
| (ii) Other deductions (attach schedule) | | | | |
| (iii) Add lines 2b(i) and 2b(ii) | | | | |
| (iv) Total foreign source income (see instructions) | | | | |
| (v) Gross income from all sources (see instructions) | | | | |
| (vi) Divide line 2b(iv) by line 2b(v) | | | | |
| (vii) Multiply line 2b(iii) by line 2b(vi) | | | | |
| c Losses from foreign sources | | | | |
| d Add lines 2a, 2b(vii), and 2c | | | | 2d |
| 3 Subtract line 2d from line 1. Enter the result here and in Part III, line 6a ► | | | | 3 |

### Part II Foreign Taxes Paid or Accrued (Attach receipt or copy of return.)

| Country | 1. Credit is claimed for taxes (you must check one) ☐ Paid, or ☐ Accrued — Date Paid or Accrued | 2. Foreign Taxes Paid or Accrued — In Foreign Currency — Taxes Withheld at Source on: (a) Dividends | (b) Rents and Royalties | (c) Interest | (d) Other Foreign Taxes Paid or Accrued | In U S Dollars — Taxes Withheld at Source on: (e) Dividends | (f) Rents and Royalties | (g) Interest | (h) Other Foreign Taxes Paid or Accrued | (i) Total Foreign Taxes Paid or Accrued (Add Cols (e), (f), (g), and (h)) |
|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | |
| B | | | | | | | | | | |
| C | | | | | | | | | | |

3 Add lines A through C, column (i). Enter the total here and on Part III, line 1 ►

**For Paperwork Reduction Act Notice, see page 1 of separate Instructions.** Form **1116** (1987)

Form 1116 (1987) Page 2

### Part III Computation of Foreign Tax Credit

Check if you are claiming a credit for taxes paid to the Virgin Islands under section 932(b) ► ☐

| | | |
|---|---|---|
| 1 Enter amount from Part II, line 3 (This is the total foreign taxes paid or accrued ) | 1 | |
| 2 Carryback or carryover (attach detailed computation) | 2 | |
| 3 Add lines 1 and 2 | 3 | |
| 4 Reduction in foreign taxes (see instructions) | 4 | |
| 5 Subtract line 4 from line 3 (This is the total amount of foreign taxes available for credit.) | | 5 |
| 6a Enter amount from Part I, line 3 (see instructions) | 6a | |
| b Enter pro rata share of allocated foreign losses (see instructions) | 6b | |
| c Reduce the amount on line 6a by the loss on line 6b. (This is your taxable income (or loss) from sources outside the United States.) If this is a loss, you have no foreign tax credit for the type of income you checked on page 1. Skip lines 7 through 13 | 6c | |
| 7 Recapture of prior year overall foreign losses (attach computation) | 7 | |
| 8 Subtract line 7 from line 6c. This is your net foreign source taxable income | | 8 |
| 9 **Individuals:** Enter amount from Form 1040, line 34, or from Form 1040NR, line 33. **Estates and trusts:** Enter on this line your taxable income without the deduction for your exemption | 9 | |
| 10 Divide line 8 by line 9 (If line 8 is more than line 9, enter the figure "1.") | | 10 |
| 11 **Individuals:** Enter amount from Form 1040, line 43, or Form 1040NR, line 40. **Estates and trusts:** Enter amount from Form 1041, line 22c, or Form 990-T, line 8 | | 11 |
| 12 Multiply line 11 by line 10. (Maximum amount of credit ) | | 12 |
| 13 Enter the amount from line 5 or line 12, whichever is smaller. (If this is the only Form 1116 you are completing, skip lines 1 through 8 in Part IV and enter this amount on line 9, Part IV Otherwise, complete the appropriate lines in Part IV ) ► | | 13 |

### Part IV Summary of Credits From Separate Parts III (See Instructions.)

| | | |
|---|---|---|
| 1 Credit for taxes on passive income | 1 | |
| 2 Credit for taxes on high withholding tax interest | 2 | |
| 3 Credit for taxes on financial services income | 3 | |
| 4 Credit for taxes on shipping income | 4 | |
| 5 Credit for taxes on dividends from an IC-DISC or former DISC | 5 | |
| 6 Credit for taxes on distributions from a FSC or former FSC | 6 | |
| 7 Credit for taxes on dividends from each noncontrolled section 902 corporation | 7 | |
| 8 Credit for taxes on general limitation income (all other income from sources outside the U S.) | 8 | |
| 9 Add lines 1 through 8 | | 9 |
| 10 Reduction of credit for international boycott operations (see "Reduction of Credit for International Boycott Operations" in instructions for Part III) | | 10 |
| 11 Subtract line 10 from line 9. This is your foreign tax credit. Enter here and on Form 1040, line 44; Form 1040NR, line 41, Form 1041, line 23a; or Form 990-T, line 9a ► | | 11 |

☆U S GPO 1987-0-183 184

# 1987 Instructions for Form 1116

Department of the Treasury
Internal Revenue Service

## Computation of Foreign Tax Credit

**Individual, Fiduciary, or Nonresident Alien Individual**

*(Section references are to the Internal Revenue Code.)*

## General Instructions

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Note:** *You will not be allowed a foreign tax credit unless a copy of your foreign tax return or a receipt for foreign taxes paid is attached to Form 1116. This applies to all taxpayers, except taxpayers claiming a credit for taxes paid to the Virgin Islands. For more information, see the instructions for "Proof of Credits" under Part II. Taxpayers claiming a credit for taxes paid to the Virgin Islands see the "Note" under Foreign Taxes For Which You May Take a Credit.*

## 1987 Tax Law Changes

There are several changes to the computation of foreign tax credit for tax years beginning in 1987. These changes include modifications to the separate limitation categories, transitional rules for the carryback and carryover of credits for income in these categories, denial of the credit for taxes paid or accrued to certain countries, and new rules for the sourcing of gains on the sale of property.

The following existing separate limitation categories have been retained: certain dividends from a DISC (domestic international sales corporation), and certain foreign trade income and distributions from a FSC (foreign sales corporation). The separate limitation for passive interest income which existed prior to 1987 has been eliminated and replaced with a separate limitation for passive income in general. Other categories of income are now subject to separate limitation treatment. These are high withholding tax interest, financial services income, shipping income, and dividends from a noncontrolled section 902 corporation. Income which does not fall into one of these categories is placed in the "general limitation" category, which includes all other income from sources outside the United States. Wages and other earned income of an employee, for example, are generally placed in the "general limitation" category. See the instructions for line 1 for more information about the separate limitation categories.

The denial of credit for taxes paid to certain countries is explained below under Foreign Taxes For Which You May Not Take a Credit. The new source rules are outlined in the line-by-line instructions for Part I. The transitional rules for carrybacks and carryovers are discussed in the line-by-line instructions for Part III, Computation of Foreign Tax Credit.

**Caution:** *At the time these instructions were printed, Congress was considering legislation that would change or modify the tax treatment described in some of the discussions presented here.*

## Who Should Use This Form

Use Form 1116 to figure the amount of your foreign tax credit if you are an individual, estate, or trust.

To take this credit, complete Form 1116 and attach it to your income tax return. Use a separate Form 1116 (Parts I, II, and III) to figure the credit for foreign taxes paid or accrued for each type of income specified above Part I of the form. If for the box you check, you have income from or have paid taxes to more than one foreign country or U.S. possession, use a separate column in Part I and a separate line in Part II for each country. If you paid taxes to more than three countries, attach additional sheets following the format of Parts I and II.

**Additional Information.—Publication 514**, Foreign Tax Credit for U.S. Citizens and Resident Aliens, contains a detailed explanation of how to figure the foreign tax credit. You can get it from an IRS Forms Distribution Center.

**Note:** *U.S. citizens who live in certain countries may be able to take a foreign tax credit against their U.S. tax liability for the foreign tax imposed on certain items of income from the United States. See Publication 514 for more information.*

## Who May Not Take the Credit

- A U.S. citizen who is exempt from U.S. tax on income from certain U.S. possessions.
- A bona fide resident of the Virgin Islands on the last day of your tax year.
- A nonresident alien. However, if you are a nonresident alien, you may be able to take the credit if:

(1) You are a resident of Puerto Rico during your entire tax year; or

(2) You are a nonresident alien who pays or accrues tax to a foreign country or U.S. possession on income from foreign sources that is effectively connected with a trade or business in the United States. However, if you have to pay tax to a foreign country or U.S. possession on income from U.S. sources only because you are a citizen or a resident of that country or U.S. possession, that tax may not be used in figuring the amount of your credit. Citizens of a U.S. possession (except Puerto Rico or Guam) who are not otherwise citizens or residents of the United States are considered nonresident aliens.

For more information, see **Publication 519**, U.S. Tax Guide for Aliens.

## Foreign Taxes For Which You May Take a Credit

You may take a credit for income, war profits, and excess profits taxes paid or accrued during the tax year to any foreign country or U.S. possession or any political subdivision, agency, or instrumentality of the country or possession. (Examples of political subdivisions are a city, state, or province.) For purposes of this credit, U.S. possessions include Puerto Rico, Guam, the Northern Mariana Islands, American Samoa, and the Virgin Islands.

These taxes include taxes that are paid or accrued in lieu of an income, war profits, or excess profits tax that is otherwise generally imposed.

**Note:** *New rules apply to taxpayers claiming a credit for taxes paid to the Virgin Islands. If you are claiming a credit for taxes paid to the Virgin Islands, use a separate Form 1116 for the computation and check the box above line 1 of Part III of the form. Do not check the "type of income" boxes above Part I. Do not complete Parts I and II of Form 1116. Instead, complete Form 8689 to figure the amount of U.S. tax allocable to the Virgin Islands. Enter the tax allocable to the Virgin Islands from Form 8689 on line 13 of Part III, Form 1116. If you are claiming a credit for Virgin Islands taxes only, also enter the amount from line 13 above on line 11 of Form 1116, Part IV. If you are claiming credit for taxes paid to other foreign countries in addition to your Virgin Islands credit, include the Virgin Islands credit in the total on line 11 of Part IV on the Form 1116 you use to summarize your credits. Write "V.I. tax" and the amount to the left of the entry space for line 11. Do not consider your Virgin Islands income as foreign source income for purposes of computing the credit for your other foreign taxes.*

## Foreign Taxes For Which You May Not Take a Credit

- A foreign tax credit may not be claimed for taxes imposed and paid on income earned from activities conducted after 1986 in certain foreign countries. These countries include those designated by the Secretary of State as countries that repeatedly provide support for acts of international terrorism, countries with which the United States does not have diplomatic relations, or countries whose governments are not recognized by the United States. Publication 514 contains a list of these countries. Also see section 901(j)(2) for more information.
- Taxes paid to a foreign country that would be refunded to you if you made a refund claim.
- Certain payments made to a foreign country for the purchase or sale of oil or gas if you do not have an economic interest in the oil or gas to which these payments apply, and the price paid or received is different than the fair market value of the oil or gas.
- Foreign taxes paid or accrued on foreign oil-related income to the extent the tax imposed by the foreign country on the oil-related income is materially greater than the tax generally imposed by that country on other kinds of income. However, the amount of tax not allowed as a credit under this rule is allowed as a business expense deduction.
- Payments of foreign tax which are returned to you in the form of a subsidy (such as a refund or credit).
- Foreign taxes paid or accrued on distributions attributable to the foreign trade income (other than nonexempt foreign trade income determined without regard to administrative pricing rules) of a foreign sales corporation (FSC).

You may not take a credit for any interest or penalties you must pay.

## Credit or Deduction

Instead of taking the credit on Form 1116, you may choose to deduct foreign income taxes as a deduction (Schedule A (Form 1040) for Form 1040 filers). If you take the credit for any allowable foreign taxes, you may not take any part of that year's tax as a deduction in the year you take the credit or in any later year. You may take a deduction for foreign taxes not allowed as a credit because of boycott provisions. You may also take a deduction for taxes paid to certain foreign countries for which a credit has been denied under section 901(j)(2). You may not take a deduction for taxes paid to the Virgin Islands.

If you want to change your election to take a deduction instead of a credit, or a credit instead of a deduction, you must do so within the special 10-year limitation period provided by Regulations section 1.901-1(d).

## Method of Reporting

Report all amounts on the form in U.S. dollars except where specified otherwise in Part II, Foreign Taxes Paid or Accrued. If you have to convert from foreign currency, attach a detailed explanation of how you figured the conversion rate.

If you take a credit for taxes paid, the conversion rate is the rate of exchange in effect on the day you paid the foreign taxes. If you choose to take the credit for accrued taxes, the conversion rate is the rate of exchange in effect on the last day of your tax year. However, if a different rate of exchange is in effect when the tax is actually paid, use the rate in effect on the day you pay the tax. If you have to pay additional foreign taxes or receive a foreign tax refund and have filed your return, you must file **Form 1040X**, Amended U.S. Individual Income Tax Return, or an amended return immediately to notify the IRS so that the amount of your U.S. tax for the year or years affected can be redetermined. You must also file an amended return if you claimed a credit for foreign taxes accrued, and the amount of foreign tax you actually paid (in U.S. dollars) differs from the amount previously claimed as a credit on your U.S. tax return.

**Note:** *If you do not notify the IRS of a foreign tax refund, or change in the dollar amount of foreign taxes paid or accrued, you may have to pay a penalty. See sections 905(c) and 6689.*

## Line-by-Line Instructions

### Part I.—Taxable Income From Sources Outside the United States



**Source of Income.**—Source rules are discussed in detail in sections 861 through 865. Some general rules are:

- The source of compensation is generally where the services are performed.
- The source of interest income is generally the location of the payor.
- Generally, dividends are sourced where the paying corporation is incorporated.
- Rents and royalties are sourced where the property is used.

There are new source rules for sales of property in tax years beginning after 1986. Income from the sale of nondepreciable personal property is sourced in the country of the seller's residence. There is a special rule, however, for U.S. citizens and resident aliens who sell personal property while maintaining a tax home abroad. Any gain from such sales may be treated as foreign sourced only if a tax of at least 10% of the gain is paid to a foreign country. Income from the sale of inventory is generally sourced where the title to the property passes. The portion of gain from the sale of depreciable personal property used in a trade or business that reflects allowable depreciation deductions and gain (to the extent of amortization deductions) from the sale of intangible property, such as a patent, copyright, trademark, or similar property, is sourced where the property were sourced. For depreciable personal property, gain in excess of these depreciation deductions is sourced as if the property were inventory. For intangible property, gain in excess of amortization deductions is sourced under the general residence of the seller rule if the payments are not contingent on the productivity, use, or disposition of the intangible property, and under the place of use rule for royalties if the payments are contingent. See section 865 for more information and special rules for sales by nonresidents.

- *See section 863(c) for the rules regarding the source of income attributable to transportation services that begin or end in the United States or a U.S. possession. See section 863(d) for rules regarding income from ocean activities.*

Part of the following types of income derived from a U.S.-owned foreign corporation that has income from U.S. sources may be required to be treated as U.S. source income.

- Foreign personal holding company income included in gross income.
- Subpart F income included in gross income.
- Interest.
- Dividends.

**Line 1.**—Income from sources outside the United States must be allocated by type to the separate limitation categories described in section 904. A separate Form 1116 must be completed for each separate limitation category of income you are reporting. On each Form 1116, include only income which corresponds to the separate limitation category of income of the box checked at the top of the form. Include any income in that category that is from sources within the country entered above line 1 that is taxable by the United States whether or not it is taxable by that country. Do not include any earned income excluded on *Form 2555, Foreign Earned Income*. For more information on the exclusion of income earned abroad, see **Publication 54**, Tax Guide for U.S. Citizens and Resident Aliens Abroad. **Example:** If you received dividends (passive income) and wages (general limitation income) from a foreign source, you must complete two Forms 1116. On one Form 1116, enter the dividends on line 1 and complete the rest of the form. On the other Form 1116, enter wages not excluded on Form 2555 on line 1 and complete the rest of the form.

See the instructions for Part IV for information on summarizing the separate credits.

Some of the separate limitation categories and the income generally contained in each are:

- ***Passive Income.***—Passive income generally includes dividends, interest, royalties, rents, and annuities. It also includes gain from the sale of non-income producing investment property and gains from commodities transactions (except hedging transactions and active business gains or losses of producers, processors, merchants, or handlers of commodities). Passive income does not include gain from the sale of inventory or property held primarily for sale to customers in the ordinary course of your trade or business. Passive income also does not include foreign oil and gas extraction income, export-financing interest, active business rents and royalties from unrelated persons, or high-taxed income (see High-Taxed Income below).
- ***High Withholding Tax Interest.***—A separate limitation has been established for foreign interest that is subject to a foreign withholding or gross-basis tax of 5% or more (section 904(d)(2)(B)). Excess credits generated by the high withholding tax interest limitation may not be carried back from 1987 to a prior year.
- ***Financial Services Income.***—Financial services income generally includes income derived from the active conduct of a banking, financing, or similar business, or from the investment by an insurance company of its unearned premiums or reserves. An entity that is predominantly engaged in the trade or business of banking, insurance, financing, or a similar business, treats its passive income as financial services income.
- ***Shipping Income.***—Shipping income is defined in section 954(f) and generally includes income that is derived from, or in connection with the use (or hiring or leasing for use) of any aircraft or vessel in foreign commerce.
- ***Dividends From Each Noncontrolled Section 902 Corporation.***—If a U.S. shareholder (as defined in section 951(b)), includes income under Subpart F, section 951(a), which is attributable to a dividend from a noncontrolled section 902 corporation, this income is subject to a separate section 902 limitation.
- ***General Limitation Income.***—*Any income from sources outside the U.S. that is not passive income, high withholding tax interest, financial services income, shipping income, a dividend from an IC-DISC or former DISC, a distribution from a FSC, or a dividend from a noncontrolled section 902 corporation is general limitation income. Common examples of general limitation* income are wages, salary, and overseas allowances of an individual as an employee. Other examples include income earned in the active conduct of a trade or business that does not fall into one of the other separate limitation categories, and gains from the sale of inventory or depreciable property used in a trade or business that do not fall into one of the other separate limitation categories.

**Look-Through Rules.**—Certain income received or accrued by you, as a U.S. shareholder in a controlled foreign corporation (CFC), is treated as income in a separate limitation category. Generally, Subpart F inclusions, dividends, interest, rents, and royalties are treated as separate limitation income to the extent attributable to separate limitation income of the CFC.

For more information, see Proposed Regulations section 1.904-7.

**Capital Gains.**—Capital gains not related to the active conduct of a trade or business are generally passive limitation income. (See section 904 for more information.) Include on Form 1116 any gain from the sale or exchange of capital assets (including gains treated as capital gains under section 1231) only to the extent of foreign source capital gain net income. (This is either capital gain net income from sources outside the United States or from all sources, whichever is less.) "Capital gain net income" is the amount of gains over losses from the sale or exchange of capital assets.

**High-Taxed Income.**—Passive income may, in some cases, be placed in the general limitation category. Passive income may qualify as general limitation income if the foreign taxes paid, or deemed paid, on the income (after allocation of expenses) exceed the highest U.S. tax which can be imposed on the income. See Notice 87-6, 1987-3, I.R.B. 8, for more information.

For additional information on the separate limitation categories of income, see section 904 and Proposed Regulations section 1.904-6.

**Line 2.**—Do not include deductions and losses related to exempt or excluded income such as foreign earned income excluded on Form 2555.

Enter on line 2a all deductions that apply directly to the gross income from foreign sources shown on line 1. For example, if you are an employee reporting foreign earned income on this Form 1116, line 2a may include deductions such as expenses incurred to move to a new principal place of work outside the United States or supplies you bought for your job outside the United States.

Figure on line 2b the pro rata share of all other deductions (such as itemized deductions not included in the amount on line 2a, or the standard deduction if you are an individual and do not itemize) that you cannot allocate to specific items of income. You can figure this amount by following steps 2b(i) through 2b(vii). For this computation, total foreign source income (line 2b(iv)) and gross income from all sources (line 2b(v)) includes amounts exempt or excluded, such as:

- The income of a nonresident alien that is not effectively connected with a trade or business in the United States; or
- Foreign earned income excluded on Form 2555.

The deduction for personal exemptions is not allowed in figuring taxable income for this purpose. See Publication 514 for an example.

If you have interest expense incurred in a trade or business (section 163(h)(2)(A)), investment interest expense (section 163(h)(2)(B)), or interest expense incurred in a passive activity (section 163(h)(2)(C)), special interest expense allocation rules may apply. Special allocation rules also apply with respect to an individual's share of partnership interest if the individual is a general partner or has a 10% or greater interest in a partnership. If your foreign income does not exceed $5,000, interest expense may be allocated entirely to domestic source income. See Proposed Regulations section 1.861-8(e)(2)(v) and (vi) for more information.

Research and experimental expenditures attributable to research conducted in the United States should generally be allocated to U.S. source income. However, section 1216 of the Tax Reform Act of 1986 provides that, for tax years beginning after August 1, 1986, and on or before August 1, 1987, 50% of research and experimental expenditures paid or incurred in those years for research activities conducted in the U.S. shall be considered as allocable to U.S. sources. The remaining amount is apportioned on the basis of gross sales or gross income.

### Part II.—Foreign Taxes Paid or Accrued

You may take the credit in the tax year you paid or accrued the taxes, depending upon your method of accounting. If you report on the cash basis, you may choose to take the credit for accrued taxes. Do this by checking the "accrued box" in Part II of Form 1116. Once you choose to do this, however, you must credit foreign taxes in the year they accrue on all future returns.

Enter in Part II the amount of foreign taxes which relate to the category of income checked above Part I. Taxes are related to the income if the income is included in the base upon which the tax is imposed. If the foreign tax you paid or accrued relates to more than one category of income, you must apportion the tax among the categories. The apportionment is based on the ratio of net foreign taxable income in each category to the net income subject to the foreign tax. For more information, see Proposed Regulations section 1.904-8.

**Proof of Credits.**—You must verify payment or accrual of each item of foreign tax for which you take a credit. Do this by attaching to Form 1116 either a receipt (if you paid the tax) or a copy of the foreign tax return on which the tax is based (if you accrued, but did not pay the tax). Include a certified translation if the return or receipt is in a foreign language. IRS may accept secondary evidence of foreign taxes paid or accrued if you can show that it is impossible to provide a receipt, return, or direct evidence of tax withheld.

Taxpayers claiming a credit for Virgin Islands taxes under section 932(b) should not attach a copy of their Virgin Islands tax return to Form 1116. These taxpayers should check the box above line 1 in Part III and attach Form 8689.

If you take a credit for tax accrued but not paid, IRS may have you send a bond on **Form 1117**, Income Tax Surety Bond, before the credit is allowed.

**Note:** *If you are taking a credit for additional taxes paid or accrued as the result of an audit by the foreign taxing authority, attach a statement to Form 1116 identifying these taxes.*

### Part III.—Computation of Foreign Tax Credit

**Line 2.**—You may carry back 2 years and then forward 5 years the taxes you paid or accrued to any foreign country or U.S. possession (reduced as described below) that are more than the limitation. First, apply the excess to the earliest of the 7 years to which it may be carried. Then apply it to the next earliest year, and so on. The 7-year carryback and carryover period may not be extended even if you are unable to take a credit in one of the intervening years.

If you did not take a credit in a tax year to which the excess is carried, the excess is considered used in that year in the same way as though you had claimed a credit.

Carryovers of taxes on income subject to the general limitation from tax years before 1987 are generally treated as taxes paid or accrued for purposes of the general limitation income category in 1987. However, taxes from tax years before 1987 which were unused by reason of the general limitation may be treated as paid or accrued for purposes of the financial services or shipping income limitation category in 1987 if the taxpayer establishes that these taxes were in fact paid or accrued with respect to that type of income. See Notice 87-6, 1987-3, I.R.B. 8, for more information. Carryovers of taxes relating to the prior passive interest limitation are treated as taxes paid or accrued for purposes of the passive income limitation.

Excess foreign taxes from tax years beginning after 1986 may be carried back to a year before 1987 only to the extent that they could have been carried back if the taxpayer had used the U.S. tax rate in effect on October 21, 1986. Amounts carried back under this rule are treated as related to the general limitation category.

Special rules apply to the carryback and carryover of foreign taxes paid or accrued on foreign oil-related income. See sections 907(e) and (f).

File Form 1040X or an amended return, and a revised Form 1116 for each earlier tax year to which you are carrying back the excess foreign tax credit.

**Line 4.**—You may have to reduce the foreign taxes you paid or accrued by the following items.

- *Taxes on Income Excluded on Form 2555.*—Reduce taxes paid or accrued by the taxes allocable to foreign earned income excluded on Form 2555. If only part of your income is excluded, you must reduce the taxes paid or accrued by the amount allocable to the excluded income. To find the amount allocable to the excluded income, multiply the foreign taxes paid or accrued on foreign earned income received or accrued during the tax year by a fraction. The numerator of the fraction is the foreign earned income excluded for the tax year



less otherwise deductible expenses allocable to that income. The denominator is foreign earned income received or accrued during the tax year less deductible expenses allocable to that income. The comprehensive example in Publication 514 shows how to figure the allocation.

If the foreign law charges tax on foreign earned income and some other income (for example, earned income from U.S. sources or a type of income not subject to U.S. tax) and the taxes on the other income cannot be segregated, the denominator is the total amount of income subject to foreign tax less deductible expenses allocable to that income.

- *Taxes on Foreign Oil and Gas Extraction Income.*—Reduce taxes paid or accrued on foreign oil and gas extraction income as provided by section 907(a).

See section 907(c)(4) for the rules regarding the recharacterization of foreign oil and gas extraction losses.

- *Taxes on Foreign Mineral Income.*—Reduce taxes paid or accrued on mineral income from a foreign country or U.S. possession if you got a deduction for percentage depletion under section 613 for any part of the mineral income.
- *Reduction for Failure To File Form 5471.*—U.S. shareholders who control a foreign corporation must file **Form 5471**, Information Return With Respect to a Foreign Corporation. If by the due date of your income tax return you do not file Form 5471, you must reduce by 10% all foreign taxes that you otherwise may take into account for the foreign tax credit. You may have to make additional reductions if the failure continues.

**Note:** *The reduction in foreign taxes is reduced by any dollar penalty imposed under section 6038(b).*

- *Reduction of Credit for International Boycott Operations.*—In general, if you agree to participate in, or cooperate with, an international boycott, file **Form 5713**, International Boycott Report. Reduce either the total taxes available for credit or the credit otherwise allowable.

If you can figure the taxes specifically for boycott operations, enter the amount on Part III, line 4.

However, if you cannot figure the amount of taxes attributable to boycott operations, multiply the credit otherwise allowable by the international boycott factor. Enter the result on Part IV, line 10.

For more information, see Form 5713 and its instructions.

If any of the above items apply to you, attach a statement showing in detail how you figured the reduction. Enter the total of the items to be subtracted from your foreign taxes on line 4.

**Line 6a.**—The amount on line 6a is your taxable income from sources outside the U.S. before reduction for allocated foreign losses from other separate limitation categories. If the amount on line 6a is a loss, skip lines 7 through 13. You have no foreign tax credit for the type of income you checked on page 1. If income is shown on line 6a, go on to line 6b.

**Line 6b.**—The Tax Reform Act of 1986 changed the treatment of losses in computing foreign tax credit. Beginning in 1987, a foreign loss in one separate limitation category must first proportionately reduce foreign income in other separate limitation categories before it is used to offset U.S. source income. The loss is allocated to the other categories of income on a pro rata basis.

Enter on line 6b, the pro rata share of any foreign loss from another separate limitation category. However, if this is the only Form 1116 you are completing, enter zero on line 6b. See Publication 514 for more information.

**Line 7.**—In general, an "overall foreign loss" is the result you get by subtracting the gross income from sources outside the United States from the total deductions applicable to such income. However, see section 904(f) for certain losses not taken into account and special rules governing dispositions of property used mainly outside the United States in a trade or business. Also see section 904(f) if you received an accumulation distribution from a foreign trust.

If you have an overall foreign loss that offsets U.S. source income, a part of your foreign income is treated as U.S. source income in each following tax year. The part that is treated as U.S. source income is the smaller of: (1) the amount of overall foreign loss not recaptured in earlier years; or (2) 50% or more of your taxable income from foreign sources.

Enter the smaller of (1) or (2) on line 7 and attach your computation. If you elect to recapture more of an overall foreign loss than is required, you must show in your computation the percentage of taxable income recaptured and the dollar amount of the recapture. See Regulations section 1.904(f)-2(c)(2).

Regulations section 1.904(f)-1(b) requires that you attach a statement to Form 1116 showing the balance in each separate limitation overall foreign loss account. For tax years beginning after 1986, a U.S. loss must be proportionately allocated between separate limitation categories of foreign income. In addition to any recapture of an overall foreign loss, include on line 7 the allocable portion of any U.S. loss, determined in accordance with section 904(f)(5)(D) and the related regulations. In the space between lines 7 and 8 of Part III, write "U.S. loss" and the amount.

For more information, see Publication 514.

### Part IV.—Summary of Credits From Separate Parts III

Complete this part on only one Form 1116 to summarize the credits you figured on separate Forms 1116. Enter the credits from line 13, Part III, of the separate Forms 1116 on lines 1 through 8 of Part IV, as appropriate. File the other Forms 1116 as attachments.

☆U.S.GPO 1987 0-183-185

Form **1118**
(Rev. February 1985)
Department of the Treasury
Internal Revenue Service

# Computation of Foreign Tax Credit—Corporations

For calendar year 19..... ,or other tax year beginning.......... ,19.... ,and ending......... ,19......

OMB No. 1545-0122
Expires 1-31-88

Name | Employer identification number

This form is being completed for credit with respect to:
(Use a separate Form 1118 for each type of income. See General Instruction J.)

- ☐ Section 904(d) Interest Income
- ☐ Dividends from a DISC or former DISC
- ☐ Foreign Trade Income of a FSC
- ☐ Distributions from a FSC or former FSC
- ☐ All Other Income from Sources Without the U.S.

## Schedule A Taxable Income or (Loss) From Sources Without the United States

Gross Income or (Loss) From Sources Without the U.S. (Exclude Foreign Branch and Section 863(b)Gross Income—See Instructions)

| | 1. Name of Foreign Country or U.S. Possession (Use a separate line for each) | 2. Dividends (Exclude gross-up) | 3. Dividend Gross-up (Section 78) | 4. Interest | 5. Gross Rents, Royalties, and License Fees | 6. Gross Income from Performance of Services | 7. Foreign Source Capital Gain Net Income | 8. Ordinary Income or (Loss) from Partnerships | 9. Other (Attach schedule) | 10. Total (Add columns 2 through 9) |
|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | |
| B | | | | | | | | | | |
| C | | | | | | | | | | |
| D | | | | | | | | | | |
| E | | | | | | | | | | |
| F | | | | | | | | | | |
| G | | | | | | | | | | |
| Totals (Add lines A through G) | | | | | | | | | | |

Deductions (Exclude Foreign Branch and Section 863(b) Deductions—See Instructions)

| | 11. Definitely Allocable Deductions: Rental, Royalty, and Licensing Expenses — a. Depreciation, Depletion, and Amortization | b. Other Expenses | c. Expenses Related to Performance of Services | d. Other Definitely Allocable Deductions | e. Total Definitely Allocable Deductions (Add columns 11(a) through 11(d)) | 12. Ratable Part of Deductions not Definitely Allocable (Attach schedule) | 13. Total Deductions (Add columns 11(e) and 12) | 14. Taxable Income or (Loss) of Foreign Branches from Sources Without the U.S. (Attach schedule) | 15. Taxable Income or (Loss) Apportioned to Sources Without the U.S. under Section 863(b) (Attach schedule) | 16. Total Taxable Income or (Loss) from Sources Without the U.S. (Before loss recapture) (Column 10 less column 13 plus columns 14 and 15) |
|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | |
| B | | | | | | | | | | |
| C | | | | | | | | | | |
| D | | | | | | | | | | |
| E | | | | | | | | | | |
| F | | | | | | | | | | |
| G | | | | | | | | | | |
| Totals | | | | | | | | | | |

For Paperwork Reduction Act Notice, See Page 1 of the Instructions.

Form **1118** (Rev. 2-85)

Form 1118 (Rev. 2-85) Page 2

## Schedule B

### PART I.—Foreign Taxes Paid or Accrued and Deemed To Have Been Paid

| | 1. Credit is Claimed for Taxes: ☐ Paid — Date Paid | ☐ Accrued — Date Accrued | 2. Type of Tax | 3. Statute Imposing Tax (Title, number, section, etc. Identify in detail) | 4. Foreign Taxes Paid or Accrued (Attach receipt or copy of return, and a schedule showing amounts in foreign currency and conversion rate(s) used): Tax Withheld at Source on: a. Dividends | b. Interest | c. Rents, Royalties, and License Fees | Other Foreign Taxes Paid or Accrued on: d. Branch Income | e. Services Income | f. Partnership Income | g. Other | h. Total Foreign Taxes Paid or Accrued (Add columns 4(a) through 4(g)) | 5. Tax Deemed to Have Been Paid (From Schedule C, column 11) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | | | | |
| B | | | | | | | | | | | | | |
| C | | | | | | | | | | | | | |
| D | | | | | | | | | | | | | |
| E | | | | | | | | | | | | | |
| F | | | | | | | | | | | | | |
| G | | | | | | | | | | | | | |
| Totals (Add lines A through G) | | | | | | | | | | | | | |

### Part II.—Computation of Foreign Tax Credit

1 Total foreign taxes paid or accrued (from Part I, column 4(h), "Totals" line)
2 Total taxes deemed to have been paid (from Part I, column 5, "Totals" line)
3 Reduction for taxes under sections 901(e), 907(a), 908(a), and 6038 (see also General Instructions I and N—attach schedule)
4 Carryback or carryover (attach schedule showing computation in detail—see General Instruction L)
5 Total foreign taxes (subtract line 3 from the total of lines 1, 2, and 4)
6 Total taxable income or (loss) from sources without the U.S. (before loss recapture) (from Schedule A, column 16, "Totals" line)
7 Recapture of prior year overall foreign losses (see General Instruction K(3))
8 Subtract line 7 from line 6
9 Total taxable income from all sources (enter taxable income from your tax return)
10 Adjustments to total taxable income from all sources (see General Instructions K(2), K(4), and K(5))
11 Subtract line 10 from line 9
12 Divide line 8 by line 11 (if line 8 is greater than line 11, enter the figure "1")
13 Total U.S. income tax against which credit is allowed (after section 936 credit but before any other credit)
14 Limitation (multiply line 13 by line 12)
15 Foreign tax credit (line 5 or line 14, whichever is less) (Enter this amount on the appropriate line of Part III.)

### Part III.—Summary of Credits from Separate Forms 1118

1 Credit with respect to section 904(d) interest
2 Credit with respect to dividends from a DISC or former DISC
3 Credit with respect to foreign trade income of a FSC
4 Credit with respect to distributions from a FSC or former FSC
5 Credit with respect to all other income from sources without the United States
6 Total (add lines 1 through 5)
7 Reduction in credit for international boycott operations (see General Instruction N)
8 Total foreign tax credit (subtract line 7 from line 6). Enter here and on your tax return



Form 1118 (Rev. 2-85) Page 3

## Schedule C Computation of Taxes Deemed To Have Been Paid by Domestic Corporation Filing This Return

The following lines are for the computation of tax deemed to have been paid by the domestic corporation filing this return with respect to actual or deemed distributions from a first-tier foreign corporation under section 902(a), and constructive distributions from a first-tier, second-tier, or third-tier foreign corporation under section 960(a). Enter the amounts from column 11 in Schedule B, Part I, column 5.

| 1. Name of Corporation (Identify DISCs and former DISCs) | 2. Year (See inst.) | 3. Incorporated Under the Laws of (Name of country or U.S. possession) | 4. Computation is for (Check applicable box): First-tier Foreign Corporation Under Section— 902(a) | 960(a) | Second-tier or Third-tier Foreign Corporation Under Section 960(a) | 5. Gains, Profits, and Income for Year | 6. Foreign Tax Paid or Accrued on Gains, Profits, and Income for Year (Attach receipt or copy of return) | 7. Earnings and Profits for Year (See instructions for exceptions) (Subtract column 6 from column 5) | 8. Dividends Paid (See instructions) (Do not include gross-up dividends) | 9. Tax Deemed Paid (From Schedule D, column 10) | 10. Column 6 Plus Column 9 | 11. Tax Deemed to Have Been Paid by Domestic Corporation Filing This Return (Column 8 divided by column 7 and multiplied by column 10) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Totals | | | | | | | | | | | | |

Form 1118 (Rev. 2-85) Page 4

## Schedule D Computation of Tax Deemed To Have Been Paid by First-tier Foreign Corporations

The following lines are for the computation of tax deemed to have been paid by a first-tier foreign corporation with respect to dividends from a second-tier foreign corporation under section 902(b)(1). Enter the amounts from column 10 in Schedule C, column 9.

| 1. Name of Foreign Corporation and Its Related Higher-Tier Foreign Corporation | 2. Year (See inst.) | 3. Incorporated Under the Laws of (Name of country or U.S. possession) | 4. Gains, Profits, and Income for Year | 5. Foreign Tax Paid or Accrued on Gains, Profits, and Income in Column 4 (Attach receipt or copy of return) | 6. Earnings and Profits for Year (Subtract column 4 from column 5) | 7. Dividends Paid | 8. Tax Deemed Paid (From Schedule E, column 10) | 9. Column 5 Plus column 8 | 10. Tax Deemed to Have Been Paid by Related Foreign Corporation (Column 7 divided by column 6 and multiplied by column 9) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

## Schedule E Computation of Tax Deemed To Have Been Paid by Second-tier Foreign Corporations

The following lines are for the computation of tax deemed to have been paid by a second-tier foreign corporation with respect to dividends from a third-tier foreign corporation under section 902(b)(2). Enter the amounts from column 10 in Schedule D, column 8.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

☆U.S. Government Printing Office: 1985—461-490/10120

Department of the Treasury
Internal Revenue Service

# Instructions for Form 1118
(Revised February 1985)

## Computation of Foreign Tax Credit—Corporations

*(Section references are to the Internal Revenue Code unless otherwise noted)*

**Paperwork Reduction Act Notice.**— We ask for this information to carry out the Internal Revenue laws of the United States We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax You are required to give us this information

### Important Changes You Should Note

The Tax Reform Act of 1984 (Act) made several changes to the way corporations compute their foreign tax credit Some of these involved changing sources of income, which were formerly considered foreign, to domestic Other changes set up rules for defining the source of factoring income and income from transportation services Also, the allocation rules for certain research and experimental expenditures were extended.

A short description of each section follows

**A.** Section 904(g) was added to the Code by section 121 of the Act. Section 904(g) requires that certain income, which was formerly considered foreign sourced, be considered U S sourced This is income from a U.S -owned foreign corporation that is subpart F income, foreign personal holding company income, interest income, or dividend income

The U S shareholder's portion of subpart F and foreign personal holding company income that must be considered U.S. sourced is the portion of either income that is attributable to the foreign corporation's U S sourced income

Interest received by a shareholder or a person related to the shareholder of a U.S -owned foreign corporation is U.S sourced income to the extent that the interest is properly allocable to the corporation's U.S sourced income

The amount of the dividend paid to a shareholder in a U S -owned foreign corporation that is U S. sourced income is the dividend multiplied by the earnings and profits of the corporation for the tax year attributable to U S sources, divided by total earnings and profits for the tax year

U S -owned foreign corporations whose earnings and profits are less than 10% U.S sourced income for the tax year are exempt from the interest and dividend provisions of section 904(g) (Section 904(g)(5) )

Section 904(g) generally applies to income received or accrued by the U.S.-owned foreign corporation after July 18, 1984 However, see section 121(b) of the 1984 Act for certain exceptions.

**B.** Section 904(d)(3) was added to the Code by section 122 of the Act Section 904(d)(3) requires that certain amounts paid by a designated payor corporation be condidered interest by the payee when computing the foreign tax credit. A designated payor corporation is any U S -owned foreign corporation, any other foreign corporation in which the payee is a U S. shareholder (as described in section 951(b)), and any regulated investment company The amount that is treated as interest under this Code section is the amount of interest and dividends that does not exceed the separate limitation interest of the payor corporation. The separate limitation interest of the payor corporation is the interest described in section 904(d)(2) received by the corporation and the amount of dividends required to be included under section 904(d)(3), less applicable deductions. Generally, section 904(d)(3) applies to interest and dividends paid or accrued after July 17, 1984. However, see section 122(b)(2) of the Act for special rules for interest income.

**C.** Section 864(d) was added to the Code by section 123 of the Act. Section 864(d) defines "factoring income" and shows how to determine the source of "factoring income." "Factoring income" is derived when a person acquires a trade or service receivable from a related person. "Factoring income" is earned by the related person when it collects the receivable. Section 864 states that "factoring income" shall be treated by the person acquiring the receivable as interest on a loan to the obligor of the receivable "Factoring income" is treated as interest on a loan to the obligor for source of income rules, and the income is included in section 904(d) income when computing the foreign tax credit.

See section 864(d) of the Code and section 123(d) of the Act for more rules and exceptions

**D.** Section 863(c) was added to the Code by section 124 of the Act. The new Code section defines the source of income from transportation services that begin and end in the United States as 100% U.S. sourced income Additionally, the Code section defines the source of income from transportation between the United States and a U S. possession as being 50% U S. sourced and 50% possession sourced. The new rules apply to transportation that begins after July 18, 1984

**E.** Section 126 of the Act extends for 2 years the rule that research and experimental expenditures for research activities in the United States are considered U S. sourced.

**F.** Section 904(d)(1) of the Code was amended by section 801(d)(2) of the Act to provide for two additional categories of income subject to a separate limitation for foreign tax credit purposes These new limitations are for foreign trade income of a Foreign Sales Corporation (FSC) and for distributions from a FSC or former FSC This provision is effective for tax years ending after 1984.

### General Instructions

**A. Corporations Required to File Form 1118.**—Every corporation that elects the benefits of the foreign tax credit under section 901 must attach Form 1118 to its income tax return. The form must be carefully filled in with all the information called for and with the calculation of credits indicated. (Section 1.905-2(a)(2) of the regulations.)

**Note:** *A regulated investments company that has made an election under section 853 cannot claim the foreign tax credit (or deduction) (Section 853(b)(1).)*

**B. Foreign Taxes for which Credit May Be Claimed.**—The credit may be claimed for income, war profits, and excess profits taxes paid or accrued during the tax year to any foreign country or to any U.S. possession, and for taxes deemed paid or accrued under sections 902 and 960. (Section 1.901-1(a)(2) of the regulations.)

The term "foreign country" means any foreign state or possession of the U S., or political subdivision or agency or instrumentality of a foreign state or U S possession. (Section 1 901-2(g) of the regulations )

See section 1.901-2 of the regulations for a definition of income, war profits, or excess profits taxes. Also, see section 1 903-1 of the regulations for a definition of taxes paid in lieu of income taxes.

Any income, war profits, and excess profits taxes paid or accrued to any foreign country in connection with the purchase and sale of oil or gas extracted in such country is not to be considered a tax for purposes of sections 275(a) and 901 if (1) the taxpayer has no economic interest in the oil or gas to which section 611(a) applies; and (2) either such purchase or sale is at a price which differs from the fair market value for such oil or gas at the time of such purchase or sale (Section 901(f) )

Foreign taxes paid or accrued on foreign oil related income do not qualify for the foreign tax credit if the Secretary determines that the foreign law is designed, or operates, to impose a greater tax on foreign oil related income than the tax that is generally imposed on income that is neither foreign oil related income nor foreign oil and gas extraction income Taxes not allowed as a credit under this rule will, however, be allowed as a deduction. (Section 907(b).)

No credit (or deduction) is allowed for any tax paid or accrued to a foreign country or U.S possession with respect to taxable income used in computing the section 936 credit. (Section 936(c).)

No credit is allowed for taxes paid or accrued by a FSC on foreign trade income (other than non-exempt foreign trade income determined without regard to administrative pricing rules ) (Section 901(h) )

No credit (or deduction) is allowed for any tax paid or accrued to a foreign country or U.S possession with respect to any distribution from a corporation to the extent the distribution is attributable to periods during which the corporation is a possessions corportion, and a dividends received deduction is allowable with respect to the distribution, or to the extent that the distribution is received in connection with a liquidation or other transaction in which gain or loss is not recognized. (Section 901(g) )

No credit (or deduction) is allowed for any income, war profits, or excess profits taxes paid or accrued to any foreign country or U.S possession attributable to income excluded under section 814.

A credit is not allowed for excess tax payments to a foreign country with which the U.S. has a tax treaty if such excess would be refunded by the foreign country under a tax treaty or overpayment claim.

No credit is allowed for amounts representing interest or penalties.

For reduction in the amount of foreign taxes for which a credit may be claimed, see General Instructions I and N.

**C. Taxes Against Which Credit Is Allowed.**—The foreign tax credit is allowed against income tax imposed by chapter 1 (reduced by the section 936 credit) but not against any (1) minimum tax imposed by section 56; (2) tax on accumulated earnings imposed by section 531; (3) personal holding company tax imposed by section 541, (4) additional tax imposed for the tax year under section 1351 (relating to recoveries of foreign expropriation losses); (5) increase in tax under section 47 (relating to dispositions of investment credit property); and (6) tax on electing small business corporations imposed by sections 1374 or 1375.

Foreign corporations may not take the credit against any tax imposed by section 881 on income not effectively connected with the conduct of a trade or business within the U.S. (Section 906(b)(3)).

**D. No Deduction If a Credit Is Claimed.**—If a corporation elects for any tax year to claim a credit for taxes to any extent, the election will apply to income, war profits, and excess profits taxes paid or accrued in the tax year to all foreign countries and U.S. possessions and no portion of the tax will be allowed as a deduction in the tax year or any succeeding tax year (Section 1 901-1(c) of the regulations )

The election for any tax year may be made or changed at any time before the end of the period prescribed for making a claim for credit or refund of tax for the tax year (Section 901(a).)

See section 908(b) concerning the deductibility of the amount of the foreign tax credit lost because of the application of the international boycott provisions. Also, see section 907(b) concerning the deductibility of certain foreign oil and gas extraction taxes

Members of an affiliated group electing under section 243 to deduct 100% of qualifying dividends received from members of the same affiliated group are treated as one taxpayer for purposes of making the election under section 901(a). (Section 243(b)(3)(B).)

**E. When Foreign Tax Credit Can Be Taken.**—You can take the credit for the year in which the taxes were paid or accrued depending on the method of accounting used. However, if you report on the cash basis, you can elect to claim the credit for accrued taxes. You can make the election by checking the appropriate box in the heading for column 1 of Schedule B. This election must be followed in all subsequent years. (Section 905(a).)

**F. Credit for Tax Accrued But Not Paid.**—If you claim a credit for tax accrued but not paid, the Internal Revenue Service may require you to furnish a bond on Form 1117 as a condition precedent to the allowance of the credit. (Section 1.905-4 of the regulations.)

**G. Proof of Credits.**—Payment or accrual of each item of foreign tax for which you claim a credit must be substantiated by attaching to Form 1118 a receipt if the tax is paid, or the foreign tax return on which the tax is based if the tax is accrued but not paid. If such receipt or return is in a foreign language, a certified translation must also be attached. IRS may accept secondary evidence of foreign taxes paid or accrued if it can be established to its satisfaction that it is impossible to furnish a receipt, return, or direct evidence of tax withheld. (Section 1.905-2 of the regulations )

Foreign taxes paid or accrued by a foreign corporation for which a deemed paid credit is claimed under section 902 or 960 must be similarly substantiated. (Secs. 1.902-1(j) and 1.960-1(e) of the regulations )

If you are claiming as part of your foreign tax credit any foreign taxes paid or accrued that resulted from an audit adjustment by the foreign taxing authority, attach a statement to Form 1118 identifying these taxes.

**H. Credit for Taxes of Foreign Corporations Deemed to Have Been Paid (See Schedules C, D, and E.).**—

*(1) Under Section 902.*—If a domestic corporation owns 10% or more of the voting stock of a foreign corporation (first-tier foreign corporation) from which it receives a dividend, the domestic corporation is deemed to have paid a proportionate amount of the foreign income, war profits and excess profits taxes paid, accrued, or deemed paid by the first-tier foreign corporation (Section 902(a).)

If the first-tier corporation owns 10% or more of the voting stock of a second-tier foreign corporation from which it receives a dividend, and the product of the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation and the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation equals at least 5%, the first-tier foreign corporation is deemed to have paid a proportionate amount of the foreign income, war profits, and excess profits taxes paid, accrued or deemed paid by the second-tier foreign corporation. (Sec 902(b)(1).)

If the second-tier foreign corporation owns 10% or more of the voting stock of a third-tier foreign corporation from which it receives a dividend, and the product of the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation, the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation and the percentage of voting stock owned by the second-tier foreign corporation equals at least 5%, the second-tier foreign corporation is deemed to have paid a proportionate amount of the foreign income, war profits, and excess profits taxes paid or accrued by the third-tier foreign corporation. (Section 902(b)(2).)

You may not claim a credit under section 902 for taxes paid by a registered foreign investment company to which the election under section 1247(f) applies. (Section 1.1247-4(b)(vii) of the regulations.)

For purposes of section 904, all foreign income taxes paid or deemed paid by a first-tier foreign corporation and deemed paid by the domestic corporation under section 902, are deemed to have been paid to the foreign country or U.S. possession under the laws of which such first-tier foreign corporation is created or organized (Section 1.902-1(h)(2) of the regulations )

*(2) Under Section 960(a).*—If a domestic corporation is required under section 951 to include in gross income an amount attributable to the earnings and profits of a foreign corporation (first-tier foreign corporation) of which it owns 10% or more of the voting stock, or of a foreign corporation (second-tier foreign corporation) of which such first-tier foreign corporation owns 10% or more of the voting stock, the domestic corporation is deemed to have paid a proportionate amount of the foreign income, war profits, and excess profits taxes paid, accrued, or deemed paid by such first-tier foreign corporation, or paid or accrued by such second-tier foreign corporation.

*For amounts included in gross income under section 951, a credit is allowed for taxes deemed to have been paid by a third-tier foreign corporation, and the percentage-of-voting stock requirements are the same as under section 902(b)(3)(B).*



*(3) Mixed Application of Sections 902 and 960(a).*—Section 902(b)(1) applies to all dividends received by a first-tier foreign corporation from a second-tier foreign corporation (as defined for purposes of section 960(a)) other than dividends attributable to earnings and profits of such second-tier foreign corporation in respect of which an amount is, or has been, included in the gross income of a domestic corporation under section 951 with respect to such second-tier foreign corporation. (Section 1 960-2(b) of the regulations )

Section 902(a) applies to all dividends received by the domestic corporation from a first-tier foreign corporation, other than dividends attributable to earnings and profits of such first-tier foreign corporation in respect of which an amount is, or has been, included in the gross income of a domestic corporation under section 951 with respect to such first-tier foreign corporation (Section 1 960-2(c)(d) of the regulations )

If a first-tier foreign corporation for its tax year receives from a second-tier foreign corporation (as defined for purposes of section 960(a)) dividends to which section 902(b)(1) applies and other dividends to which section 902(b)(1) does not apply, then in applying sections 902(a) and 960(a) with respect to the foreign income taxes deemed paid under section 902(b)(1) by such first-tier foreign corporation for such tax year, the earnings and profits of the first-tier foreign corporation shall be considered not to include its earnings and profits attributable to such other dividends from the second-tier foreign corporation, and for the purposes of so applying section 902(a), distributions to the domestic corporation from such earnings and profits which are attributable to such other dividends from the second-tier foreign corporation shall not be treated as a dividend (Section 1 960-2(d) of the regulations )

Computations under section 902 must also make allowance for any taxes deemed to have been paid by a third-tier foreign corporation under section 960(a).

*(4) Entities Treated As Foreign.*—For purposes of the deemed paid credit, the term "foreign corporation" includes (1) a DISC or former DISC (as defined in section 992(a)), but only with respect to dividends from the DISC or former DISC to the extent such dividends are treated under sections 861(a)(2)(D) and 862(a)(2) as income from sources without the U S ; and (2) a contiguous country life insurance branch, where an amount is added to the life insurance taxable income of the domestic life insurance company by reason of section 814(e)(2) (Secs. 901(d) and 814(f)(1) )

*(5) Dividend Gross-up.*—Under section 78, taxes deemed paid by a domestic corporation under sections 902 and 960(a) with respect to distributions by a foreign corporation must be included in income as dividend gross-up (See section 1.960-3(b) of the regulations for exceptions.)

**I. Reduction in Foreign Taxes.**—

*(1) Taxes on Foreign Oil and Gas Extraction Income.*—The amount of any foreign taxes paid, accrued, or deemed paid with respect to foreign oil and gas extraction income which may be taken into account for purposes of section 901 must be reduced by the amount (if any) by which the amount of such taxes exceeds the product of the amount of foreign oil and gas extraction income for such tax year and the applicable percentage from section 907(a)(2). (Section 907(a).)

See section 907(c)(4) for the rules regarding the recharacterization of foreign oil and gas extraction losses for tax years beginning after 1982.

For computation of the reduction, see separate Schedule F, Form 1118.

*(2) Taxes on Foreign Mineral Income.*—The amount of any income, war profits, and excess profits taxes paid or accrued, or deemed paid during the tax year to any foreign country or U.S. possession with respect to foreign mineral income derived from sources within such country or possession must be reduced by the lesser of (a) the amount of such foreign taxes minus the amount of U.S. tax computed under Chapter 1 of the Code with respect to such foreign mineral income, or (b) the amount of U.S. tax which would be computed under Chapter 1 of the Code with respect to such foreign mineral income without regard to the deduction for percentage depletion under section 613 minus the amount of U.S. tax computed under Chapter 1 of the Code with respect to such foreign mineral income The reduction must be made on a country-by-country basis. (Section 1.901-3(a)(1) of the regulations )

The reduction applies only if a deduction for percentage depletion under section 613 was allowed with respect to any part of such foreign mineral income. (Section 1.901-3(a)(3)(i) of the regulations )

A schedule must be attached showing the computation described in (a) and (b) above of the foreign and U.S. tax with respect to foreign mineral income. (Section 1 901-3(a)(3)(v) of the regulations )

*(3) Failure To Furnish Return Required Under Section 6038 (Form 5471 and Schedule M).*—For each failure of a domestic corporation to furnish any return or any information in any return required under authority of section 6038 by the prescribed date, in the application of sections 902 and 960, all taxes paid or deemed paid by all foreign corporations controlled by such domestic corporation must be reduced by 10%, and in the application of section 901, all taxes paid or deemed paid (except taxes deemed paid under section 904(d) and taxes reduced in the application of sections 902 and 960) by such corporation must be reduced by 10%. If such failure continues for 90 days or more after the date of written notice by IRS to such domestic corporation, the reductions are 10% plus 5% for each three-month period or fraction thereof during which such failure continues after expiration of the 90-day period.

A penalty of $1,000 is also imposed for failing to supply the information for each controlled foreign corporation under section 6038 when required Additionally, if the required information is not submitted within 90 days after the Secretary has mailed notice to the U.S person, an additional $1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted The increase in any penalty under section 6038(b)(2) may not exceed $24,000 See section 6038(c)(3) for rules coordinating these penalties.

**J. Limitation on Credit.**—

The credit must be computed using the overall limitation Under the overall limitation, the credit is limited to that percentage of the total U.S income tax against which the credit is allowed which taxable income from sources without the U.S. (but not in excess of total taxable income) is of total taxable income (Section 904(a) )

The credit must be computed separately (using a separate Form 1118) for foreign taxes paid or accrued with respect to: (1) section 904(d) interest income; (2) dividends from a DISC or former DISC; (3) foreign trade income of a FSC; (4) distributions of a FSC or former FSC; and (5) all other income from sources without the U.S. On each Form 1118, the credit must be computed using the overall limitation

The limitation may be increased under section 960(b) in a tax year in which you receive a distribution of earnings and profits in respect of which you were required under section 951 to include an amount in gross income for a prior tax year. See section 960 and section 1.960-4 of the regulations for computation of the increase in the limitation

**K. Computation of Taxable Income.**—

*(1) General Source Rules.*—Determine gross income, applicable deductions, and taxable income from sources without the U.S. and within each foreign country or U.S possession in accordance with sections 638 and 861 through 864 and the related regulations, and applicable tax treaties. All income from sources without the U.S., including high seas income, must be taken into account.

Also, see paragraphs A through D of "Important Changes You Should Note" for new rules concerning sources of certain income.

*(2) Capital Gains.*—Taxable income from sources without the U.S. includes gain from the sale or exchange of capital assets (including any gain so treated under section 1231) only in an amount equal to foreign source capital gain net income (lesser of capital gain net income from sources without the U.S. or capital gain net income from all sources) reduced by the "rate differential portion" of foreign source net capital gain (lesser of net capital gain from sources without the U.S. or net capital gain)



See section 904(b)(3)(F) for a definition of "rate differential portion."

For purposes of the credit, taxable income from all sources includes gain from the sale or exchange of capital assets only in an amount equal to capital gain net income reduced by the "rate differential portion" of net capital gain. (See above.)

Any net capital loss including any amount that is a short-term capital loss under section 1212(a) from sources outside the U.S., to the extent taken into account in determining capital gain net income, is reduced by the "rate differential portion" of the excess of net capital gain from sources within the U.S over net capital gain.

Generally, the term "capital gain net income" means the excess of the gains from the sales or exchanges of capital assets over the losses from such sales or exchanges

See section 904(b)(3)(C) for gain from sources without the U.S. treated as gain from sources within the U.S. in the case of sales or exchanges of certain personal property. However, see section 904(b)(3)(D) for exceptions to this rule with respect to distributions in liquidation of certain foreign corporations.

*(3) Recapture of Foreign Losses.*—Generally, if in any tax year you sustain an overall foreign loss, then in each succeeding tax year you must treat as income from sources within the U.S a portion of your taxable income from sources without the U.S That portion is the lesser of: (a) the amount of the overall foreign loss not recaptured in prior years; or (b) 50% (or any higher percentage you choose) of your taxable income from sources without the U.S. Generally, an "overall foreign loss" is the amount by which gross income from sources without the U.S is exceeded by the total deductions properly allocable to such income. However, see section 904(f) for certain losses not taken into account and special rules governing dispositions of property used predominantly outside the U.S in a trade or business

The recapture rules are applied separately to each category of income listed in instruction J- (1) section 904(d) interest; (2) dividends from a DISC or former DISC; (3) foreign trade income of a FSC; (4) distributions from a FSC or former FSC; and (5) all other income from sources outside the U.S. For tax years beginning before 1983, there was a separate limitation for foreign oil related income. However, the Tax Equity and Fiscal Responsibility Act of 1982 eliminated this separate limitation and merged foreign oil related income with "all other income from sources without the U.S." for tax years beginning after 1982. See section 211(e) of the Tax Equity and Fiscal Responsibility Act of 1982 and section 306(a)(5) of the Technical Corrections Act of 1982 and section 712(e) of the Tax Reform Act of 1984 for transitional rules concerning the recapture of pre-1983 foreign oil related losses out of "all other income from sources outside the U.S.," and the recapture of losses from "all other income outside the U.S" out of foreign oil related income

*(4) Coordination with section 936.*—Taxable income used in computing the section 936 credit is excluded from taxable income in computing the foreign tax credit limitation (Section 904(b)(4).)

*(5) Foreign Corporations Claiming Credit.*—For purposes of computing the foreign tax credit limitation, taxable income includes only taxable income that is effectively connected with the conduct of a trade or business within the U.S. (Section 906(b)(2).)

**L. Carryback and Carryover of Excess Taxes Paid.**—

Taxes paid or accrued, or deemed paid under sections 902 and 960, to any foreign country or U.S. possession (reduced as described in General Instruction I) in excess of the applicable limitation may be carried back 2 years and then forward 5 years. The excess must first be applied to the earliest of the 7 years to which it may be carried, then to the next earliest year, etc. (Section 904(c).)

If a credit was not claimed in a tax year to which the excess is carried, the excess is considered used in such year in the same manner as though a credit had been claimed. (Section 1.904-2(c) of the regulations )

The carryback and carryover provisions must be applied separately to the excess with respect to: (1) Section 904(d) interest income; (2) dividends from a DISC or former DISC; (3) foreign trade income of a FSC; (4) distributions from a FSC or former FSC; and (5) all other income from sources without the U.S. (Sections 904(d)(1) and 907(b).)

See sections 907(e) and 907(f) for rules governing the carryback and carryover of related taxes and foreign oil and gas extraction taxes paid or accrued in excess of the section 907(a) limitation.

**M. Foreign Corporations Claiming Foreign Tax Credit.**—Section 906 allows foreign corporations a foreign tax credit for income, war profits, and excess profits taxes paid or accrued (or deemed paid or accrued under section 902) to any foreign country or U.S. possession with respect to income effectively connected with the conduct of a trade or business within the U.S. The credit is not applicable, however, if the tax is imposed by a foreign country or U.S. possession on income from U.S. sources solely because the foreign corporation was created or organized under the law of the foreign country or U.S. possession or is domiciled there for tax purposes

The credit cannot be taken against any tax imposed by section 881 on income not effectively connected with a U.S business.

For purposes of section 902(a) (relating to tax deemed paid) and section 78 (relating to dividend gross-up), a foreign corporation claiming a foreign tax credit will be treated as a domestic corporation

**N. Reduction of Credit for International Boycott Operations.**—Generally, if a person or any corporation controlled by that person agrees to participate in, or cooperate with an international boycott, that person must file Form 5713 and reduce the total taxes available for credit by the credit otherwise allowable.

If the taxes specifically attributable to boycott operations can be determined, reduce the total taxes available for credit by entering this amount on Schedule B, Part II, line 3.

However, if the above determination cannot be made, compute the reduction by multiplying the credit otherwise allowable by the international boycott factor. This reduction shall be made against the credit otherwise allowable and entered on Schedule B, Part III, line 7.

For additional information, see Form 5713 and the Instructions for Form 5713.

**O. Method of Reporting.**—Report all amounts in U.S. dollars. If it is necessary to convert from foreign currency, attach a statement explaining how you determined the rate.

**P. Research and Experimental Expenditures.**—Section 126 of the Tax Reform Act of 1984 provides that for tax years beginning after August 13, 1983, and on or before August 1, 1985, all research and experimental expenditures paid or incurred in those years for research activities conducted in the U.S. shall be considered as allocable to U.S. sources.

### Specific Instructions for Schedules A through E

**Schedule A.—Taxable Income or (Loss) from Sources Without the U.S.**

All applicable columns in Schedule A must be completed line by line including the "Totals" line.

In columns 2 through 9 report all gross income or (loss) from sources without the U.S. except: (1) gross income from foreign branches; and (2) gross income from activities described in section 863(b). In columns 11 and 12 report all deductions applicable to gross income reported in columns 2 through 9. See the instructions for columns 14 and 15 for treatments of income of foreign branches and section 863(b) income, respectively

Report only gross income and deductions applicable to the determination of taxable income or (loss) from sources without the U.S. of the type for which Form 1118 is being completed

Column 1.—Enter the names of all foreign countries and U.S. possessions within which income is sourced, and/or to which taxes are paid, accrued, or deemed paid

High seas income must be shown separately and be properly identified.

**Column 2.**—Report all dividends (before gross-up) from sources without the U.S., including constructive distributions under section 951. See section 861(a)(2)(A) for treatment of dividends from a domestic corporation which has an election in effect under section 936 and from other domestic corporations less than 20 percent of whose gross income is derived from sources within the U.S. See section 861(a)(2)(B) for treatment of dividends from a foreign corporation 50 percent or more of whose gross income was effectively connected with the conduct of a trade or business within the U.S.

**Column 3.**—Enter the dividend gross-up for taxes deemed paid. See General Instruction H(5) for an explanation.

**Column 4.**—If interest is excluded from section 904(d) interest by virtue of section 904(d)(2)(C) or (D), attach a schedule showing in detail the manner in which the 10% direct or indirect ownership requirements are met.

**Column 6.**—Include gross income, whether in the form of compensation, commissions, fees, or otherwise derived from the performance of technical, managerial, engineering, construction, scientific or similar services. Do not include gross income from services performed through a foreign branch.

**Column 7.**—If there is gain on the sale or exchange of capital assets from sources outside the U.S., enter the entire amount of the gain in column 7. Also, see the instruction for column 11(d).

If there is a net capital loss or short-term capital loss from sources outside the U.S., see instruction K(2) for the reduction required in certain cases.

**Column 9.**—Include all other gross income from sources without the U.S., except gross income of foreign branches and gross income from activities described in section 863(b). Attach a schedule identifying the gross income by type and by foreign country or U.S. possession of source.

**Column 11(d).**—Include all other deductions definitely allocable to income from sources without the U.S. (dividends, interest, etc.) except deductions allocable to income of foreign branches and section 863(b) income.

Report the reduction of foreign source net capital gain here. (See instruction K(2).)

**Column 12.**—Section 862(b) provides that a ratable part of expenses, losses, and other deductions which cannot definitely be allocated to some item or class of gross income shall be deducted from gross income from sources without the U.S. in arriving at taxable income from sources without the U.S. Report in column 12 only that ratable part which applies to gross income reported in columns 2 through 9. Attach a schedule showing in detail the determination of this ratable part.

**Column 14.**—Attach a schedule showing in detail the determination of taxable income or (loss) of each foreign branch. Include, for each foreign branch, an income statement, balance sheet, and schedule of midyear remittances.

**Column 15.**—Section 863(b) and the regulations thereunder provide special rules for determining taxable income from sources without the U.S. with respect to gross income derived partly within and partly without the U.S. Report in column 15 taxable income or (loss) apportioned to sources without the U.S. under these special rules. (Taxable income of foreign branches from sources without the U.S. determined under these special rules should be reported in column 14, not column 15.) Attach a schedule showing gross income, definitely allocable deductions, the ratable part of deductions not definitely allocable, and the apportionment of taxable income to sources within and without the U.S.

## Schedule B

### Part I.—Foreign Taxes Paid or Accrued and Deemed to Have Been Paid

All applicable columns in Schedule B, Part I, must be completed line by line, including the "Totals" line.

Report only foreign taxes paid or accrued and deemed paid with respect to the type of income for which Form 1118 is being completed.

**Column 1.**—If you claim a credit for taxes accrued, show both the date accrued and the date paid (if paid). (See General Instruction E.)

**Column 2.**—Enter the type of tax (income, war profits, or excess profits).

**Column 4.**—Enter foreign taxes paid or accrued on the line for the country or U.S. possession imposing the tax. Report all amounts in U.S. dollars. If amounts were converted from foreign currency, attach a schedule showing in detail how the conversion rates were determined. See General Instruction G for proof of credits required.

Include in column 4(g) tax withheld at source on income other than dividends, interest, rents, royalties, and license fees, and all other foreign taxes paid or accrued. Do not include taxes deemed to have been paid, which are reported in column 5.

**Column 5.**—Enter the tax deemed paid to each foreign country or U.S. possession from column 11, Schedule C.

### Part III.—Summary of Credits from Separate Forms 1118

Complete Schedule B, Part III on only one Form 1118. Enter the credits from Schedule B, Part II, line 15 of the separate Forms 1118 on lines 1 through 5, Part III.

## Schedule C

### Computation of Taxes Deemed to Have Been Paid by Domestic Corporation Filing This Return

**Column 2.**—If dividends are from the accumulated profits of more than 1 year, the tax deemed to have been paid must be computed and shown on a separate line for each year.

Computations under section 902(a) and 960(a) for a first-tier foreign corporation, even though for the same year, must be made on separate lines. Further, separate lines must be used for computations under sections 902(a) and 960(a) with respect to the foreign income taxes deemed paid by a first-tier foreign corporation under section 902(b)(1). (See General Instruction H(3).)

**Column 3.**—If computation is for a second-tier or third-tier foreign corporation under section 960(a), also indicate (in parentheses) the country of incorporation of the first-tier foreign corporation of such second-tier or third-tier foreign corporation.

**Column 5.**—The gains, profits, and income are determined by the gains, profits, and income from all sources, whether or not subject to foreign tax, for the year from which the dividends (column 8) were paid.

**Column 6.**—See General Instruction G for proof of credit required, and General Instruction I(3) for reduction of foreign taxes for failure to furnish information required under section 6038.

See General Instruction H(3) for exclusions from the earnings and profits of a first-tier foreign corporation for purposes of applying sections 902(a) and 960(a) with respect to the foreign income taxes deemed paid by such first-tier foreign corporation under section 902(b)(1).

**Column 8.**—Enter the amount of dividends: (1) paid or constructively distributed by the related foreign corporation; and (2) paid or deemed distributed by the DISC or former DISC to the domestic corporation.

See General Instruction H(3) for certain distributions made by a first-tier foreign corporation to the domestic corporation which are not treated as dividends for purposes of applying section 902(a) with respect to the foreign income taxes deemed paid by such first-tier foreign corporation under section 902(b)(1).



For purposes of section 902, IRS may determine from which year's accumulated profits the dividends were paid. In making the determination, IRS will, unless it is otherwise established to its satisfaction, treat any dividends which are paid in the first 60 days of any tax year as having been paid from the accumulated profits of the preceding tax year or years, and will treat dividends which are paid after the first 60 days of any tax year as having been paid from the most recently accumulated profits.

## Schedule D

### Computation of Tax Deemed to Have Been Paid by First-tier Foreign Corporations

**Column 1.**—Enter the name of the second-tier foreign corporation and its related first-tier foreign corporations.

**Column 2.**—If dividends are from accumulated profits of more than 1 year, the tax deemed to have been paid must be computed and shown on a separate line for each year.

**Column 5.**—Same as Schedule C, column 6.

**Column 7.**—Enter the amount of dividends paid by the second-tier foreign corporation to the first-tier foreign corporation to which section 902(b)(1) applies.

**Column 10.**—Carry the amount of tax deemed to have been paid to Schedule C, column 9 and enter on the line for the related first-tier foreign corporation.

## Schedule E

### Computation of Tax Deemed to Have Been Paid by Second-tier Foreign Corporations

**Column 1.**—Enter the name of the third-tier foreign corporation and its related second-tier foreign corporation.

**Column 2.**—Same as Schedule D.

**Column 5.**—Same as Schedule C, column 6.

**Column 7.**—Enter the amount of dividends paid by the third-tier foreign corporation to the second-tier foreign corporation.

**Column 10.**—Carry the amount of tax deemed to have been paid to Schedule D, column 8 and enter on the line for the appropriate year of the related second-tier foreign corporation.

## Schedule F

### Computation of Reduction of Oil and Gas Extraction Taxes

Attach Schedule F (Form 1118) if you derived any foreign oil and gas extraction income during the tax year.



*U.S. GOVERNMENT PRINTING OFFICE: 1985-461-451-10127 23-106-5979



**SCHEDULE F (Form 1118)**
(Rev. February 1985)
Department of the Treasury
Internal Revenue Service

# Computation of Reduction of Oil and Gas Extraction Taxes

▶ Attach to Form 1118

OMB No. 1545-0122
Expires 1-31-88

For calendar year 19 , or other tax year beginning , 19 , and ending , 19

Name | Employer identification number

### Part I.—Foreign Oil and Gas Extraction Income and Taxes

Gross Income From Sources Outside the U.S. and U.S. Possessions

| | 1. Name of foreign country (Use a separate line for each country) | 2. From extraction of minerals from oil or gas wells | 3. From sale or exchange of assets | 4. Dividends from a foreign corporation | 5. Constructive distributions under section 951(a) | 6. Distributive share of the income of partnerships | 7. Total (Add columns 2 through 6) |
|---|---|---|---|---|---|---|---|
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |
| D | | | | | | | |
| E | | | | | | | |
| F | | | | | | | |
| G | | | | | | | |
| Totals (Add lines A through G) | | | | | | | |

| | DEDUCTIONS | | | | OIL AND GAS EXTRACTION TAXES (Attach schedule) | | |
|---|---|---|---|---|---|---|---|
| | 8. Definitely allocable deductions | 9. Ratable part of deductions not definitely allocable | 10. Total (add columns 8 and 9) | 11. Taxable income (Column 7 less column 10) | 12. Paid or accrued | 13. Deemed paid | 14. Total (Add columns 12 and 13) |
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |
| D | | | | | | | |
| E | | | | | | | |
| F | | | | | | | |
| G | | | | | | | |
| Totals | | | | | | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 1118.

Schedule F (Form 1118) (Rev. 2-85) Page 2

### Part II.—Computation of Reduction Under Section 907(a)

| | | |
|---|---|---|
| 1 | Total taxable income (From Part I, column 11, "Totals" line) | |
| 2 | Line 1 times 46% | |
| 3 | Total taxes (From Part I, column 14, "Totals" line) | |
| 4 | Carryover or carryback under section 907(f) (Attach schedule) | |
| 5 | Total taxes before reduction (Line 3 plus line 4) | |
| 6 | Reduction: subtract line 2 from line 5; if less than zero, enter zero. Enter here and on Form 1118, Schedule B, Part II, line 3 | |

## General Instructions

*(References are to the Internal Revenue Code)*

**A. Corporations Required To File Schedule F (Form 1118).**—Complete Schedule F (Form 1118) if you claim a credit for any income, war profits, and excess profits taxes paid, accrued, or deemed to have been paid during the tax year with respect to foreign oil and gas extraction income. *(Section 907(a).)*

**B. Method of Reporting.**—Report all amounts in U.S. dollars. If it is necessary to convert from foreign currency, attach a statement explaining how you determined the rate.

## Specific Instructions

**Note:** *For tax years beginning after 1982, a net extraction loss from a foreign country offsets extraction income from other foreign countries.*

### Part I

**Column 2.**—Enter gross income derived from sources without the U.S. and U.S. possessions from extraction (by you or any other person) of minerals from oil or gas wells. *(Section 907(c)(1)(A).)*

**Column 3.**—Enter gross income derived from the sale or exchange of assets used in the trade or business of extracting minerals from oil or gas wells from sources without the U.S. and U.S. possessions. *(Section 907(c)(1)(B).)*

**Column 4.**—Enter dividends from a foreign corporation in respect of which taxes are deemed paid under section 902 to the extent such dividends are attributable to foreign oil and gas extraction income. *(Section 907(c)(3)(A).)*

**Column 5.**—Enter amounts with respect to which taxes are deemed paid under section 960(a) to the extent such amounts are attributable to foreign oil and gas extraction income. *(Section 907(c)(3)(C).)*

**Column 6.**—Enter your distributive share of partnership income to the extent that such share is attributable to foreign oil and gas extraction income. *(Section 907(c)(3)(D).)*

**Columns 12 and 13.**—The attached schedule must show in detail the determination of the amount of foreign taxes paid, accrued, or deemed paid with respect to foreign oil and gas extraction income.

### Part II

**Line 1.**—See section 907(c) (4) for the recharacterization of foreign oil and gas extraction losses for tax years beginning after 1982.

**Line 6.**—Carry the amount from line 6 to line 3, Part II, Schedule B of the Form 1118 on which the credit with respect to "all other income from sources outside the U.S." is being computed.

*U.S. Government Printing Office: 1985—461-455/10134

Form **1118**
(Rev. February 1989)
Department of the Treasury
Internal Revenue Service

## Computation of Foreign Tax Credit—Corporations

For calendar year 19 , or other tax year beginning , 19 , and ending , 19

OMB No. 1545-0122
Expires 12-31-91

Name | Employer identification number

This form is being completed for credit with respect to: (Use a separate Form 1118 for each separate limitation category. See Specific Instructions.)

- ☐ Passive Income
- ☐ High Withholding Tax Interest
- ☐ Financial Services Income
- ☐ Shipping Income
- ☐ Dividends From Each Noncontrolled Section 902 Corporation (see Specific Instructions): Name of Foreign Corporation ▶ Country of Incorporation ▶
- ☐ Dividends From a DISC or Former DISC
- ☐ Taxable Income Attributable To Foreign Trade Income
- ☐ Certain Distributions From a FSC or Former FSC
- ☐ All Other Income From Sources Outside the U.S. (General Limitation Income)

### Schedule A Computation of Separate Limitation Income or (Loss) Before Adjustments

Separate Limitation Gross Income or (Loss) From Sources Outside the U.S. (*INCLUDE* Foreign Branch and Section 863(b) Gross Income Here *and* on Schedule F—See Specific Instructions)

| | 1. Foreign Country or U.S. Possession (Enter two letter code from last page of instructions. Use a separate line for each.) | 2. Deemed Dividends (see Specific Instructions) a. Exclude gross-up | 2. b. Gross-up (Sec. 78) | 3. Other Dividends a. Exclude gross-up | 3. b. Gross-up (Sec. 78) | 4. Interest | 5. Gross Rents, Royalties, and License Fees | 6. Gross Income from Performance of Services | 7. Other (Attach schedule) | 8. Total (Add columns 2a through 7) |
|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | |
| B | | | | | | | | | | |
| C | | | | | | | | | | |
| D | | | | | | | | | | |
| E | | | | | | | | | | |
| F | | | | | | | | | | |
| G | | | | | | | | | | |
| H | | | | | | | | | | |
| Totals (Add lines A through H) | | | | | | | | | | |

Separate Limitation Deductions (*INCLUDE* Foreign Branch and Section 863(b) Deductions Here *and* on Schedule F—See Specific Instructions)

| | 9. Definitely Allocable Deductions: Rental, Royalty, and Licensing Expenses a. Depreciation, Depletion and Amortization | 9. b. Other Expenses | 9. c. Expenses Related to Gross Income From Performance of Services | 9. d. Other Definitely Allocable Deductions | 9. e. Total Definitely Allocable Deductions (Add columns 9a through 9d) | 10. Apportioned Share of Deductions Not Definitely Allocable (Enter amount from applicable line of column (d), Part II, Schedule H) | 11. Total Deductions (Add columns 9e and 10) | 12. Total Separate Limitation Income or (Loss) Before Adjustments (Column 8 less column 11) |
|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | |
| B | | | | | | | | |
| C | | | | | | | | |
| D | | | | | | | | |
| E | | | | | | | | |
| F | | | | | | | | |
| G | | | | | | | | |
| H | | | | | | | | |
| Totals | | | | | | | | |

**For Paperwork Reduction Act Notice, See Page 1 of the Instructions.**

Form 1118 (Rev. 2-89)

### Schedule B Form 1118 (Rev. 2-89) Page 2

**Part I—Foreign Taxes Paid or Accrued and Deemed To Have Been Paid**

| | 1. Credit is Claimed for Taxes: ☐ Paid ☐ Accrued — Date Paid | Date Accrued | 2. Foreign Taxes Paid or Accrued (Attach schedule showing amounts in foreign currency and conversion rate(s) used) — Tax Withheld at Source on: a. Dividends | b. Interest | c. Rents, Royalties, and License Fees | Other Foreign Taxes Paid or Accrued on: d. Section 863(b) Income | e. Foreign Branch Income | f. Services Income | g. Other | h. Total Foreign Taxes Paid or Accrued (Add columns 2a through 2g) | 3. Tax Deemed To Have Been Paid (From Schedule C, Part I, column 9 and Schedule C, Part II, column 10) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| A | | | | | | | | | | | |
| B | | | | | | | | | | | |
| C | | | | | | | | | | | |
| D | | | | | | | | | | | |
| E | | | | | | | | | | | |
| F | | | | | | | | | | | |
| G | | | | | | | | | | | |
| H | | | | | | | | | | | |
| Totals (Add lines A through H) | | | | | | | | | | | |

**Part II—Computation of Foreign Tax Credit**

1. Total foreign taxes paid or accrued (from Part I, column 2h, "Totals" line)
2. Total taxes deemed to have been paid (from Part I, column 3, "Totals" line)
3. Reductions of taxes paid, accrued or deemed paid—Enter total from Part II, Schedule G ( )
4. Carryback or carryover (attach schedule showing computation in detail—see Specific Instructions)
5. Total foreign taxes (combine lines 1 through 4)

**Calculation of Limitation of Foreign Tax Credit:**

6. *Numerator of Limitation Fraction.*—If you are required to complete Schedule J, enter the result from the applicable column of line 11, Part I, Schedule J. If you are not required to complete Schedule J, enter the result from the "Totals" line of column 12 of the applicable Schedule A

7a. Total taxable income from all sources (enter taxable income from your tax return)

b. Adjustments to line 7a (see Specific Instructions)

c. *Denominator of Limitation Fraction.*—Subtract line 7b from line 7a

8. Divide line 6 by line 7c (if line 6 is greater than line 7c, enter the figure "1")
9. Total U.S. income tax against which credit is allowed (after section 936 credit but before any other credit)
10. Limitation (multiply line 8 by line 9)
11. Foreign tax credit (enter the lesser of line 5 or line 10 here and on the appropriate line of Part III.)

**Part III—Summary of Credits from Separate Forms 1118**

1. Credit with respect to passive income
2. Credit with respect to high withholding tax interest
3. Credit with respect to financial services income
4. Credit with respect to shipping income
5. Credit with respect to dividends from each noncontrolled section 902 corporation (combine all such credits on this line)
6. Credit with respect to dividends from a DISC or former DISC
7. Credit with respect to taxable income attributable to foreign trade income
8. Credit with respect to certain distributions from a FSC or former FSC
9. Credit with respect to all other income from sources outside the United States (General Limitation Income)
10. Total (add lines 1 through 9)
11. Reduction in credit for international boycott operations (see Specific Instructions)
12. Total foreign tax credit (subtract line 11 from line 10). Enter here and on your tax return



Form 1118 (Rev. 2-89) Page 3

### Schedule C Computation of Taxes Deemed To Have Been Paid by Domestic Corporation Filing Return—Report all amounts in U.S. dollars unless otherwise specified.

This schedule is used to compute the tax deemed to have been paid by the corporation with respect to actual distributions from a first-tier foreign corporation under section 902(a), and deemed distributions from a first-tier, second-tier, or third-tier foreign corporation under section 960(a).

**Part I—Distributions from Post-1986 Earnings and Profits**

| 1. Name of Corporation (Identify DISCs and former DISCs) | 2. Incorporated Under the Laws of (Enter country code from instructions) | 3. Undistributed E & P for Tax Years Beginning After 1986 (excluding PTI)—attach schedule (Report amounts in functional currency) | 4. Foreign Taxes Paid or Accrued on E & P (and not previously credited) for Tax Years Beginning After 1986 | 5. Taxes Deemed Paid (from Schedule D, Part I, column 9) | 6. Add Columns 4 and 5 | 7. Dividends Paid and Deemed Paid: a. Functional Currency | 7. b. U.S. Dollars | 8. Divide Column 7a by Column 3 | 9. Tax Deemed Paid (multiply column 8 by column 6) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

Total—Add lines and include result here and on "Totals" line of Schedule B, Part I, column 3 ▶

**Part II—Distributions from Pre-1987 Earnings and Profits**

| 1. Name of Corporation (Identify DISCs and former DISCs) | 2. Tax Year End (Yr. Mo.) (See Specific Instructions) | 3. Incorporated Under the Laws of (Enter country code from instructions) | 4. E & P for Tax Year Indicated (attach schedule) | 5. Foreign Taxes Paid or Accrued on E & P for Tax Year Indicated (See Specific Instructions) | 6. Taxes Deemed Paid (from Schedule D, Part II, column 10) | 7. Add Columns 5 and 6 | 8. Dividends Paid and Deemed Paid | 9. Divide Column 8 by Column 4 | 10. Tax Deemed Paid (multiply column 9 by column 7) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

Total—Add lines and include result here and on "Totals" line of Schedule B, Part I, column 3 ▶

Form 1118 (Rev. 2-89) Page 4

### Schedule D Computation of Tax Deemed To Have Been Paid by First-Tier Foreign Corporations—Report all amounts in U.S. dollars unless otherwise specified.

This schedule is used to compute the tax deemed to have been paid by a first-tier foreign corporation with respect to dividends from a second-tier foreign corporation under section 902(b)(1).

**Part I—Distributions from Post-1986 Earnings and Profits** (Enter the column 9 results in Schedule C, Part I, column 5.)

| 1. Name of Second-Tier Foreign Corporation and Its Related First-Tier Foreign Corporation | 2. Incorporated Under the Laws of (Enter country code from instructions) | 3. Undistributed E & P for Tax Years Beginning After 1986 (excluding PTI)—attach schedule (Report amounts in functional currency) | 4. Foreign Taxes Paid or Accrued on E & P (and not previously credited) for Tax Years Beginning After 1986 (see Specific Instrs.) | 5. Taxes Deemed Paid (from Schedule E, Part I, Column 7) | 6. Add Columns 4 and 5 | 7. Dividends Paid and Deemed Paid: a. Functional currency | 7. b. U.S. Dollars | 8. Divide Column 7a by Column 3 | 9. Tax Deemed Paid (multiply column 8 by column 6) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

**Part II—Distributions from Pre-1987 Earnings and Profits** (Enter the column 10 results in Schedule C, Part II, column 6.)

| 1. Name of Second-Tier Foreign Corporation and Its Related First-Tier Foreign Corporation | 2. Tax Year End (Yr. Mo.) (See Specific Instructions) | 3. Incorporated Under the Laws of (Enter country code from instructions) | 4. E & P for Tax Year Indicated (attach schedule) | 5. Foreign Taxes Paid or Accrued on E & P for Tax Year Indicated (See Specific Instructions) | 6. Taxes Deemed Paid (from Schedule E, Part II, column 8) | 7. Add Columns 5 and 6 | 8. Dividends Paid and Deemed Paid | 9. Divide Column 8 by Column 4 | 10. Tax Deemed Paid (multiply column 9 by column 7) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

### Schedule E Computation of Tax Deemed To Have Been Paid by Second-Tier Foreign Corporations—Report all amounts in U.S. dollars unless otherwise specified.

This schedule is used to compute the tax deemed to have been paid by a second-tier foreign corporation with respect to dividends from a third-tier foreign corporation under section 902(b)(2).

**Part I—Distributions from Post-1986 Earnings and Profits** (Enter the column 7 results in Schedule D, Part I, column 5.)

| 1. Name of Third-Tier Foreign Corporation and Its Related Second-Tier Foreign Corporation | 2. Incorporated Under the Laws of (Enter country code from instructions) | 3. Undistributed E & P for Tax Years Beginning After 1986 (excluding PTI)—attach schedule (Report amounts in functional currency) | 4. Foreign Taxes Paid or Accrued on E & P (and not previously credited) for Tax Years Beginning After 1986 (see Specific Instrs.) | 5. Dividends Paid and Deemed Paid: a. Functional currency | 5. b. U.S. Dollars | 6. Divide Column 5a by Column 3 | 7. Tax Deemed Paid (multiply column 6 by column 4) |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

**Part II—Distributions from Pre-1987 Earnings and Profits** (Enter the column 8 results in Schedule D, Part II, column 6.)

| 1. Name of Third-Tier Foreign Corporation and Its Related Second-Tier Foreign Corporation | 2. Tax Year End (Yr. Mo.) (See Specific Instructions) | 3. Incorporated Under the Laws of (Enter country code from instructions) | 4. E & P for Tax Year Indicated (attach schedule) | 5. Foreign Taxes Paid or Accrued on E & P for Tax Year Indicated (see Specific Instructions) | 6. Dividends Paid and Deemed Paid | 7. Divide Column 6 by Column 4 | 8. Tax Deemed Paid (multiply column 7 by column 5) |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Form 1118 (Rev. 2-89)

**Schedule F** Gross Income and Definitely Allocable Deductions From Sources Outside the U.S. Under Section 863(b) and For Foreign Branches

**Part I—Section 863(b)**

| 1. Name of Foreign Country or U.S. Possession (Use a separate line for each) | 2. Gross Income | 3. Definitely Allocable Deductions |
|---|---|---|
| A | | |
| B | | |
| C | | |
| D | | |
| E | | |
| F | | |
| G | | |
| H | | |
| Totals (Add lines A through H) ▶ | | |

**Part II—Foreign Branches**

| | | |
|---|---|---|
| A | | |
| B | | |
| C | | |
| D | | |
| E | | |
| F | | |
| G | | |
| H | | |
| Totals (Add lines A through H) ▶ | | |

Note: The Schedule F totals are not carried over to any other Form 1118 Schedule. (These totals were already included in Schedule A.) However, the IRS requires you to complete Schedule F under the authority of section 905(b).

**Schedule G** Reductions of Taxes Paid, Accrued or Deemed Paid (Including Computation of Reduction For Taxes Under Section 901(j))

**Part I—Computation of Reduction of Taxes Under Section 901(j)**

| 1. Name of Foreign Country (Use a separate line for each) | 2. Taxable income or (loss) | 3. Foreign income tax paid, accrued or deemed paid |
|---|---|---|
| A | | |
| B | | |
| C | | |
| D | | |
| E | | |
| F | | |
| G | | |
| H | | |
| Total (Add lines A through H). Enter here and on line B, Part II below | | |

**Part II—Summary of Reductions of Taxes Paid, Accrued or Deemed Paid***

| | |
|---|---|
| A Reduction of Taxes Under Section 901(e)—Attach separate schedule | |
| B Reduction of Taxes Under Section 901(j)—Enter total from Part I above | |
| C Reduction of Oil and Gas Extraction Taxes—Enter amount from line 6, Part II, Schedule I | |
| D Reduction of Taxes Due to International Boycott Provisions—Enter appropriate portion of line 2b, Schedule C, Form 5713. (Important: Enter only "specifically attributable taxes" here.) | |
| E Reduction of Taxes For Section 6038(c) Penalty—Attach separate schedule | |
| F Other Reductions of Taxes—Attach schedule(s) | |
| Total (Add lines A through F). Enter here and on line 3, Part II, Schedule B ▶ | |

*Note: Completion of Schedule G, Part II, is optional.

Page 5

Form 1118 (Rev. 2-89) Page 6

**Schedule H** Apportionment of Deductions Not Definitely Allocable

**Part I—Research and Development Deductions**

| | (a) Sales Method: Product line #1 (SIC Code: ) (i) Gross Sales | (ii) R&D Deductions | Product line #2 (SIC Code: ) (iii) Gross Sales | (iv) R&D Deductions | (v) Total R&D Deductions Under Sales Method (Add columns (ii) and (iv)) | (b) Gross Income Method—Check method used: Option 1 ☐ Option 2 ☐ (See Specific Instructions) (vi) Gross Income | (vii) Total R&D Deductions Under Gross Income Method | (c) Total R&D Deductions Not Definitely Allocable (Enter all amounts from column (a)(v) or all amounts from column (b)(vii)) |
|---|---|---|---|---|---|---|---|---|
| 1 Totals (see Specific Instructions) | | | | | | | | |
| 2 Total to be apportioned | | | | | | | | |
| 3 Apportionment among statutory groupings: | | | | | | | | |
| a General limitation income | | | | | | | | |
| b Passive income | | | | | | | | |
| c High withholding tax interest | | | | | | | | |
| d Financial services income | | | | | | | | |
| e Shipping income | | | | | | | | |
| f Dividends from noncontrolled section 902 corporation #1* | | | | | | | | |
| g Dividends from noncontrolled section 902 corporation #2* | | | | | | | | |
| h Taxable income attributable to foreign trade income | | | | | | | | |
| 4 Total foreign (add lines 3a through 3h) | | | | | | | | |

**Part II—Interest Deductions, All Other Deductions, And Total Deductions**

| | (a) Average value of assets—Check method used: ☐ Fair market value ☐ Tax book value (i) Non-Financial Corporations | (ii) Financial Corporations | (b) Interest Deductions (iii) Non-Financial Corporations | (iv) Financial Corporations | (c) All Other Deductions Not Definitely Allocable | (d) Totals (Add the corresponding amounts from column (c), Part I and columns (b)(iii) and (b)(iv), Part II). Enter each amount from lines 3a through 3h below in column 10 of the corresponding Schedule A. |
|---|---|---|---|---|---|---|
| 1a Totals (see Specific Instructions) | | | | | | |
| b Amounts specifically allocable under Temp. Regs. 1.861-10T(e) | | | | | | |
| c Other specific allocations under Temp. Regs. 1.861-10T | | | | | | |
| d Other allocations (see Specific Instructions) | | | | | | |
| 2 Total to be apportioned (subtract lines 1b and 1c from line 1a) | | | | | | |
| 3 Apportionment among statutory groupings: | | | | | | |
| a General limitation income | | | | | | |
| b Passive income | | | | | | |
| c High withholding tax interest | | | | | | |
| d Financial services income | | | | | | |
| e Shipping income | | | | | | |
| f Dividends from noncontrolled section 902 corporation #1* | | | | | | |
| g Dividends from noncontrolled section 902 corporation #2* | | | | | | |
| h Taxable income attributable to foreign trade income | | | | | | |
| i Certain distributions from a FSC or former FSC | | | | | | |
| j Dividends from a DISC or former DISC | | | | | | |
| 4 Total foreign (add lines 3a through 3j) | | | | | | |

* Important: If you have more than two product lines OR if you received dividends from more than two noncontrolled section 902 corporations, see the specific instructions in the Form 1118 instructions.

Department of the Treasury
Internal Revenue Service

# Instructions for Form 1118

(Revised February 1989)

## Computation of Foreign Tax Credit—Corporations

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form and related schedules will vary depending on individual circumstances. The estimated average times are:

| Form | Recordkeeping | Learning about the law or the form | Preparing and sending the form to IRS |
|---|---|---|---|
| 1118 | 71 hrs., 31 min. | 17 hrs., 13 min. | 21 hrs., 38 min. |
| Sch. I (1118) | 8 hrs., 51 min. | 1 hr. | 1 hr., 11 min. |
| Sch. J (1118) | 89 hrs., 12 min. | 1 hr., 5 min. | 2 hrs., 35 min. |

If you have comments concerning the accuracy of these time estimates or suggestions for making this form and related schedules more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions for the tax return with which this form is filed.

## Important Changes You Should Note

- The following new schedules have been added to Form 1118:

**Schedule F, Gross Income and Definitely Allocable Deductions From Sources Outside The U.S. Under Section 863(b) and For Foreign Branches**
This new schedule requires information previously required in Schedule A.

**Schedule G, Reductions of Taxes Paid, Accrued or Deemed Paid (Including Computation of Reduction For Taxes Under Section 901(j))**
This new schedule requires information regarding the extent to which you have been denied foreign tax credits due to the application of section 901(j). It also allows you to summarize all of your reductions of taxes paid, accrued, or deemed paid.

**Schedule H, Apportionment of Deductions Not Definitely Allocable**
This new schedule requires information regarding how you apportioned "deductions not definitely allocable" in determining separate limitation income. The schedule reflects the changes brought about by Temporary Regulations sections 1.861-8T through 1.861-14T and the Technical and Miscellaneous Revenue Act of 1988 (TAMRA).

- Due to the addition of the three new schedules described above, the two separate schedules (previously Schedules F and G) have been redesignated as separate Schedules I and J (respectively).

The title of new separate Schedule J has been modified to reflect changes made to the schedule. Schedule J, Part I reflects the official position of the IRS (as set forth in Notice 89-3, 1989-2 I.R.B. 13) regarding the ordering of the allocations and other adjustments to separate limitation income or losses in determining numerators of the limitation fractions for each separate limitation. Schedule J, Part II is new. It requires year end balances of separate limitation income that was allocated among other separate limitations (in the current year or in prior years) that have yet to be recharacterized. Schedule J, Part III generally requires the same information required in Part II of the previous version of Schedule G (Form 1118).

## Items To Note

- Temporary Regulations sections 1.905-3T, 1.905-4T and 1.905-5T were issued to provide additional information and guidance regarding your obligation to file notice of a foreign tax redetermination or to make an adjustment to your pools of foreign taxes and earnings and profits (E&P), as the case may be, and the civil penalty for failure to file notice or make such adjustment. See General Instruction L for details.
- TAMRA section 1012(a) modified the definitions of the following separate limitation categories: (1) "passive income," (2) "high withholding tax interest," (3) "financial services income," (4) "shipping income," and (5) "dividends from each noncontrolled section 902 corporation." See General Instructions C(1) through C(5) for new definitions.

# General Instructions

### A. Who Must File

Any corporation that elects the benefits of the foreign tax credit under section 901 must attach Form 1118 to its income tax return.

**Important:** *For any tax year that a corporation elects the benefits of the foreign tax credit to any extent, that corporation is not permitted to claim a deduction (in the current tax year or in any subsequent tax year) for any portion of the foreign taxes paid or accrued during that tax year. See General Instruction K for more information.*

**Note:** *A regulated investment company that has made an election under section 853 cannot claim the foreign tax credit (or take a deduction) for foreign taxes paid.*

### B. Filing Requirements

The corporation must complete Form 1118 to separately compute the foreign tax credit for each of several statutory categories of income. See General Instruction C for descriptions of these "separate limitations."

For each separate limitation, the corporation computes its separate limitation income or (loss) before adjustments on Schedule A using the general rules outlined in General Instruction D. That income or loss is carried over to Schedule B, Part II and is used in determining the "limitation on the foreign tax credit" (defined in General Instruction E).

**Note:** *You must report all amounts in U.S. dollars unless otherwise specified. If it is necessary to convert from a foreign currency, attach a statement explaining how you determined the rate.*

**Note also:** *Schedule A; Schedule B, Parts I & II; Schedules C through G, and Schedule I are completed for each applicable separate limitation whereas Schedule B, Part III; Schedule H; and Schedule J are generally completed only once.*

### C. Descriptions of Separate Limitation Categories

**(1) Passive Income**

Generally, the term "passive income" means: **(a)** any income you receive or accrue that is of a kind that would be "foreign personal holding company income" (as defined in section 954(c)) if you were a "controlled foreign corporation" (CFC) (as defined in section 957), including any amount of gain on the sale or exchange of stock in excess of the amount treated as a dividend under section 1248. However, in determining whether any income is of a kind that would be foreign personal holding company income, the rules of section 864(c)(6) will apply only in the case of income of a CFC; and **(b)** any amount includible in gross income under sections 551 and 1293 (which relate to foreign personal holding companies and certain passive foreign investment companies).

**Exceptions.**—Passive income does not include: **(a)** any income that belongs in one of the other separate limitation categories described in (2) through (8) below; **(b)** any "export financing interest" (defined in section 904(d)(2)(G)) unless such income is also "related person factoring income" as defined in the "interaction" rule of Regulations section 1.904-4(h)(3); **(c)** any "high taxed income" (as defined in section 904(d)(2)(F)); or **(d)** any foreign oil and gas extraction income (as defined in section 907(c)).

Also, passive income generally does not include any "active rents or royalties." See Regulations section 1.904-4(b)(2) for definition and for exceptions.

**Note:** *Certain income you receive from a CFC that would otherwise be passive income may be assigned to another "separate category" under the "look through rules" (discussed after (9) below).*

**(2) High Withholding Tax Interest**

"High withholding tax interest" is any interest subject to a withholding tax or other gross basis tax of a foreign country or U.S. possession at a rate of 5% or more.

High withholding tax interest does not include: **(a)** "export financing interest" (as defined in section 904(d)(2)(G)); **(b)** any interest you received or accrued on any "pre-1990 qualified loan" (as defined in section 1201(e)(2)(C) of the Tax Reform Act of 1986 ("1986 Act"); or **(c)** the "phase-out percentage" (as defined in section 1201(e)(2)(B) of the 1986 Act) of any interest you receive or accrue on any "post-1989 qualified loan" (as defined in section 1201(e)(2)(D) of the 1986 Act).

**Note:** *For purposes of applying the rules outlined in (b) and (c) above, all members of an affiliated group of corporations filing a consolidated return are to be treated as one corporation.*

**(3) Financial Services Income**

"Financial services income" is generally any income you receive or accrue while you are a "financial services entity" (as defined in Regulations section 1.904-4(e)(3)) that is:
**(a)** described in section 904(d)(2)(C)(ii);
**(b)** passive income (determined without regard to section 904(d)(2)(A)(iii)(I)); or
**(c)** "export financing interest" (as defined in section 904(d)(2)(G)) that would be high withholding tax interest but for section 904(d)(2)(B)(ii).

Financial services income does not include: **(a)** any high withholding tax interest; **(b)** any dividend from a noncontrolled section 902 corporation; and **(c)** any export financing interest not described in section 904(d)(2)(C)(i)(III).

**Note:** *If you qualified as a financial services entity because you treated certain amounts as "active financing income" that are not listed in Regulations sections 1.904-4(e)(2)(i)(A) through (X), but that are described as "similar items" in Regulations section 1.904-4(e)(2)(i)(Y), you must attach a statement to Form 1118 showing the types and amounts of the similar items.*

**(4) Shipping Income**

"Shipping income" is any income you receive or accrue that is "foreign base company shipping income" (as defined in section 954(f)).

Shipping income does not include:
**(a)** any dividend from a noncontrolled section 902 corporation; **(b)** any financial services income; or **(c)** any high withholding tax interest.

**(5) Dividends From Each Noncontrolled Section 902 Corporation**

A "noncontrolled section 902 corporation" is any foreign corporation with respect to which you meet the stock ownership requirements of section 902(a) (or, for purposes of applying section 904(d)(3), the requirements of section 902(b)). A CFC is not to be treated as a noncontrolled section 902 corporation with respect to any distribution out of its E&P for periods during which: **(a)** it was a CFC; and **(b)** except as provided in regulations, you were a U.S. shareholder in the CFC.

See section 904(d)(2)(E)(ii) for a special rule for taxes on high withholding tax interest of the noncontrolled section 902 corporation.

**(6) Dividends From a DISC or Former DISC**

Include in this separate limitation category dividends from a DISC or former DISC (as defined in section 992(a)) to the extent such dividends are treated as income from sources outside the United States.

**(7) Taxable Income Attributable to Foreign Trade Income**

Include in this separate limitation category taxable income attributable to foreign trade income within the meaning of section 923(b).

**(8) Certain Distributions From a FSC or Former FSC**

Include in this separate limitation category distributions from a FSC (or former FSC) out of E&P attributable to "foreign trade income" (within the meaning of section 923(b)) or "qualified interest and carrying charges" (which means any interest or carrying charges (as defined in section 927(d)(1)) derived from a transaction that results in foreign trade income).

**(9) General Limitation Income**

This is the residual category. Include all income not described in the definitions of the other separate limitations listed above. Be sure to include "high taxed income" that would otherwise be passive income. Generally, income is "high-taxed" if the total foreign income taxes paid, accrued, or deemed paid by the taxpayer with respect to such income exceed the highest rate of tax specified in section 1 or 11, whichever applies (and with reference to section 15 if applicable), multiplied by the amount of such income (including the amount treated as a dividend under section 78).

**Look-Through Rules.**—Generally, any dividends, interest, rents, and royalties you receive or accrue from a CFC in which you are a U.S. shareholder is not income in a "separate category" (as defined in section 904(d)(3)(F)). However, section 904(d)(3) provides the following exceptions:

(a) Subpart F inclusions, to the extent such amounts (that are included in income under section 951(a)(1)(A)) are attributable to income in a separate category;

(b) Interest, rents, and royalties, to the extent they are properly allocable (in accordance with the underlying regulations) to income of the CFC in such category; and

(c) Dividends (that are paid out of the E&P of the CFC), in proportion to the ratio of the portion of E&P attributable to income in such category to the total amount of E&P.

See section 904(d)(3) and Regulations section 1.904-5.

### D. General Rules For Computing Separate Limitation Income or (Loss) Before Adjustments

**(1) General Source Rules.**—Determine your separate limitation income or loss before adjustments on Schedule A using the following rules, as applicable: **(a)** the general source rules of sections 861 through 864 (and underlying regulations) outlined below; **(b)** the specific source rules of section 904(g) described below; and **(c)** any applicable source rules that are contained in any applicable tax treaties.

Section 861 lists gross income items that are to be treated as U.S. sourced and section 862 lists gross income items that are to be treated as foreign sourced. Section 863 provides for the allocation or apportionment of gross income items not listed in either section 861 or 862 (including "income partly from within and partly from without the U.S."). Section 864 provides special rules for the treatment of "effectively connected income" and "related person factoring income" and for the allocation and apportionment of interest and other expenses. **Note:** *The basic rules for allocating and apportioning interest expense, research and development (R&D) deductions, and other expenses are described in detail in the Specific Instructions for Schedule H.*

Section 904(g)(1) states that, generally, the following types of income that you derive from a "United States-owned foreign corporation" (as defined in section 904(g)(6)) that would otherwise be treated as foreign source income must be treated as U.S. source income, but only to the following extent:

(a) any "subpart F income" (defined in section 951(a)), "foreign personal holding company income" (defined in section 551), or "income from a qualified electing fund" (defined in section 1293) that a U.S. shareholder is required to include in its gross income—to the extent such amount is attributable to the United States-owned foreign corporation's U.S. source income;

(b) interest—to the extent it is properly allocable (under the underlying regulations) to the United States-owned foreign corporation's U.S. source income, and

(c) dividends—to the extent of the "United States source ratio" (defined in section 904(g)(4)(B)).

See section 904(g)(5) for an exception to the rules regarding interest and dividends described in (b) and (c) above in the case of a U.S.-owned foreign corporation that has a small amount of U.S. source income.

**(2) Capital Gains.**—Special rules apply for purposes of determining the extent to which income from the sale of capital assets is to be included in the numerator and denominator of the limitation fraction for each applicable separate limitation.

Section 904(b)(2)(A) states that your "taxable income from sources outside the United States" (which you compute on Schedule A for each separate limitation) generally includes gain from the sale or exchange of capital assets only to the extent of "foreign source capital gain net income" (which is defined in section 904(b)(3)(A) as the lesser of capital gain net income from sources outside the U.S. or capital gain net income). Therefore, if you have foreign source capital gain net income that is in excess of your capital gain net income from all sources, enter the excess on Schedule A, column 9d as a negative number.

Furthermore, if you use foreign source capital losses to reduce U.S. source capital gains, another rule applies to the numerator of the limitation fraction for each applicable separate limitation. For an example of this limitation, see Regulations section 1.904(b)-2(c), Example (2).

**Note:** *See sections 904(b)(2)(B) for special rules in the case of any tax year for which there is a "capital gain rate differential" (as defined in section 904(b)(3)(D)). At the time these instructions went to print, there was no capital gain rate differential.*

**(3) Coordination with Section 936.**—Any income taken into account in computing the possessions tax credit under section 936 is excluded from taxable income in computing the foreign tax credit limitation. (Section 904(b)(4).)

**(4) Foreign Corporations Claiming Credit.**—For purposes of computing the foreign tax credit limitation, the foreign corporation's taxable income shall be treated as consisting only of the taxable income that is effectively connected with the conduct of a trade or business within the U.S. (Section 906(b)(2).)

### E. Limitation on the Foreign Tax Credit

The section 904 limitation on the foreign tax credit must be applied separately for each category of income listed in General Instruction C.

The section 904 limitation is comprised of: (1) the numerator, which is generally computed on Schedule J and then entered on Schedule B, Part II, line 6; and (2) the denominator, which is computed on Schedule B, Part II, lines 7a through 7c. The limitation fraction is not permitted to exceed "1.00" for any separate limitation.

The limitation may be increased under section 960(b) for any tax year during which you receive a distribution of previously taxed E&P. See section 960(b)(2) and Regulations section 1.960-4 for rules regarding the computation of the increase in the limit.

### F. Foreign Taxes for Which Credit May Be Claimed

Section 901(b)(1) states that, generally, a domestic corporation is allowed to claim the foreign tax credit (subject to the limitation of section 904) for the amount of any "income, war profits, and excess profits taxes" (defined in Regulations section 1.901-2) paid or accrued during the tax year to any foreign country or to any possession of the United States, and for taxes deemed paid under sections 902 and 960. (For these purposes, "allowable foreign taxes" also includes "taxes paid in lieu of income taxes" as described in section 903 and the regulations thereunder.) However, this general rule is qualified as follows:

(1) No credit (or deduction) is allowed for "certain payments for oil and gas" (described in section 901(f));

(2) No credit (or deduction) is allowed for "certain taxes paid with respect to distributions from possessions corporations" (described in section 901(g));

(3) No credit is allowed for "taxes paid with respect to foreign trade income" (described in section 901(h));

(4) No credit (or deduction) is allowed for "certain taxes used to provide subsidies" (described in section 901(i));

(5) No credit is allowed for taxes paid or accrued (or deemed paid under section 902 or section 960) to any section 901(j) foreign country (see the Specific Instructions for Schedule G, Part I for list).

(6) No credit is allowed if you make the election to deduct taxes paid or accrued to any foreign country or U.S. possession. (Regulations section 1.901-1(h)(2));

(7) No credit (or deduction) is allowed for taxes that were reduced under section 907(a);

(8) No credit is allowed for certain "foreign taxes on foreign oil related income" (described in section 907(b));

(9) No credit (or deduction) is allowed for any tax paid or accrued to a foreign country or U.S. possession with respect to taxable income that is taken into account in computing the possessions tax credit described in section 936. (Section 936(c));

(10) No credit (or deduction) is allowed for taxes "attributable to income excluded under section 814(a)" (relating to contiguous country branches of domestic life insurance companies), and

(11) No credit is allowed if you elect instead to claim a credit under the terms of an applicable tax treaty.

In addition to the above listed items, some "foreign taxes" that are otherwise eligible for the foreign tax credit must be reduced using the rules outlined in the Specific Instructions for Schedule G. These include certain gross basis foreign taxes described in the special rule of Regulations section 1.904-4(g)(2)(iii) regarding dividends from a noncontrolled section 902 corporation out of E&P attributable to high withholding tax interest.

### G. Proof of Credits

The requirements of section 905(b) (and the regulations thereunder) have been eased by the issuance of Notice 88-65, 1988-25 I.R.B. 41, in which the IRS announced it will issue regulations suspending all but the first sentence of Regulations section 1.905-2(a)(2) and all of Regulations section 1.905-2(b). The suspension is effective beginning January 1, 1988. **Caution:** *Foreign tax credits must still be substantiated with proper documentation that must be available for examination on request. (See Rev. Rul. 67-308, 1967-2 C.B. 254.) The suspension of the regulations merely means that, until further notice, the documentation previously required by the regulations need not be submitted when the return is filed.*

Substantiation that is still required to be attached to Form 1118 includes: (1) A schedule that shows the amounts of foreign taxes paid or accrued in foreign currency and the conversion rate(s) used in arriving at the U.S. dollar amounts entered in Schedule B, Part I, column 2; and (2) A statement that identifies any foreign taxes paid or accrued that resulted from an audit adjustment made by a foreign taxing authority.

**Note:** *If you claim a foreign tax credit for tax accrued but not paid, IRS may require you to furnish a bond on Form 1117, Income Tax Surety Bond, as a condition precedent to the allowance of the credit. (Regulations section 1.905-2(d).)*

### H. Carryback and Carryover of Excess Allowable Foreign Taxes Paid

The amount of "allowable foreign taxes" paid, accrued or deemed paid (as defined in General Instruction F) in a tax year in excess of the foreign tax credit limitation for that tax year generally may be carried back 2 years and then forward 5 years. The excess must first be applied to the earliest of the 7 years to which it may be carried, then to the next earliest year, etc. See section 904(c) and Regulations section 1.904-2 for more details.

#### Transitional Rules

(1) Taxes paid or accrued in a pre-1987 tax year with respect to the pre-1987 "nonbusiness interest" separate limitation are to be carried over to the post-1986 "passive income" separate limitation.

(2) Taxes paid or accrued in a pre-1987 tax year with respect to the pre-1987 "general limitation income" separate limitation are to be carried over to the post-1986 "general limitation income" separate limitation except that, (a) such taxes are to be carried over to the post-1986 "shipping income" separate limitation to the extent the corporation establishes to the satisfaction of the IRS that such taxes were paid or accrued with respect to "shipping income;" (b) in the case of a financial services entity, such taxes are to be carried over to the post-1986 "financial services income" separate limitation to the extent the corporation establishes to the IRS that such taxes were paid or accrued with respect to "financial services income;" and (c) such taxes are to be carried over to the post-1986 "high withholding tax interest" separate limitation to the extent the corporation establishes to the IRS that such taxes were paid or accrued with respect to "high withholding tax interest."

(3) Taxes paid or accrued in a pre-1987 tax year with respect to any of the following pre-1987 separate limitations are to be carried over to the corresponding post-1986 separate limitation: (a) "dividends from a DISC or former DISC;" (b) "taxable income attributable to foreign trade income;" and (c) "certain distributions from a FSC or former FSC."

See section 1205 of the 1986 Act for rules regarding a limitation on the carryback of foreign tax credits to pre-1987 tax years.

See sections 907(e) and 907(f) for rules regarding the carryback and carryover of related taxes and foreign oil and gas extraction taxes paid or accrued in excess of the section 907(a) limitation.

### I. Definition of "Foreign Corporation" For Purposes of the Deemed Paid Credit

For purposes of computing the deemed paid credit on Schedules C, D, and E, the term "foreign corporation" includes: (1) a DISC or former DISC (as defined in section 992(a)), but only with respect to dividends from the DISC or former DISC to the extent such dividends are





If you claim a credit for taxes accrued, show both the date accrued and the date paid (if paid).

**Columns 2a through 2h.**—Report all foreign tax amounts in U.S. dollars. If amounts were converted from foreign currency, attach a schedule showing in detail how the conversion rates were determined. See General Instruction G for proof of credits required.

Include in column 2d foreign taxes paid or accrued on foreign branch taxable income to which the rules of section 863(b) apply.
**Note:** *Do not include these overlapping amounts in column 2e.*

### Part II—Computation of Foreign Tax Credit

**Line 4.**—See General Instruction H.

**Line 6.**—To determine whether you must complete separate Schedule J, see the self-contained instructions on that schedule.

**Line 7b.**—See General Instructions D(2) through D(4) for examples of adjustments to your "worldwide income."

**Line 9.**—The foreign tax credit is allowed against the total U.S. income tax imposed by chapter 1 (reduced by the possessions tax credit of section 936) but not against any tax listed under section 26(b).

### Part III—Summary of Credits From Separate Forms 1118

Complete Schedule B, Part III on only one Form 1118. Enter the credits from Schedule B, Part II, line 11 of the separate Forms 1118 on lines 1 through 9, Part III.

**Line 11.**—See instructions for Schedule G, line D.

## Schedule C

### Part I—Distributions from Post-1986 Earnings and Profits

**Column 2.**—Enter the applicable two-digit foreign country and U.S. possession codes from page 8.

**Column 3.**—Enter the foreign corporation's "post-1986 undistributed E&P" which is defined in section 902(c)(1) as the amount of the foreign corporation's E&P (computed in accordance with sections 964 and 986) accumulated in tax years beginning after 1986: (1) as of the close of the tax year of the foreign corporation in which the dividend is distributed, and (2) without reduction for dividends distributed during such tax year.
**Note:** *Report all amounts in your "functional currency" as defined in section 985(b).*

**Column 4.**—Enter your "post-1986 foreign income taxes" which is defined in section 902(c)(2) as the sum of: (1) the foreign income taxes with respect to the tax year of the foreign corporation in which the dividend is distributed, and (2) the foreign income taxes with respect to prior tax years beginning after 1986, to the extent such foreign taxes were not deemed paid with respect to dividends distributed by the foreign corporation in prior tax years. **Note:** *Report all amounts in U.S. dollars using the exchange rate rules specified in section 986(a).*

**Column 7a.**—Report all dividends paid or deemed paid in your "functional currency" as defined in section 985(b).

**Column 7b.**—Report the column 7a amount translated into U.S. dollars at the "appropriate exchange rate" (as defined in section 989(b)). If your functional currency is the U.S. dollar, do not complete column 7b.

### Part II—Distributions from Pre-1987 Earnings and Profits

**Column 2.**—If the dividends are from the accumulated E&P of more than one tax year, the tax deemed to have been paid must be computed and shown on a separate line for each tax year. Enter for each tax year the year and month in which the tax year ended. For example, if you are computing deemed paid taxes with respect to distributions from a tax year that ended June 30, 1986, enter "8606."

**Column 3.**—Enter the applicable two-digit foreign country and U.S. possession codes from page 8.

**Column 4.**—For each line, enter the E&P for the tax year you indicated in column 2.
**Note:** *Foreign currency amounts must be translated to U.S. dollars using the applicable pre-1987 rules.*

**Column 5.**—Enter the amount of foreign taxes paid or accrued on the E&P entered in column 4 for the tax year indicated in column 2. See instructions for Line E, Part II, Schedule G for information regarding reduction of foreign taxes for failure to furnish information required under section 6038.

**Column 8.**—Enter the amount of dividends, (1) paid or constructively distributed by the related foreign corporation, and (2) paid or *deemed* distributed by the DISC or former DISC to the domestic corporation.

For purposes of section 902, IRS may determine from which tax year's accumulated profits the dividends were paid.

## Schedule D

### Part I—Distributions from Post-1986 Earnings and Profits

**Columns 2, 3, 4, 7a and 7b.**—Follow the instructions for the corresponding columns of Part I, Schedule C.

### Part II—Distributions from Pre-1987 Earnings and Profits

**Columns 2, 3, 4, 5 and 8.**—Follow the instructions for the corresponding columns of Part II, Schedule C.

## Schedule E

### Part I—Distributions from Post-1986 Earnings and Profits

**Columns 2, 3 and 4.**—Follow the instructions for the corresponding columns of Part I, Schedules C and D.

**Columns 5a and 5b.**—Follow the instructions for columns 7a and 7b, Part I, Schedule C.

### Part II—Distributions from Pre-1987 Earnings and Profits

**Columns 2, 3, 4 and 5.**—Follow the instructions for the corresponding columns of Part II, Schedule C.

**Column 6.**—Follow the instructions for column 8, Part II, Schedule C.

## Schedule F

This schedule is to be completed for each applicable separate limitation.

### Part I—Section 863(b)

Section 863(b) and the regulations thereunder provide special rules for determining taxable income from sources outside the U.S. with respect to gross income derived partly within and partly outside the U.S. Enter the gross income and definitely allocable deductions for each foreign country as indicated.

**Note:** *Foreign branch income and deductions to which the rules of section 863(b) apply must be included in Part I (not in Part II).*

### Part II—Foreign Branches

Enter the gross income and definitely allocable deductions for each foreign country as indicated. Include, for each foreign branch, an income statement, balance sheet, and schedule of midyear remittances.
**Note:** *Foreign branch income and deductions to which the rules of section 863(b) apply must be included in Part I (not in Part II).*

## Schedule G

This schedule is to be completed for each applicable separate limitation.

### Part I—Computation of Reduction of Taxes Under Section 901(j)

If the provisions of section 901(j)(2) apply to a foreign country, taxes paid to that country may not be used in computing the foreign tax credit. Rev. Rul. 87-35, 1987-1 C.B. 182, provides a list (based on information supplied by the Department of State) of countries to which the provisions of section 901(j) apply. The list includes: Afghanistan, Albania, Angola, Cambodia, Cuba, Iran, Libya, North Korea, the People's Democratic Republic of Yemen, Syria, and Vietnam. See section 901(j)(2)(C) for special rule for South Africa. See Notice 88-47, 1988-16 I.R.B. 27, for special rule for Panama.

**Column 2.**—Enter the taxable income or loss for each foreign country as indicated.
**Note:** *Be sure to include all taxable income (and not just dividends).*

**Column 3.**—Enter the foreign income tax paid, accrued or deemed paid for each foreign country as indicated.

### Part II—Summary of Reductions of Taxes Paid, Accrued or Deemed Paid

Schedule G, Part II is optional. If you choose to complete this part, enter all amounts as shown and carry the total over to Schedule B, Part II, line 3.

**Line A—Reduction of Taxes Under Section 901(e).**—Attach a separate schedule showing the computation (described in (a) and (b) below) of the reduction of tax with respect to foreign mineral income in accordance with Regulations section 1.901-3(a)(3)(iv).

The amount of any income, war profits, and excess profits taxes paid or accrued, or deemed paid during the tax year to any foreign country or U.S. possession with respect to foreign mineral income derived from sources within such country or possession must be reduced by the lesser of: (a) the amount of such foreign taxes minus the amount of U.S. tax computed under Chapter 1 of the Code with respect to such foreign mineral income, or (b) the amount of U.S. tax which would be computed under Chapter 1 of the Code with respect to such foreign mineral income without regard to the deduction for percentage depletion under section 613 minus the amount of U.S. tax computed under Chapter 1 of the Code with respect to such foreign mineral income. The reduction must be made on a country-by-country basis. (Regulations section 1.901-3(a)(1).)

The reduction applies only if a deduction for percentage depletion under section 613 was allowed with respect to any part of such foreign mineral income. (Regulations section 1.901-3(a)(3)(i).)

**Line D—Reduction of Taxes Due to International Boycott Provisions.**—If a person, or a member of a "controlled group" (as defined in section 993(a)(3)) that includes that person, agrees to participate in, or cooperate with, an international boycott, that



person must file Form 5713, International Boycott Report. Furthermore, that person's foreign tax credit is affected as follows:

(1) If the taxes specifically attributable to boycott operations can be determined, reduce the total taxes available for the foreign tax credit by entering these amounts from Form 5713, Schedule C, line 2b on Form 1118, Schedule G, Part II, Line D.

(2) If the taxes specifically attributable to boycott operations cannot be determined, compute the reduction by multiplying the credit otherwise allowable by the international boycott factor (Form 5713, Schedule A, line 3) and enter the result on Form 1118, Schedule B, Part III, line 11.

For additional information, see Form 5713 and its separate instructions.

**Line E—Reduction of Taxes For Section 6038(c) Penalty.**—For each failure of a domestic corporation to furnish any return or any information in any return required under section 6038 by the prescribed date: (1) in the application of sections 902 and 960, all taxes paid or deemed paid by all foreign corporations controlled by such domestic corporation must be reduced by 10%; and (2) in the application of section 901, all taxes paid or deemed paid (except taxes deemed paid under section 904(c) and taxes reduced in the application of sections 902 and 960) by such corporation must be reduced by 10%. If such failure continues for 90 days or more after the date of written notice by IRS to such domestic corporation, the reductions are 10% plus 5% for each 3-month period or fraction thereof during which such failure continues after expiration of the 90-day period.

A penalty of $1,000 is also imposed for failing to supply the information for each CFC within the time prescribed under section 6038. Additionally, if the required information is not submitted within 90 days after the IRS has mailed notice to the U.S. person, an additional $1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted. The increase in any penalty under section 6038(b)(2) may not exceed $24,000. See section 6038(c)(3) for rules coordinating these penalties.

**Line F—Other Reductions of Taxes.**—Include on this line the reduction for withholding in excess of 5% for noncontrolled section 902 corporations and the reduction for foreign taxes on foreign oil related income of section 907(b).

## Schedule H

**Purpose of schedule.**—Schedule H is used to apportion deductions that are "not definitely allocable" among "statutory groupings." The results of the schedule are used to determine foreign source taxable income (on Schedule A), which is used to determine your foreign tax credit limitation (on Schedule B).
**Note:** *Schedule H is generally completed only once (unlike Schedule A; Schedule B, Parts I & II; Schedules C through G; and Schedule I; which are completed for each applicable separate limitation).*

### Part I—Research and Development Deductions

The rules regarding the apportionment of R&D deductions are set forth in Regulations section 1.861-8(e)(3) and Temporary Regulations section 1.861-14T. Generally, you may use either the Sales Method (columns (a)(i) through (a)(v)) OR the Gross Income Method (columns (b)(vi) and (b)(vii)).



**Caution:** *If you are completing Schedule H for your first tax year that began after 8/1/87, see "One-Year TAMRA Rule" below.*

#### Column (a) Sales Method

Complete these columns only if you elect the sales method of apportioning R&D deductions described in Regulations section 1.861-8(e)(3)(ii). The regulations state that, under this method, R&D deductions are generally considered to be definitely related to all gross income reasonably connected with one or more of the 32 product categories based on the Standard Industrial Classification (SIC) system (rather than the income generated by the particular product that benefited from the research activity). Enter in the spaces provided the two-digit SIC Code numbers of the product lines to which the R&D deductions are considered to be related. (See Regulations section 1.861-8(e)(3) for more information about SIC Codes.) **Note:** *If you have more than two product lines, see the last paragraph of the Schedule H instructions regarding computer generated forms.*

#### Columns (a)(i) and (a)(iii)

**Line 1.**—Enter the worldwide gross sales for the product lines.

**Lines 3a through 3h.**—Enter the gross sales that resulted in gross income for each statutory grouping.

**Line 4.**—Add lines 3a through 3h. **Note:** *This total should be less than the total sales on line 1 because this line 4 total does not include the gross sales that give rise to gross income in the residual grouping.*

#### Columns (a)(ii) and (a)(iv)

**Line 1.**—Enter the total R&D deductions connected with the product lines.

**Line 2.**—In arriving at the line 2 amounts, you must first reduce your line 1 totals by the rules outlined in Regulations section 1.861-8(e)(3)(i)(B). These rules consider the fact that you will sometimes undertake R&D "solely to meet *legal requirements* imposed by a particular political entity with respect to improvement or marketing of specific products or processes" AND you would not reasonably expect the results of such research "to generate amounts of gross income (beyond de minimis amounts) outside a single *geographic source*."

You must then further reduce your line 1 totals by the "exclusive apportionment" rules of Regulations section 1.861-8(e)(3)(ii)(A). Under these rules, 30% of your R&D deductions are "apportioned exclusively to the statutory grouping of gross income or the residual grouping of gross income, as the case may be, arising from the geographic source where the R&D activities which account for more than 50% of the amount of such deduction were performed." If the 50% test is not met, then no part of the deduction is apportioned under these rules.

**Lines 3a through 3h.**—To determine the amount of R&D deductions to be apportioned to each statutory grouping, divide the gross sales apportioned to the statutory grouping by the worldwide gross sales for the product line and multiply the result by the R&D deductions to be apportioned. **Note:** *If you received dividends from more than one noncontrolled section 902 corporation, see the last paragraph of the Schedule H instructions.*

*Example 1.* To determine the amount to be entered on line 3a, column (a)(ii), you must: (1) Divide the amount you entered on line 3a, column (a)(i) by the amount you entered on line 1, column (a)(i); and (2) Multiply the result by the amount you entered on line 2, column (a)(ii).

*Example 2.* To determine the amount to be entered on line 3b, column (a)(iv), you must: (1) Divide the amount you entered on line 3b, column (a)(iii) by the amount you entered on line 1, column (a)(iii), and (2) Multiply the result by the amount you entered on line 2, column (a)(iv).

**Line 4.**—Add lines 3a through 3h.
**Note:** *This total will generally be less than the total R&D deductions on line 2 because this line 4 total does not include the R&D deductions that are implicitly apportioned to the residual grouping.*

#### Column (b) Gross Income Methods

Complete these columns only if you elect one of the gross income methods of apportioning R&D deductions described in Regulations section 1.861-8(e)(3)(iii). Check the "Option 1" box if you use the option described in Regulations section 1.861-8(e)(3)(A). Check the "Option 2" box if you use the option described in Regulations section 1.861-8(e)(3)(B).

#### Column (b)(vi)

**Line 1.**—Enter your total gross income (excluding exempt income in accordance with Temporary Regulations section 1.861-8T(d)(2)).

**Lines 3a through 3h.**—Enter the gross income within each statutory grouping.

**Line 4.**—Add lines 3a through 3h.
**Note:** *This total will generally be less than the total gross income on line 2 because this line 4 total does not include the gross income that is implicitly apportioned to the residual grouping.*

#### Column (b)(vii)

**Line 1.**—Enter your total R&D deductions.

**Line 2.**—In arriving at the line 2 amount, reduce your line 1 total by the R&D deductions incurred solely to meet legal requirements. (See Regulations section 1.861-8(e)(3)(i)(B).)
**Note:** *Do not reduce your line 1 total by the "exclusive apportionment" rules of Regulations section 1.861-8(e)(3)(ii)(A) (as was permitted under the Sales Method).*

**Lines 3a through 3h.**—To determine the amount of R&D deductions to be apportioned to each statutory grouping: (1) If you checked Option 1, divide the gross income apportioned to the statutory grouping by your total gross income and multiply the result by the R&D deductions to be apportioned; or (2) If you checked Option 2, enter the appropriate amount as described in Regulations section 1.861-8(e)(3)(B).

**Line 4.**—Add lines 3a through 3h.
**Note:** *This total will generally be less than the total R&D deductions you entered on line 2 because this line 4 total does not include the R&D deductions that are implicitly apportioned to the residual grouping.*

#### One-Year TAMRA Rule

If you are completing Schedule H for your first tax year that began after 8/1/87, the rules contained in TAMRA section 4009 will be substituted for the rules described above in completing the schedule with respect to one-third of your "qualified research and experimental expenditures" (defined in section 4009(b)) for that tax year. However, if you are filing a "short period return" (as defined in section 443) for that tax year, see TAMRA section 4009(e) to determine the percentage greater than one-third with respect to which the rules contained in TAMRA section 4009 will be substituted.

Generally, the rules contained in TAMRA section 4009 differ from the rules described above in that the exclusive apportionment rules (described in the instructions for line 2, columns (a)(ii) and (a)(iv)) have been modified (including a substitution of "64%" for "30%") and are to be used for both the column (a) sales method and the column (b) gross income methods.

As a result of TAMRA section 4009, for your first tax year that began after 8/1/87, you must complete Schedule H twice. On the first schedule, complete only column (a) OR column (b) of Part I for the one-third (or greater percentage if you are filing a short period return) of qualified R&D deductions to be allocated and apportioned under the rules set forth in TAMRA section 4009. On the second schedule, complete column (a) OR column (b) of Part I for the remaining two thirds (or lower percentage if you are filing a short period return) of qualified R&D deductions to be allocated and apportioned using the rules described above (i.e., the specific instructions for Schedule H before these rules for the "one year TAMRA rule.") When completing column (c) of the second Schedule H, add all of the column (a) or (b) amounts from both schedules. Complete Part II of the second schedule using the rules described above.

### Part II—Interest Deductions, All Other Deductions, And Total Deductions

**Columns (a)(i) through (b)(iv)**

Use these columns to apportion your interest deductions. The rules regarding the apportionment of interest deductions are outlined in Regulations sections 1.861-8 and Temporary Regulations sections 1.861-8T through 1.861-13T. Columns (a) and (b) are subdivided into "Non Financial Corporations" and "Financial Corporations." (See Temporary Regulations section 1.861-11T(d)(4)(ii) for the definition of "financial corporations.") Temporary Regulations section 1.861-11T(d)(4) explains that, for purposes of allocating interest deductions, members of an affiliated group that are financial corporations must be treated as a separate affiliated group. Therefore, complete columns (a)(ii) and (b)(iv) for members of your affiliated group that are "financial corporations" and columns (a)(i) and (b)(iii) for members of your affiliated group that are non financial corporations.

**Columns (a)(i) and (a)(ii)**

**Line 1a.**—Enter the "average" of the total assets of your affiliated group. See Temporary Regulations section 1.861-9T(g)(2) for the definition of "average" for these purposes.

**Line 1b.**—Temporary Regulations section 1.861-10T(e) sets forth an exception to the general rule of fungibility for excess related party indebtedness. Enter on line 1b the portion of the assets included on line 1a that is characterized as excess related party indebtedness.

**Line 1c.**—Temporary Regulations section 1.861-10T lists other exceptions to the general rule of fungibility (such as qualified nonrecourse indebtedness and integrated financial transactions). Enter on line 1c the portion of all other assets that attract specifically allocable interest deductions.

**Line 1d.**—Enter the total of the exempt assets and "assets without directly identifiable yield" that are to be excluded from the interest apportionment formula as specified in Temporary Regulations sections 1.861-8T(d)(2) and 1.861-9T(g)(3).

**Lines 3a through 3h.**—For purposes of the apportionment of interest expense, the assets on line 2 are characterized as assets in one of the statutory groupings or as belonging to the residual grouping. The rules for the characterization of assets are set forth in Temporary Regulations sections 1.861-9T(g)(3), 1.861-12T(g)(2) and 1.861-12T(h)(2). On lines 3a through 3h, enter the value of the assets in each of the statutory groupings.

**Line 4.**—Add lines 3a through 3h.
**Note:** *This total will generally be less than the total assets on line 2 because this line 4 total does not include the assets that are implicitly apportioned to the residual grouping.*

**Columns (b)(iii) and (b)(iv)**

**Line 1a.**—Enter the total interest deductions for the members of your affiliated group. Temporary Regulations section 1.861-9T(a) states that your total interest deductions include: (1) any expense that is currently deductible under section 163 (including original issue discount); and (2) "interest equivalents" (as defined in Temporary Regulations section 1.861-9T(b)) that are currently deductible. Temporary Regulations section 1.861-9T(c) lists the sections that disallow or suspend interest deductions or that require the capitalization of interest deductions.

**Line 1b.**—Enter the interest deductions associated with the assets on line 1b of columns (a)(i) and (a)(ii), respectively, that attract specifically allocable interest deductions under Temporary Regulations section 1.861-10T(e). **Note:** *These interest deductions will be divided among the statutory groupings and will appear as a definitely allocable deduction in Schedule A, column 9(d).*

**Line 1c.**—Enter the interest deductions associated with the assets on line 1c of columns (a)(i) and (a)(ii), respectively, that attract specifically allocable interest deductions.

**Line 1d.**—Enter the total amount of interest deductions that are allowed transition relief under the Tax Reform Act of 1986 and under TAMRA. **Note:** *A portion of these interest deductions may be apportioned to the various statutory groupings. If so, it is to be included on lines 3a through 3h of these columns as explained below.*

**Lines 3a through 3h.**—To determine the amount of interest deductions to be apportioned to each statutory grouping, divide the assets apportioned to the statutory grouping by the total assets apportioned and multiply the result by the interest deductions to be apportioned. Add to this amount any interest deductions that are apportioned to this category under the transition rules referenced above in columns (b)(iii) and (b)(iv), line 1d.

*Example 1.* To determine the amount to be entered on line 3a, column (b)(iii), you must: (1) Divide the amount you entered on line 3a, column (a)(i) by the amount you entered on line 2, column (a)(i), (2) Multiply the result by the amount you entered on line 2, column (b)(iii), and (3) Add any amount that is apportioned to this category under the transition rules.

*Example 2.* To determine the amount to be entered on line 3b, column (b)(iv), you must: (1) Divide the amount you entered on line 3b, column (a)(ii) by the amount you entered on line 2, column (a)(ii), (2) Multiply the result by the amount you entered on line 2, column (b)(iv), and (3) Add any amount that is apportioned to this category under the transition rules.

**Line 4.**—Add the amounts on lines 3a through 3h. **Note:** *This total will generally be less than the total interest deductions on line 2 because this line 4 total does not include the interest deductions that are implicitly apportioned to the residual grouping.*

**Column (c)**

Complete this column to apportion all other deductions not definitely allocable (other than interest deductions and R&D deductions). Regulations section 1.861-8 and Temporary Regulations sections 1.861-8T and 1.861-14T describe the apportionment of these "other" deductions.

**Line 1a.**—Enter the total amount of "other" deductions. Examples of these "other" deductions include: stewardship expenses; legal and accounting expenses, and other expenses related to certain supportive functions such as overhead, general and administrative, advertising and marketing.

**Lines 3a through 3j.**—Enter the amounts apportioned to each statutory grouping.

**Line 4.**—Add lines 3a through 3j.
**Note:** *This total will generally be less than the other deductions on line 2 because this line 4 total does not include the other deductions that are implicitly apportioned to the residual grouping.*

**Column (d)**

Enter all totals as instructed. The results of lines 3a through 3j should be entered in column 10 of the corresponding Schedule A for each of these separate limitations.

**Computer Generated Schedule H.**—You may submit computer generated Schedules H if they are in conformity with the IRS version of the schedule. For example, if you have more than two product lines (under the sales method of apportioning R&D deductions) OR if you received dividends from more than two noncontrolled section 902 corporations, you will have to expand the Schedule H to properly apportion deductions.

## Schedule I

### Computation of Reduction of Oil and Gas Extraction Taxes

Attach Schedule I (Form 1118) if you are claiming a foreign tax credit with respect to any income taxes paid, accrued, or deemed to have been paid during the tax year with respect to foreign oil and gas extraction income.

## Schedule J

### Separate Limitation Loss Allocations and Other Adjustments Necessary to Determine Numerators of Limitation Fractions, Year-End Recharacterization Balances and Overall Foreign Loss Account Balances

Attach Schedule J (Form 1118) to show the adjustments to separate limitation income or losses in determining the numerators of the limitation fractions for each separate limitation; the year-end balances of separate limitation losses that were allocated among other separate limitations (in the current year or in prior years) that have yet to be recharacterized; and the balances in your overall foreign loss accounts at the beginning of the tax year, any adjustments to the account balances, and the balances in your overall foreign loss accounts at the end of the tax year.



**Foreign Country and U.S. Possession Codes.**—Enter the following codes as requested in: Schedule A, column 1; Schedule C, Part I, column 2; Schedule C, Part II, column 3; Schedule D, Part I, column 2; Schedule D, Part II, column 3; Schedule E, Part I, column 2; and Schedule E, Part II, column 3.

| Country | Code | Country | Code | Country | Code | Country | Code | Country | Code |
|---|---|---|---|---|---|---|---|---|---|
| Afghanistan | AF | Comoros | CN | Iceland | IC | Namibia | WA | Svalbard | SV |
| Albania | AL | Congo | CF | India | IN | Nauru | NR | Swaziland | WZ |
| Algeria | AG | Cook Islands | CW | Indonesia | ID | Navassa Island | BQ | Sweden | SW |
| American Samoa | AQ | Coral Sea Islands Territory | CR | Iran | IR | Nepal | NP | Switzerland | SZ |
| Andorra | AN | Costa Rica | CS | Iraq | IZ | Netherlands | NL | Syria | SY |
| Angola | AO | Cuba | CU | Iraq-Saudi Arabia Neutral Zone | IY | Netherlands Antilles | NA | Taiwan | TW |
| Anguilla | AV | Cyprus | CY | Ireland | EI | New Caledonia | NC | Tanzania, United Republic of | TZ |
| Antarctica | AY | Czechoslovakia | CZ | Isle of Man | IM | New Zealand | NZ | Thailand | TH |
| Antigua and Barbuda | AC | Denmark | DA | Israel | IS | Nicaragua | NU | Togo | TO |
| Argentina | AR | Djibouti | DJ | Italy | IT | Niger | NG | Tokelau | TL |
| Aruba | AA | Dominica | DO | Ivory Coast | IV | Nigeria | NI | Tonga | TN |
| Ashmore and Cartier Islands | AT | Dominican Republic | DR | Jamaica | JM | Niue | NE | Trinidad and Tobago | TD |
| Australia | AS | Ecuador | EC | Jan Mayen | JN | Norfolk Island | NF | Tromelin Island | TE |
| Austria | AU | Egypt | EG | Japan | JA | Northern Ireland | UK | Trust Territory of the Pacific Islands | PS |
| Azores | PO | El Salvador | ES | Jersey | JE | Northern Mariana Islands | CQ | Tunisia | TS |
| Bahamas, The | BF | Equatorial Guinea | EK | Johnston Atoll | JQ | Norway | NO | Turkey | TU |
| Bahrain | BA | Ethiopia | ET | Jordan | JO | Oman | MU | Turks and Caicos Islands | TK |
| Bangladesh | BG | Europa Island | EU | Juan de Nova Island | JU | Pakistan | PK | Tuvalu | TV |
| Barbados | BB | Falkland Islands (Islas Malvinas) | FA | Kenya | KE | Palmyra Atoll | LQ | Uganda | UG |
| Bassas da India | BS | Faroe Islands | FO | Kingman Reef | KQ | Panama | PM | Union of Soviet Socialist Republics | UR |
| Belgium | BE | Fiji | FJ | Kiribati | KR | Papua New Guinea | PP | United Arab Emirates | TC |
| Belize | BH | Finland | FI | Korea, Democratic People's Republic of (North) | KN | Paracel Islands | PF | United Kingdom | UK |
| Benin | BN | France | FR | Korea, Republic of (South) | KS | Paraguay | PA | Upper Volta (Burkina Faso) | UV |
| Bermuda | BD | French Guiana | FG | Kuwait | KU | Peru | PE | Uruguay | UY |
| Bhutan | BT | French Polynesia | FP | Laos | LA | Philippines | RP | Vanuatu | NH |
| Bolivia | BL | French Southern and Antarctic Lands | FS | Lebanon | LE | Pitcairn Islands | PC | Vatican City | VT |
| Botswana | BC | Gabon | GB | Lesotho | LT | Poland | PL | Venezuela | VE |
| Bouvet Island | BV | Gambia, The | GA | Liberia | LI | Portugal | PO | Vietnam | VM |
| Brazil | BR | Gaza Strip | GZ | Libya | LY | Puerto Rico | RQ | Virgin Islands (British) | VI |
| British Indian Ocean Territory | IO | German Democratic Republic (East) | GC | Liechtenstein | LS | Qatar | QA | Virgin Islands (U.S.) | VQ |
| Brunei | BX | Germany, Federal Republic of (West) | GE | Luxembourg | LU | Reunion | RE | Wake Island | WQ |
| Bulgaria | BU | Ghana | GH | Macau | MC | Romania | RO | Wallis and Futuna | WF |
| Burkina Faso | UV | Gibraltar | GI | Madagascar | MA | Rwanda | RW | West Bank | WE |
| Burma | BM | Glorioso Islands | GO | Malawi | MI | St. Christopher-Nevis | SC | Western Sahara | WI |
| Burundi | BY | Greece | GR | Malaysia | MY | St. Helena | SH | Western Samoa | WS |
| Cambodia (Kampuchea) | CB | Greenland | GL | Maldives | MV | St. Lucia | ST | Yemen (Aden) | YS |
| Cameroon | CM | Grenada | GJ | Mali | ML | St. Pierre and Miquelon | SB | Yemen (Sana'a) | YE |
| Canada | CA | Guadeloupe | GP | Malta | MT | St. Vincent and the Grenadines | VC | Yugoslavia | YO |
| Canary Islands | SP | Guam | GQ | Marshall Islands | RM | San Marino | SM | Zaire | CG |
| Cape Verde | CV | Guatemala | GT | Martinique | MB | Sao Tome and Principe | TP | Zambia | ZA |
| Cayman Islands | CJ | Guernsey | GK | Mauritania | MR | Saudi Arabia | SA | Zimbabwe | ZI |
| Central African Republic | CT | Guinea | GV | Mauritius | MP | Senegal | SG | Other Countries | OC |
| Chad | CD | Guinea Bissau | PU | Mayotte | MF | Seychelles | SE | | |
| Chile | CI | Guyana | GY | Mexico | MX | Sierra Leone | SL | | |
| China, Peoples Republic of | CH | Haiti | HA | Micronesia, Federated States of | FM | Singapore | SN | | |
| Christmas Island (Indian Ocean) | KT | Heard Island and McDonald Islands | HM | Midway Islands | MQ | Solomon Islands | BP | | |
| Christmas Island (Pacific Ocean) | KR | Honduras | HO | Monaco | MN | Somalia | SO | | |
| Clipperton Island | IP | Hong Kong | HK | Mongolia | MG | South Africa | SF | | |
| Cocos (Keeling) Islands | CK | Hungary | HU | Montserrat | MH | Spain | SP | | |
| Colombia | CO | | | Morocco | MO | Spratly Islands | PG | | |
| | | | | Mozambique | MZ | Sri Lanka | CE | | |
| | | | | | | Sudan | SU | | |
| | | | | | | Suriname | NS | | |





**Schedule J (Form 1118)** (January 1989) Department of the Treasury Internal Revenue Service

## Separate Limitation Loss Allocations and Other Adjustments Necessary to Determine Numerators of Limitation Fractions, Year-End Recharacterization Balances and Overall Foreign Loss Account Balances

For calendar year 19...., or other tax year beginning ............, 19...., and ending ............, 19....

► Attach to Form 1118. For Paperwork Reduction Act Notice, see page 1 of Instructions for Form 1118.

OMB No. 1545-0122 Expires 12-31-91

Name | Employer identification number

**Part I Adjustments to Separate Limitation Income or (Losses) in Determining Numerators of Limitation Fractions**

| | (i) General limitation income | (ii) Passive income | (iii) High withholding tax interest | (iv) Financial services income | (v) Shipping income | (vi) Dividends from a DISC or former DISC | (vii) Taxable income attributable to foreign trade income | (viii) Certain distributions from a FSC or former FSC | (ix) Dividends from noncontrolled section 902 corporation* |
|---|---|---|---|---|---|---|---|---|---|
| 1 Separate limitation income or (loss) before adjustments (see instructions) | | | | | | | | | |
| 2 Allocation of current year separate limitation losses (see instructions): | | | | | | | | | |
| a General limitation income | | | | | | | | | |
| b Passive income | | | | | | | | | |
| c High withholding tax interest | | | | | | | | | |
| d Financial services income | | | | | | | | | |
| e Shipping income | | | | | | | | | |
| f Dividends from a DISC or former DISC | | | | | | | | | |
| g Taxable income attributable to foreign trade income | | | | | | | | | |
| h Certain distributions from a FSC or former FSC | | | | | | | | | |
| i Dividends from noncontrolled section 902 corporation* | | | | | | | | | |
| 3 Subtotal—Combine lines 1 through 2i. | | | | | | | | | |
| 4 Overall foreign losses | | | | | | | | | |
| 5 Recapture of overall foreign losses | | | | | | | | | |
| 6 Subtotal—Subtract line 5 from line 3. | | | | | | | | | |
| 7 Recharacterization of separate limitation income (see instructions): | | | | | | | | | |
| a General limitation income | | | | | | | | | |
| b Passive income | | | | | | | | | |
| c High withholding tax interest | | | | | | | | | |
| d Financial services income | | | | | | | | | |
| e Shipping income | | | | | | | | | |
| f Dividends from a DISC or former DISC | | | | | | | | | |
| g Taxable income attributable to foreign trade income | | | | | | | | | |
| h Certain distributions from a FSC or former FSC | | | | | | | | | |
| i Dividends from noncontrolled section 902 corporation* | | | | | | | | | |
| 8 Subtotal—Combine lines 6 through 7i. | | | | | | | | | |

* Important: If you received dividends from more than one noncontrolled section 902 corporation, see last paragraph of Schedule J instructions.

Schedule J (Form 1118) (1-89)

Schedule J (Form 1118) (1-89) Page 2

| | (i) General limitation income | (ii) Passive income | (iii) High withholding tax interest | (iv) Financial services income | (v) Shipping income | (vi) Dividends from a DISC or former DISC | (vii) Taxable income attributable to foreign trade income | (viii) Certain distributions from a FSC or former FSC | (ix) Dividends from noncontrolled section 902 corporation* |
|---|---|---|---|---|---|---|---|---|---|
| 9 Subtotal—Enter amounts from line 8, Part I | | | | | | | | | |
| 10 Allocation of current year U.S. source losses (see instructions) | | | | | | | | | |
| 11 Numerator of Limitation Fraction—Subtract line 10 from line 9. Enter each result here and on line 6, Part II, of corresponding Schedule B | | | | | | | | | |
| **Part II Year-End Balances of Separate Limitation Income Remaining To Be Recharacterized** | | | | | | | | | |
| a General limitation income | | | | | | | | | |
| b Passive income | | | | | | | | | |
| c High withholding tax income | | | | | | | | | |
| d Financial services income | | | | | | | | | |
| e Shipping income | | | | | | | | | |
| f Dividends from a DISC or former DISC | | | | | | | | | |
| g Taxable income attributable to foreign trade income | | | | | | | | | |
| h Certain distributions from a FSC or former FSC | | | | | | | | | |
| i Dividends from noncontrolled section 902 corporation* | | | | | | | | | |
| **Part III Overall Foreign Loss Account Balances (section 904(f)(1))** | | | | | | | | | |
| 1 Beginning balance | | | | | | | | | |
| 2 Current year additions | | | | | | | | | |
| 3 Current year reductions (other than recapture) | | | | | | | | | |
| 4 Subtotal—Combine lines 1 through 3 | | | | | | | | | |
| 5 Current year recapture | | | | | | | | | |
| 6 Ending balance—Subtract line 5 from line 4. | | | | | | | | | |

* Important: If you received dividends from more than one noncontrolled section 902 corporation, see last paragraph of Schedule J instructions.

## Instructions

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

### Purpose of Schedule

Part I is used to show adjustments to separate limitation income or (losses) in determining the numerator of the limitation fraction for each separate limitation. Part II is used to show the year-end balances of separate limitation losses that were allocated among other separate limitations (in the current year or in prior years) that have yet to be recharacterized. Part III is used to show the balances in your overall foreign loss accounts at the beginning of the tax year, any adjustments, and the balances in your overall foreign loss accounts at the end of the tax year. **Note:** *Schedule J (like Schedules G and H) is completed only once (unlike all other Form 1118 Schedules which are completed for each applicable separate limitation).*

### Part I

*The following instructions reflect the official position of the IRS (as set forth in Notice 89-3, 1989-2 I.R.B. 13) regarding the ordering of adjustments to each separate limitation income or (loss) in arriving at the numerator of the limitation fraction for each separate limitation. (See also Temporary Regulations section 1.904(f)-13T.)*

**Line 1.**—Enter under each of the applicable columns listed across the top of the schedule the separate limitation income or (loss) from column 12 of the corresponding Schedule A you completed for that separate limitation. (Be sure to consider on this line the possible interplay between the separate limitation losses and any net operating losses or net capital losses they may be a part of.)

**Line 2.**—This allocation grid must be completed to show the "pro rata share" of each separate limitation loss to be allocated among other applicable separate limitations. To determine each "pro rata share" you must:

**(a)** Combine all of the separate limitation loss amounts you entered across line 1 and combine all of the separate limitation income amounts you entered across line 1.

**(b)** If your combined separate limitation losses for the tax year **do not exceed** your combined separate limitation income for the tax year, your pro rata share of each separate limitation loss to be allocated to each category with positive taxable income is as follows:

$$\frac{\text{Separate limitation income}}{\text{Combined separate limitation income from all categories with positive taxable income}} \times \text{Separate limitation loss being allocated}$$

**(c)** If your combined separate limitation losses for the tax year exceed your combined separate limitation income for the tax year, the pro rata share of each separate limitation loss to be allocated to each separate limitation having income is as follows:

$$\frac{\text{Separate limitation loss being allocated}}{\text{Combined separate limitation losses from all categories with taxable losses}} \times \text{Separate limitation income in a given category}$$

To the extent separate limitation losses are able to be allocated, the total amounts allocated should be entered in the bold-outlined boxes as positive numbers. Each separate amount allocated to a given separate limitation should be entered across the same line under the appropriate column heading to which it was allocated. **Note:** *The numbers entered across any given line should "zero out."*

Your combined separate limitation losses for the tax year in excess of your combined separate limitation income for the tax year reduces your U.S. source income (if any) for the tax year. If you have no U.S. source income for the tax year, or if the excess of your combined separate limitation losses for the tax year over your combined separate limitation income for the tax year exceeds your U.S. source income for the tax year, the excess is treated as a net operating loss which can be carried over or back to other tax years in accordance with the rules under section 172.

**Example 1.**—Corporation X has separate limitation income of $4,000 in its "general limitation income" separate limitation (line 1, column (i)) and separate limitation income of $1,000 in its "financial services income" separate limitation (line 1, column (iv)). In addition, the corporation has a separate limitation loss of $2,000 in its "shipping income" separate limitation (line 1, column (v)). Corporation X completes line 2, Part I, Schedule J, as follows:

Since the corporation's combined separate limitation losses for the tax year ($2,000) **do not exceed** its combined separate limitation income for the tax year ($5,000), the entire $2,000 may be allocated to other separate limitations. Therefore, Corporation X enters a positive $2,000 in the bold outlined box on line 2e, column (v).

To compute the portion of the $2,000 separate limitation loss that is allocable to the "general limitation income" separate limitation, Corporation X divides the $4,000 of separate limitation income by $5,000 (the combined separate limitation income from all categories with positive taxable income). The result is 80%, which is multiplied by the separate limitation loss of $2,000. Corporation X enters the product of $1,600 on line 2e, column (i).

To compute the portion of the $2,000 separate limitation loss that is allocable to the "financial services income" separate limitation, Corporation X divides the $1,000 of separate limitation income by $5,000 (the combined separate limitation income from all categories with positive taxable income). The result is 20%, which is multiplied by the separate limitation loss of $2,000. Corporation X enters the product of $400 on line 2e, column (iv).

The final step is to compute the line 3 subtotals. Corporation X enters $2,400 on line 3, column (i); $600 on line 3, column (iv), and $0 on line 3, column (v).

**Line 4.**—Enter your overall foreign loss for the tax year (from line 3) to the extent they have reduced U.S. source income for the tax year.

If an overall foreign loss has reduced U.S. source income, do not complete the remainder of Part I with respect to that separate limitation. (However, you must complete Parts II and III with respect to that separate limitation to show the year-end balance in the separate limitation loss and overall foreign loss accounts.)

**Line 5.**—Section 904(f)(1) requires you to recapture overall foreign losses in prior tax years. Recapture is accomplished by treating as U.S. source income a portion of the current year separate limitation income that is of the same limitation as the loss that resulted in the prior year overall foreign loss. Recapture continues until the applicable overall foreign loss account (Part III of this schedule) is reduced to zero.

The amount of any current year separate limitation income subject to recapture is the lesser of the balance in the applicable overall foreign loss account (the applicable line 1 amount of Part III of this schedule) or 50% of all amounts across line 3, Part I of this schedule). You may make an annual, revocable election to recapture a greater portion of the balance in an overall foreign loss account. You may make the election by attaching a statement to Form 1118 indicating the percentage and dollar amount of the separate limitation income that is being treated as U.S. source income and the percentage and dollar amount of the balance (both before and after recapture) in the overall foreign loss account that is being recaptured.

**Line 7.**—Section 904(f)(5) states that if you allocated a separate limitation loss in a prior tax year, and you have income during the current tax year in the separate limitation from which the loss was allocated, that current year income (to the extent it has not previously been recharacterized) must be recharacterized as income of the separate limitation(s) to which the loss was allocated in the prior year(s).

If you allocated a prior year separate limitation loss to more than one separate limitation and there is not enough current year income in the separate limitation from which the loss was allocated to recharacterize all remaining balances, then the current year income shall be recharacterized as income of the other separate limitations on a pro rata basis in the following manner:

$$\text{Current year income in separate limitation from which losses were previously allocated} \times \frac{\text{Amount remaining to be recharacterized as income of a given separate limitation}}{\text{Amounts remaining to be recharacterized as income of all separate limitations}}$$



Any amount that is not recharacterized during the tax year (that is, the excess of separate limitation losses previously allocated over current year income in that same separate limitation) must be entered into the grid at Part II of this schedule.

**Note:** *Recharacterization of separate limitation income does not result in recharacterizing any tax. The rules of Regulations section 1.904-6 apply on an annual basis for purposes of allocating taxes to separate limitations.*

To the extent prior year separate limitation losses are able to be recharacterized, the total amounts recharacterized should be entered into the bold-outlined boxes as negative numbers. Each prior-year separate limitation loss recharacterized should be entered across the same line under the appropriate column heading to which it was recharacterized as a positive number. **Note:** *The numbers entered across any given line should "zero out."*

**Example 2.**—Assume the same facts in Example 1 above. Also assume that, in a subsequent tax year, Corporation X has $1,500 of income in its "shipping income" separate limitation (on line 6, column (v), of its Schedule J).

Since there is not enough income in the "shipping income" separate limitation to recharacterize the entire $2,000 prior-year balance remaining to be recharacterized, Corporation X will prorate the $1,500 of income in that subsequent year as follows:

To compute the portion to be recharacterized as "general limitation income," Corporation X divides the $1,600 remaining to be recharacterized from "shipping income" to "general limitation income" by the $2,000 remaining to be recharacterized from "shipping income" to all separate limitations. The result is 80%, which is multiplied by the $1,500 of "shipping income." Corporation X enters the product of $1,200 as a positive number on line 7e, column (i).

To compute the portion to be recharacterized as "financial services income," Corporation X divides the $400 remaining to be recharacterized from "shipping income" to "financial services income" by $2,000. The result is 20%, which is multiplied by the $1,500 of "shipping income." Corporation X enters the product of $300 as a positive number on line 7e, column (iv).

Corporation X enters the $1,500 of "shipping income" that was recharacterized in the bold-outlined box at line 7e, column (v). Note that the total amounts entered across line 7e now "zero out."

Finally, Corporation X completes the Part II recharacterization balances grid by entering $400 on line (e), column (i), and $100 on line (e), column (iv).

**Line 10.**—Enter the U.S. source losses you allocated to separate limitation income during the tax year. Such allocations should be performed using the following formula:

$$\text{U.S. source loss} \times \frac{\text{Income in the separate limitation category}}{\text{Combined separate limitation income}}$$

U.S. source losses that are part of a net operating or net capital loss that are carried back or forward to another tax year in accordance with section 172 or Regulations sections 1.1502-21(b) and 1.1502-79(a) are allocated first to U.S. source income for the tax year to which the losses are carried, and then to the separate limitation income for the current tax year in accordance with the rules set forth above.

U.S. source losses in excess of your separate limitation losses for a tax year shall be treated as net operating losses that may be carried back or forward to other tax years in accordance with section 172.

### Part II

Section 904(f)(5) states that if you allocated a separate limitation loss in a prior tax year, and you have income during the current tax year in the separate limitation from which the loss was allocated, that current year income (to the extent it has not previously been recharacterized) must be recharacterized as income of the category to which the loss was allocated in the prior year(s).

To determine the amounts to be entered into the grid: Add the current year separate limitation loss allocations (subject to Regulations section 1.904(f)-1(d) capital gains adjustments) to last year's year-end balances and subtract the amounts recharacterized during the current tax year. Enter the amounts into the grid as follows:

**(1)** Go down the left side of the schedule to find the separate limitation from which losses were previously allocated.

**(2)** Go across that line until you reach the column(s) of the separate limitation(s) to which the losses were previously allocated.

**(3)** Enter the amounts (as determined above) in the space where the row and column intersect.

**Example 3.**—Assume the same facts in Example 1 above. Also assume that Corporation X does not have any remaining balances from any prior allocations of losses from its "shipping income" separate limitation to its "general limitation" or its "financial services income" separate limitations. As such, the corporation would enter $1,600 on line (e), column (i), and $400 on line (e), column (iv).

### Part III

**Overall foreign loss account balances.**—For each separate limitation, you are required (by Regulations section 1.904(f)-1(b)) to show the balances in your overall foreign loss accounts at the beginning of the tax year, any adjustments, and the balances in your overall foreign loss accounts at the end of the tax year.

**Line 1.**—Enter the ending balances from last year's Schedule.

**Lines 2, 3 and 5.**—These lines are used to show any adjustments made to your overall foreign loss accounts for each separate limitation during the tax year. A list of possible additions to the accounts is shown in Regulations section 1.904(f)-1(d) and a list of possible reductions (including recapture) is shown in Regulations section 1.904(f)-1(e).

**Line 5.**—Enter the applicable amount(s) from line 5, Part I, Schedule J.

**Line 6.**—Enter the year-end balances of your overall foreign loss accounts for each separate limitation.

## Computer Generated Schedule J

You may submit computer generated Schedules J if they are in conformity with the IRS version of the schedule. For example, if you received dividends from more than one noncontrolled section 902 corporation, you will have to expand the Schedule J to properly allocate the separate limitation losses among categories with positive taxable income (since dividends received from each noncontrolled section 902 corporation is a separate limitation).

U.S.G.P.O.: 1989-470-615/00983

---

Form **1120** — Department of the Treasury, Internal Revenue Service

## U.S. Corporation Income Tax Return

OMB No. 1545-0123 — **1987**

For calendar 1987 or tax year beginning ............, 1987, ending ............, 19....

▶ For Paperwork Reduction Act Notice, see page 1 of the instructions.

Check if a—
A Consolidated return ☐
B Personal Holding Co. ☐
C Business Code No. (See the list in the instructions.)

Use IRS label. Otherwise please print or type. — Name; Number and street; City or town, state, and ZIP code

D Employer identification number
E Date incorporated
F Total assets (See Specific Instructions.) — Dollars | Cents — $

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address

**Income**

| | | |
|---|---|---|
| 1a | Gross receipts or sales ............ b Less returns and allowances ............ Balance ▶ | 1c |
| 2 | Cost of goods sold and/or operations (Schedule A) | 2 |
| 3 | Gross profit (line 1c less line 2) | 3 |
| 4 | Dividends (Schedule C) | 4 |
| 5 | Interest | 5 |
| 6 | Gross rents | 6 |
| 7 | Gross royalties | 7 |
| 8 | Capital gain net income (attach separate Schedule D) | 8 |
| 9 | Net gain or (loss) from Form 4797, line 18, Part II (attach Form 4797) | 9 |
| 10 | Other income (see instructions—attach schedule) | 10 |
| 11 | TOTAL income—Add lines 3 through 10 and enter here ▶ | 11 |

**Deductions** (See instructions for limitations on deductions.)

| | | |
|---|---|---|
| 12 | Compensation of officers (Schedule E) | 12 |
| 13a | Salaries and wages ............ b Less jobs credit ............ Balance ▶ | 13c |
| 14 | Repairs | 14 |
| 15 | Bad debts (see instructions) | 15 |
| 16 | Rents | 16 |
| 17 | Taxes | 17 |
| 18 | Interest | 18 |
| 19 | Contributions (see instructions for 10% limitation) | 19 |
| 20 | Depreciation (attach Form 4562) — 20 | |
| 21 | Less depreciation claimed in Schedule A and elsewhere on return — 21a | 21b |
| 22 | Depletion | 22 |
| 23 | Advertising | 23 |
| 24 | Pension, profit-sharing, etc., plans | 24 |
| 25 | Employee benefit programs | 25 |
| 26 | Other deductions (attach schedule) | 26 |
| 27 | TOTAL deductions—Add lines 12 through 26 and enter here ▶ | 27 |
| 28 | Taxable income before net operating loss deduction and special deductions (line 11 less line 27) | 28 |
| 29 | Less: a Net operating loss deduction (see instructions) — 29a; b Special deductions (Schedule C) — 29b | 29c |

**Tax and Payments**

| | | |
|---|---|---|
| 30 | Taxable income (line 28 less line 29c) | 30 |
| 31 | TOTAL TAX (Schedule J) | 31 |
| 32 | Payments: a 1986 overpayment credited to 1987; b 1987 estimated tax payments; c Less 1987 refund applied for on Form 4466 ( ); d Tax deposited with Form 7004; e Credit from regulated investment companies (attach Form 2439); f Credit for Federal tax on gasoline and special fuels (attach Form 4136) | 32 |
| 33 | Enter any PENALTY for underpayment of estimated tax—check ▶ ☐ if Form 2220 is attached | 33 |
| 34 | TAX DUE—If the total of lines 31 and 33 is larger than line 32, enter AMOUNT OWED | 34 |
| 35 | OVERPAYMENT—If line 32 is larger than the total of lines 31 and 33, enter AMOUNT OVERPAID | 35 |
| 36 | Enter amount of line 35 you want: Credited to 1988 estimated tax ▶ ............ Refunded ▶ | 36 |

**Please Sign Here** — Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer — Date — ▶ Title

**Paid Preparer's Use Only** — Preparer's signature ▶ — Date — Check if self-employed ☐ — Preparer's social security number — Firm's name (or yours, if self-employed) and address ▶ — E.I. No. ▶ — ZIP code ▶

---

Form 1120 (1987) Page 2

**Schedule A** Cost of Goods Sold and/or Operations (See instructions for line 2, page 1.)

| | | |
|---|---|---|
| 1 | Inventory at beginning of year | 1 |
| 2 | Purchases | 2 |
| 3 | Cost of labor | 3 |
| 4a | Additional section 263A costs (see instructions) | 4a |
| b | Other costs (attach schedule) | 4b |
| 5 | Total—Add lines 1 through 4b | 5 |
| 6 | Inventory at end of year | 6 |
| 7 | Cost of goods sold and/or operations—Line 5 less line 6. Enter here and on line 2, page 1 | 7 |

8a Check all methods used for valuing closing inventory:
(i) ☐ Cost (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4 (see instructions)
(iii) ☐ Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)
(iv) ☐ Other (Specify method used and attach explanation.) ▶
b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐
c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 8c
d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No
e Was there any change (other than for section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

**Schedule C** Dividends and Special Deductions (See Schedule C instructions.)

| | (a) Dividends received | (b) % | (c) Special deductions: multiply (a) × (b) |
|---|---|---|---|
| 1 Domestic corporations subject to section 243(a) deduction (other than debt-financed stock) | | see instructions | |
| 2 Debt-financed stock of domestic and foreign corporations (section 246A) | | see instructions | |
| 3 Certain preferred stock of public utilities | | see instructions | |
| 4 Foreign corporations and certain FSCs subject to section 245 deduction | | see instructions | |
| 5 Wholly owned foreign subsidiaries and FSCs subject to 100% deduction (sections 245(b) and (c)) | | 100 | |
| 6 Total—Add lines 1 through 5. See instructions for limitation | | | |
| 7 Affiliated groups subject to the 100% deduction (section 243(a)(3)) | | 100 | |
| 8 Other dividends from foreign corporations not included in lines 4 and 5 | | | |
| 9 Income from controlled foreign corporations under subpart F (attach Forms 5471) | | | |
| 10 Foreign dividend gross up (section 78) | | | |
| 11 IC-DISC or former DISC dividends not included in lines 1 and/or 2 (section 246(d)) | | | |
| 12 Other dividends | | | |
| 13 Deduction for dividends paid on certain preferred stock of public utilities (see instructions) | | | |
| 14 Total dividends—Add lines 1 through 12. Enter here and on line 4, page 1 ▶ | | | |
| 15 Total deductions—Add lines 6, 7, and 13. Enter here and on line 29b, page 1 ▶ | | | |

**Schedule E** Compensation of Officers (See instructions for line 12, page 1.)
Complete Schedule E only if total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120) are $150,000 or more

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned: (d) Common | (e) Preferred | (f) Amount of compensation |
|---|---|---|---|---|---|
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |

Total compensation of officers—Enter here and on line 12, page 1

**Schedule J** Tax Computation (See instructions.)

1 Check if you are a member of a controlled group (see sections 1561 and 1563) ▶ [ ]

2 If line 1 is checked, see instructions. If your tax year includes June 30, 1987, complete both a and b below. Otherwise, complete only b

a (i) $ ............ (ii) $ ............ (iii) $ ............ (iv) $ ............

b (i) $ ............ (ii) $ ............

| | | |
|---|---|---|
| 3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D, whichever is less). Check if from Schedule D ▶ [ ] | | 3 |
| 4a Foreign tax credit (attach Form 1118) | 4a | |
| b Possessions tax credit (attach Form 5735) | b | |
| c Orphan drug credit (attach Form 6765) | c | |
| d Credit for fuel produced from a nonconventional source (see instructions) | d | |
| e General business credit. Enter here and check which forms are attached [ ] Form 3800 [ ] Form 3468 [ ] Form 5884 [ ] Form 6478 [ ] Form 6765 [ ] Form 8586 | e | |
| 5 Total—Add lines 4a through 4e | | 5 |
| 6 Line 3 less line 5 | | 6 |
| 7 Personal holding company tax (attach Schedule PH (Form 1120)) | | 7 |
| 8 Tax from recomputing prior year investment credit (attach Form 4255) | | 8 |
| 9a Alternative minimum tax (see instructions—attach Form 4626) | | 9a |
| b Environmental tax (see instructions—attach Form 4626) | | 9b |
| 10 Total tax—Add lines 6 through 9b. Enter here and on line 31, page 1 | | 10 |

**Additional Information** (See instruction F.) Yes No

H Did the corporation claim a deduction for expenses connected with:

(1) An entertainment facility (boat, resort, ranch, etc.)?

(2) Living accommodations (except employees on business)?

(3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)

(4) Employees' families at conventions or meetings?

If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)

(5) Employee or family vacations not reported on Form W-2?

I (1) Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year; (d) highest amount owed by the corporation to such corporation during the year; and (e) highest amount owed to the corporation by such corporation during the year.

(2) Did any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (d)

(a) Attach a schedule showing name, address, and identifying number. Enter percentage owned ▶ ............

(b) Was the owner of such voting stock a person other than a U.S. person? (See instructions.) **Note:** *If "Yes," the corporation may have to file Form 5472.*

If "Yes," enter owner's country ▶ ............

(c) Enter highest amount owed by the corporation to such owner during the year ▶ ............

(d) Enter highest amount owed to the corporation by such owner during the year ▶ ............

**Note:** *For purposes of I(1) and I(2), "highest amount owed" includes loans and accounts receivable/payable.*

J Refer to the list in the instructions and state the principal:

Business activity ▶ ............

Product or service ▶ ............

K Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.)

If "Yes," attach Form 5471 for each such corporation.

L At any time during the tax year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

(See instruction F and filing requirements for form TD F 90-22.1.)

If "Yes," enter name of foreign country ▶ ............

M Was the corporation the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the corporation has any beneficial interest in it?

If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.

N During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

O During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?

P Check method of accounting:

(1) [ ] Cash (2) [ ] Accrual

(3) [ ] Other (specify) ▶ ............

Q Check this box if the corporation issued publicly offered debt instruments with original issue discount [ ]

If so, the corporation may have to file Form 8281.

R Enter the amount of tax-exempt interest received or accrued during the tax year ▶ ............

S If you are a member of a controlled group, enter the amount of taxable income for the entire group ▶ ............



**Schedule L** Balance Sheets

| Assets | Beginning of tax year (a) | (b) | End of tax year (c) | (d) |
|---|---|---|---|---|
| 1 Cash | | | | |
| 2 Trade notes and accounts receivable | | | | |
| a Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 Federal and state government obligations | | | | |
| 5 Other current assets (attach schedule) | | | | |
| 6 Loans to stockholders | | | | |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments (attach schedule) | | | | |
| 9 Buildings and other depreciable assets | | | | |
| a Less accumulated depreciation | | | | |
| 10 Depletable assets | | | | |
| a Less accumulated depletion | | | | |
| 11 Land (net of any amortization) | | | | |
| 12 Intangible assets (amortizable only) | | | | |
| a Less accumulated amortization | | | | |
| 13 Other assets (attach schedule) | | | | |
| 14 Total assets | | | | |
| **Liabilities and Stockholders' Equity** | | | | |
| 15 Accounts payable | | | | |
| 16 Mortgages, notes, bonds payable in less than 1 year | | | | |
| 17 Other current liabilities (attach schedule) | | | | |
| 18 Loans from stockholders | | | | |
| 19 Mortgages, notes, bonds payable in 1 year or more | | | | |
| 20 Other liabilities (attach schedule) | | | | |
| 21 Capital stock: a preferred stock | | | | |
| b common stock | | | | |
| 22 Paid-in or capital surplus | | | | |
| 23 Retained earnings—Appropriated (attach schedule) | | | | |
| 24 Retained earnings—Unappropriated | | | | |
| 25 Less cost of treasury stock | | ( ) | | ( ) |
| 26 Total liabilities and stockholders' equity | | | | |

**Schedule M-1** Reconciliation of Income per Books With Income per Return. You are not required to complete this schedule if the total assets on line 14, column (d), of Schedule L are less than $25,000.

| | | | |
|---|---|---|---|
| 1 Net income per books | | 7 Income recorded on books this year not included in this return (itemize) a Tax-exempt interest $ ............ | |
| 2 Federal income tax | | | |
| 3 Excess of capital losses over capital gains | | | |
| 4 Income subject to tax not recorded on books this year (itemize) ............ | | 8 Deductions in this tax return not charged against book income this year (itemize) a Depreciation $ ............ b Contributions carryover $ ............ | |
| 5 Expenses recorded on books this year not deducted in this return (itemize) a Depreciation $ ............ b Contributions carryover $ ............ | | | |
| 6 Total of lines 1 through 5 | | 9 Total of lines 7 and 8 | |
| | | 10 Income (line 28, page 1)—line 6 less line 9 | |

**Schedule M-2** Analysis of Unappropriated Retained Earnings per Books (line 24, Schedule L). You are not required to complete this schedule if the total assets on line 14, column (d), of Schedule L are less than $25,000.

| | | | |
|---|---|---|---|
| 1 Balance at beginning of year | | 5 Distributions: a Cash | |
| 2 Net income per books | | b Stock | |
| 3 Other increases (itemize) ............ | | c Property | |
| | | 6 Other decreases (itemize) ............ | |
| 4 Total of lines 1, 2, and 3 | | 7 Total of lines 5 and 6 | |
| | | 8 Balance at end of year (line 4 less line 7) | |

U.S. GOVERNMENT PRINTING OFFICE: 1987—183-187

# 1987

Department of the Treasury
Internal Revenue Service

# Instructions for Forms 1120 and 1120-A

*(Section references are to the Internal Revenue Code, unless otherwise noted.)*

## Changes You Should Note

The Tax Reform Act of 1986 made several changes to the way corporations compute their taxable income and their tax liability. Many of these changes are contained in these instructions. For information on other changes, see **Publication 921**, Explanation of the Tax Reform Act of 1986 for Business.

## Form 1120-A

If a corporation meets all the qualifications under General Instruction B, Who May File Form 1120-A, it can file **Form 1120-A**, U.S. Corporation Short-Form Income Tax Return, instead of **Form 1120**, U.S. Corporation Income Tax Return.

Form 1120-A is printed in a special colored ink to permit processing by optical character recognition (OCR) equipment. This equipment cannot process photocopies. Therefore, please file the original Form 1120-A, rather than a copy.

## Voluntary Contributions To Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax deductible subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

## Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

## General Instructions

**Note:** In addition to those publications listed throughout these instructions, taxpayers may wish to get: **Publication 534**, Depreciation; **Publication 535**, Business Expenses; and **Publication 542**, Tax Information on Corporations.

### A. Purpose of Form

In general, Form 1120 and Form 1120-A are used to report income, gains, losses, deductions, and credits of U.S. corporations.

### B. Filing Form 1120 and Form 1120-A

**Who Must File**

Domestic corporations not required to file a special return (see below), must file Form 1120, unless they qualify to file Form 1120-A. All domestic corporations must file, whether or not they have any taxable income, unless exempt under section 501.

(**Note:** *If an organization more nearly resembles a corporation than a partnership or trust, it will be considered an association taxed as a corporation.*)

**Who May File Form 1120-A**

Form 1120-A may be filed by a corporation if it meets all of the following requirements:

- Its gross receipts (line 1a on page 1) must be under $250,000;
- Its total income (line 11 on page 1) must be under $250,000;
- Its total assets (line 11, column (b), Part II on page 2) must be under $250,000;
- It does not have any ownership in a foreign corporation;
- It does not have foreign shareholders who own, directly or indirectly, 50% or more of its stock;
- It is not a member of a controlled group of corporations (sections 1561 and 1563);
- It is not a personal holding company (sections 541 through 547);
- It is not a consolidated corporate return filer;
- It is not a corporation undergoing a dissolution or liquidation;
- It is not filing its final tax return;
- Its only dividend income is from domestic corporations (none of which represents debt-financed securities), and those dividends qualify for the 80% deduction.
- It has no nonrefundable tax credits other than the general business credit, which is the sum of the investment credit, jobs credit, alcohol fuel credit, research credit, and low-income housing credit.
- It is not required to file a special tax return as stated below under Special Returns for Certain Organizations.
- It is not subject to environmental tax under section 59A.

**Form 1120-A Filers**

To make it easier for us to process Form 1120-A, we ask all filers to:

- Keep all entries inside the entry boxes;
- Not use dollar signs;
- If possible, type or machine print all entries on the tax return; and
- File the original form instead of a copy.

**Special Returns for Certain Organizations**

Certain organizations, listed below, have to file special returns.

- Foreign corporations other than life and property and casualty insurance companies filing Forms 1120L and 1120-PC: File Form 1120F.
- Foreign sales corporations (section 922): File Form 1120-FSC.
- Life insurance companies (section 801): File Form 1120L.
- Property and casualty insurance companies (section 831): File Form 1120-PC.
- Farmers' cooperatives (section 1381): File Form 990-C.
- Exempt organizations with unrelated trade or business income: File Form 990-T.
- S corporations (section 1361): File Form 1120S.
- Interest Charge Domestic International Sales Corporations (section 992): File Form 1120-IC-DISC.
- Political organizations (section 527): File Form 1120-POL.
- Condominium management associations and residential real estate management associations who elect to be treated as homeowners associations under section 528: File Form 1120-H.
- Funds set up to pay for nuclear decommissioning costs (section 468A): File Form 1120-ND.
- Designated settlement funds (section 468B): File Form 1120-DF.
- Real estate investment trusts (section 856): File Form 1120-REIT.
- Entities electing under section 860D to be treated as real estate mortgage investment conduits (REMICS): File Form 1066.
- Regulated investment companies (section 851): File Form 1120-RIC.

**When To File**

In general, a corporation must file its income tax return by the 15th day of the 3rd month after the end of the tax year. A new corporation filing a short-period return must generally file by the 15th day of the 3rd month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3rd month after the date it dissolved.

**Extension.**—File Form 7004, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to file.

**Period covered.**—File the 1987 return for calendar year 1987 and fiscal years that begin in 1987 and end in 1988. For a fiscal year, fill in the tax year space at the top of the form.

**Initial return, final return, and change in address.**—If this is the corporation's first return, check the "Initial return" box in item G. If the corporation ceases to exist, check the "Final return" box in item G and do not file Form 1120-A; use Form 1120. Indicate a change in address by checking the appropriate box.

**Where To File**

Use the preaddressed envelope. If you do not use the envelope, file your return at the applicable IRS address listed below.

| If the corporation's principal business, office, or agency is located in ▼ | Use the following Internal Revenue Service Center address ▼ |
|---|---|
| New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester) | Holtsville, NY 00501 |
| New York (all other counties), Connecticut, Maine, Massachusetts, Minnesota, New Hampshire, Rhode Island, Vermont | Andover, MA 05501 |
| Alabama, Florida, Georgia, Mississippi, South Carolina | Atlanta, GA 39901 |
| Kentucky, Michigan, Ohio, West Virginia | Cincinnati, OH 45999 |
| Kansas, Louisiana, New Mexico, Oklahoma, Texas | Austin, TX 73301 |
| Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming | Ogden, UT 84201 |
| California (all other counties), Hawaii | Fresno, CA 93888 |
| Illinois, Iowa, Missouri, Wisconsin | Kansas City, MO 64999 |
| Arkansas, Indiana, North Carolina, Tennessee, Virginia | Memphis, TN 37501 |
| Delaware, District of Columbia, Maryland, Pennsylvania | Philadelphia, PA 19255 |

Corporations having their principal place of business outside the United States or claiming a possessions tax credit (section 936) must file with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

**Signature**

The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If a corporate officer filled in the corporate tax return, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares the tax return and does not charge the corporation, that person should not sign the return. Certain others who prepare the tax return should not sign. For example, a regular, full-time employee of the corporation, such as a clerk, secretary, etc., does not have to sign.

Generally, anyone who is paid to prepare the tax return must sign it and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of the tax return to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication 1045**, Information for Tax Practitioners, for more details.

### C. Figuring and Paying the Tax

**1. Accounting**

**Accounting methods.**—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Generally, corporations engaged in farming operations must use the accrual method of accounting. See section 447 for exceptions.

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method. Also see **Publication 538**, Accounting Periods and Methods.

**Note:** *The Tax Reform Act of 1986 changed several of the rules governing accounting methods:*

*(1) For tax years beginning after 1986, corporations (other than qualified personal service corporations), are generally required to use the accrual method of accounting if their annual average gross receipts are $5,000,000 or more. See section 448(c). A corporation changing to the accrual method because of this provision must complete a Form 3115 and attach it to Form 1120 for the year of change. The corporation must also show on a statement accompanying Form 3115 the period over which the section 481(a) adjustment will be taken into account and the basis for that conclusion. See section 448 and Regulations section 1.448-1T(g) and 1.448-1T(h) for more information. Include the amount reportable as income in 1987 under section 481(a) on line 10, page 1.*

*(2) For long-term contracts (except certain real property construction contracts), entered into after February 28, 1986, taxpayers must elect either the percentage of completion or the percentage of completion-capitalized cost method. See section 460 and Notice 87-61, 1987-38, I.R.B. 40, for more information.*

*(3) The reserve method of computing bad debts has been repealed for tax years beginning after 1986 for most taxpayers. See the instructions for line 15 for details.*

**Change in accounting period.**—Generally, before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538.

**Note:** *For tax years beginning after 1986, personal service corporations as defined in section 441(i)(2) must adopt a calendar year unless the corporation can establish to the satisfaction of the Secretary that there is a business purpose for having a different tax year. See section 441.*

*A corporation which is adopting a calendar year must file a short period return for its first taxable year beginning after 1986. These taxpayers should type or legibly print at the top of the first page of the return for the first required tax year "FILED UNDER SECTION 806 OF THE TAX REFORM ACT OF 1986."*

*Personal service corporations who wish to establish a business purpose for having a different tax year should see Rev. Rul. 87-57, 1987-28, I.R.B. 7, for more information. Also see Rev. Proc. 87-32, 1987-28, I.R.B. 14, for procedures to use in adopting, retaining, or changing the corporation's tax year. Personal service corporations who wish to adopt or retain a non-calendar tax year must file requests to do so on Form 1128 in accordance with the procedures outlined in Rev. Proc. 87-32 and Announcement 87-82, 1987-37, I.R.B. 30. Announcement 87-82 provides rules regarding extensions of time for these corporations to file Form 1128, and information on extensions of time for personal service corporations filing short period returns.*

**2. Rounding Off to Whole-Dollar Amounts**

The corporation may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

**3. Depositary Method of Tax Payment**

The corporation must pay the tax due in full when the return is filed but no later than 2½ months after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (Form 8109). Be sure to darken the "1120" box on the coupon. Make these tax deposits with either a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a failure to deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information.

In order for us to better process your deposits, please write your employer identification number, type of tax paid, and the tax period to which the deposit applies on your check.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the coupon book.

For more information concerning deposits, see **Publication 583**, Information for Business Taxpayers.

**4. Backup Withholding**

If a person receives certain payments and does not give the payer the correct employer identification number, the payer will withhold taxes from those payments. This type of withholding is called "backup withholding." If the corporation has had any backup withholding withheld from payments, the corporation should show this amount in the blank space in the righthand column between lines 31 and 32, page 1, Form 1120, and label the amount as backup withholding. The corporation should then include the amount in the total for line 32. On Form 1120-A, include the amount of backup withholding in line 28, page 1, and write "backup withholding" and the amount in the margin.

### 5. Estimated Tax

A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be $40 or more. Use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the Payment Coupons (Forms 8109) in making deposits of estimated tax.

If a corporation is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the corporation's share of the estimated tax payment in the total amount entered on line 32b, Form 1120. In the blank space to the left of the entry space for line 32b, write "Sec. 643(g)" and the amount attributable to it. On Form 1120-A, include the corporation's share of the section 643(g) payment on line 28b and identify it as shown above for Form 1120.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least $500. To apply, file Form 4466 within 2½ months after the end of the tax year and before the corporation files its tax return.

### 6. Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, generally all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

### 7. Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29 and 84-30, (which are in Cumulative Bulletin 1984-1) to change their method.

## D. Interest and Penalties

Interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it may be liable for penalties unless it can show that failure to file or pay was due to reasonable cause and not willful neglect.

**1. Interest.**—Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, gross valuation overstatements, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**2. Late Filing of Return.**—A corporation that fails to file its return when due (including extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or $100.

**3. Late Payment of Tax.**—Generally, the penalty for not paying tax when due is ½% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

**4. Underpayment of Estimated Tax.**—A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the corporation must make estimated tax payments of a least 90% of the tax shown on the return. See section 6655.

If a corporation underpaid estimated tax, attach **Form 2220**, Underpayment of Estimated Tax by Corporations, to show either how the penalty was figured or the exceptions which apply. Also be sure to check the box on line 33, Form 1120 or line 29, Form 1120-A. If the corporation owes a penalty, enter the amount of the penalty on this line. Corporations using the annualization exception may be able to avoid penalties under section 6655 for installment payments due before July 1, 1987, by using the safe harbor provided in Regulations section 1.6655-2T.

**5. Overstated Tax Deposits.**—If deposits are overstated, the corporation may be subject to a penalty of 25% of the overstated deposit claim. See section 6656(b).

**6. Other Penalties.**—There are also penalties that can be imposed for negligence, substantial understatement of tax, and fraud. See sections 6653 and 6661.

## E. Other Forms, Returns, Schedules, and Statements That May Be Required

### 1. Forms

The corporation may have to file any of the following:

**Forms W-2 and W-3.** Wage and Tax Statement; and Transmittal of Income and Tax Statements.

**Form W-2P.** Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments.

**Form 966.** Corporate Dissolution or Liquidation.

**Form 1096.** Annual Summary and Transmittal of U.S. Information Returns.

**Form 1098.** Mortgage Interest Statement. This form is used to report the receipt from any individual of $600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

**Forms 1099-A, B, DIV, INT, MISC, OID, PATR, and R.** Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers, barter exchange, and real estate transactions, certain dividends and distributions, interest payments, payments for certain fishing boat crew members, medical and dental health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit sharing plans, retirement plans, and individual retirement arrangements. Also use these returns to report amounts that were received as a nominee on behalf of another person.

For more information, see **Publication 916**, Information Returns.

**Note:** *Every corporation must file information returns if, in the course of its trade or business, it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling $600 or more to any one person during the calendar year.*

**Form 5452.** Corporate Report of Nontaxable Dividends.

**Form 5498.** Individual Retirement Arrangement Information. Use this form to report contributions (including rollover contributions) to an individual retirement arrangement (IRA) and the value of an IRA or simplified employee pension account.

**Form 5713.** International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

**Form 8264.** Application for Registration of a Tax Shelter. It is used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

**Form 8271.** Investor Reporting of Tax Shelter Registration Number. It is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return (Form 1120X)) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken or any income attributable to a tax shelter is reported.

**Form 8281.** Information Return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

**Form 8300.** Report of Cash Payments Over $10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than $10,000 in cash or foreign currency in one transaction (or a series of related transactions).

**Form 8582.** Passive Activity Loss Limitations. It is used to figure the amount of passive activity loss allowed for the



current tax year and the loss to be reported on your tax return. Form 8582 applies to personal service corporations and closely held C corporations who have losses from passive activities.

### 2. Consolidated Return

The parent corporation of an affiliated group of corporations must attach **Form 851**, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach **Form 1122**, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of income per books with income per return.
- A reconciliation of retained earnings.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

### 3. Statements

**Stock ownership in foreign corporations.**—Attach the required statement to Form 1120 if the corporation owned 5% or more in value of the outstanding stock of a foreign personal holding company and the corporation was required to include in its gross income any undistributed foreign personal holding company income from a foreign personal holding company. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes of, or owns 5% or more ownership in the outstanding stock of a foreign corporation, may have to file **Form 5471**, Information Return with Respect to a Foreign Corporation.

A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file **Form 5472**, Information Return of a Foreign-Owned Corporation.

**Transfers to a corporation controlled by the transferor.**—If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach to their income tax returns the information required by Regulations section 1.351-3.

### 4. Amended Return

Use **Form 1120X**, Amended U.S. Corporation Income Tax Return, to correct any error in a previously filed Form 1120 or Form 1120-A.

### 5. Financial Statements

A corporation is not required to complete Schedules M-1 and M-2 (Form 1120 only) if the corporation's total assets at the end of the tax year (line 14, column (d) of Schedule L, Form 1120) are less than $25,000.

### 6. Attachments

Attach **Form 4136**, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 4, Form 1120, or page 2, Form 1120-A. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136.

In order to process the return we ask that you complete every applicable entry space on Form 1120. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Also, show the same information called for on the form in the same order as on the printed forms. **Be sure to show totals on the printed forms.** Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's name and employer identification number (EIN) on each sheet.

## F. Additional Information

Be sure to answer questions H through S on page 3, Form 1120, or questions I through O on page 2, Form 1120-A. The instructions that follow are keyed to these questions.

**1. Question I(2)(b), Form 1120 only U.S. person.**—The term "U.S. person" means:

1. A citizen or resident of the United States;
2. A domestic partnership;
3. A domestic corporation; or
4. Any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

"Owner's country," for individuals, is the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

**2. Question L, Form 1120, and Question M, Form 1120-A**

**Foreign financial accounts.**—Check the Yes box if either a or b below applies to the corporation; otherwise, check the No box:

a. At any time during the year the corporation had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account); AND
   - The combined value of the accounts was more than $10,000 at any time during the year; AND
   - The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

b. The corporation owns more than 50% of the stock in any corporation that would answer "Yes" to item a above.

Get form **TD F 90-22.1**, Report of Foreign Bank and Financial Accounts, to see if the corporation is considered to have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account).

*If "Yes" is checked for this question, file form TD F 90-22.1 by June 30, 1988, with the Department of the Treasury at the* address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with Form 1120.

Form TD F 90-22.1 may be obtained from IRS Forms Distribution Centers.

Also, if "Yes" is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

**3. Question R, Form 1120, and Question K, Form 1120-A**

Report any tax exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

## Specific Instructions

**Employer identification number.** If the employer identification number (EIN) on the label is wrong or if the corporation did not receive a label, enter the correct number at the top of the return. Also, filers of Form 1120-A should enter their EIN at the top of page 2 of the return.

A corporation that does not have an EIN should apply for one on **Form SS-4**, Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120 or Form 1120-A is mailed. If the EIN has not been received by the filing time for the corporation return, write "Applied for" in the space for the EIN.

For more information concerning an EIN, see Publication 583.

**Total Assets.** Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

## Income

**Note:** *Generally, income from all sources, whether U.S. or foreign, must be included.*

### Line 1

**Gross receipts**

Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments, see Regulations section 1.451-5. The rules for long-term contracts have been changed by the Tax Reform Act of 1986. See section 460 for more information.

Changes have also been made to the installment method. Effective for tax years beginning after 1986, the installment method is no longer available for any sale of personal property under a revolving credit plan.

The use of the installment method is limited by the proportionate disallowance rules of new section 453C for sales of real property held for sale to customers or the sale of personal property by a dealer after February 28, 1986. Additional income (in the case of sales of real property by dealers), or additional tax (in the case of sales of personal property by dealers) generated by the application of the proportionate disallowance rules is taken into account or treated as imposed ratably over a period of three years. See sections 811(c)(6) and 811(c)(7) of the Tax Reform Act of 1986 for more information. *Dealers in personal property, see also the Instructions for Schedule J, Tax*



Computation. The proportionate disallowance rules do not apply to certain sales by manufacturers to dealers. A seller may elect to have the proportionate disallowance rules not apply to certain sales of timeshares and residential lots. See section 453C for more information.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales (real estate dealers enter this amount as modified by section 811(c)(6) of the Tax Reform Act of 1986) and carry the same amount to line 3. Attach a schedule showing the following for the current year and the three preceding years: a. gross sales, b. cost of goods sold, c. gross profits, d. percentage of gross profits to gross sales, e. amount collected, and f. gross profit on amount collected. Increase the amount collected by any allocable installment indebtedness required by section 453C.

After 1986, accrual basis taxpayers need not accrue certain amounts to be received from the performance of services which, on the basis of their experience, will not be collected (section 448(d)(5)). Corporations that fall under this provision should attach a schedule showing total gross receipts, amount not accrued as a result of the application of section 448(d)(5), the net amount accrued, and Form 3115. The net amount should be entered on line 1a. For more information and guidelines on this "non-accrual experience method," see Regulations section 1.448-2T.

### Line 2

**Cost of goods sold and/or operations**

Both Form 1120 and Form 1120-A filers must enter their cost of goods sold and/or operations on line 2, page 1, of their respective forms. However, a Form 1120 filer must also complete Schedule A on page 2 of the form.

While there is not a similar schedule on Form 1120-A to compute this entry, the following worksheet is provided to help in figuring this amount.

**Note:** *If a corporation is using either Schedule A, Form 1120, or the following worksheet to figure cost of operations, where inventories are not an income-determining factor, it should do so by entering a zero on lines 1 and 6 of the schedule or worksheet.*

Form 1120 filers using Schedule A and Form 1120-A filers using the worksheet below should see the instructions below under Section 263A Uniform Capitalization Rules before completing Schedule A or the worksheet.

**Worksheet (Form 1120-A)**

| | | |
|---|---|---|
| 1. | Inventory at start of year (enter here and on page 2, Part II, line 3, Column (a), Form 1120-A) | |
| 2. | Purchases (enter here and on page 2, Item L(1)(a), Form 1120-A) | |
| 3. | Cost of labor (enter here and include in total on page 2, Item L(1)(c), Form 1120-A) | |
| 4a. | Additional section 263A costs (enter here and on page 2, Item L(1)(b)) (see instructions) | |
| b. | Other costs (enter here and include on page 2, item L(1)(c)) | |
| 5. | Subtotal—Add lines 1 through 4b | |
| 6. | Inventory at end of year (enter here and on page 2, Part II, line 3, Column (b), Form 1120-A) | |
| 7. | Total Cost of goods sold and/or operations—Line 5 less line 6 (enter here and on page 1, line 2, Form 1120-A) | |

**Inventory valuation methods.** Inventories can be valued at: (1) cost; (2) cost or market value (whichever is lower); or (3) any other method that is approved by the Commissioner of Internal Revenue, and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such a change should be made by filing Form 3115. For more information about the change, see Regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B. 738.

In line 8a of Schedule A, Form 1120 only, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is (1) unsalable at normal prices or (2) unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price, minus direct cost of disposition (but not less than scrap value) if such a price can be established. See Regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach **Form 970**, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8b of Schedule A, Form 1120 only. Enter the amount or percent of total closing inventories covered under section 472 in line 8c. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "write up" its opening inventory to cost in the year of election, report the effect of this writeup as income (line 10, page 1) proportionately over a 3-year period that begins in the tax year you made this election. (Section 472(d))

**Section 263A Uniform Capitalization Rules.** The uniform capitalization rules of section 263A are discussed in general in the instructions for **Limitations on deductions** on page 6. See those instructions before proceeding.

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A or on the worksheet used by Form 1120-A filers. To the extent that section 263A costs were not included in inventory in prior years, corporations must revalue their beginning inventory. Corporations may elect one of the simplified methods of accounting for section 263A costs provided in the regulations for purposes of both revaluing their inventory and accounting for costs in subsequent years. (See the instructions for Form 1120, Schedule A, line 4a.) Absent the election of a simplified method, taxpayers are required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required of inventoriable costs under prior law.

### Schedule A, Form 1120

**Line 1.**—For tax years beginning after 1986, beginning inventory must be revalued as if the section 263A rules had been in effect for all prior periods. Enter the revalued beginning inventory on line 1. An adjustment to income is required under section 481(a). This adjustment should be included on page 1, line 10, "Other income" and separately identified on an attached schedule. The section 481 adjustment is taken into account over a period not to exceed 4 years. In addition, since the application of section 263A is considered to be a change in accounting method, corporations are required to complete Form 3115 to show their computation of the section 481(a) adjustment. Attach Form 3115 to Form 1120 or Form 1120-A. Be sure to use the 1987 revision of Form 3115. See the Regulations for more information on revaluing beginning inventory.

**Line 4a.**—An entry is required on this line only for corporations electing a simplified method of accounting. In the case of taxpayers electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in the inventory costs under the taxpayer's method of accounting immediately prior to the effective date in Regulations section 1.263A-1T, but that are now required to be capitalized under section 263A. In the case of taxpayers electing the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing; purchasing; handling, processing, assembly and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a the balance of section 263A costs paid or incurred during the taxable year not included on lines 2 and 3. See Regulations section 1.263A-1T for more information.

**Line 4b.**—Enter on line 4b any costs paid or incurred during the taxable year not entered on lines 2 through 4a.

**Line 6.**—See Regulations section 1.263A-1T for more information on computing the amount of additional section 263A costs to be capitalized and added to ending inventory.

### Form 1120-A Filers

Form 1120-A filers should complete the inventory worksheet on this page. Before completing the worksheet, read the instructions for lines 1, 4a, and 6 of Schedule A, Form 1120 above. These instructions also apply to lines 1, 4a, and 6 of the worksheet, and explain adjustments



to be made as a result of the new section 263A uniform capitalization rules. In completing the worksheet, enter additional section 263A costs on line 4a only to the extent that: (1) The corporation elects one of the simplified methods discussed in the instructions for line 4a, Schedule A, (Form 1120), and (2) The costs are not included on line 2, "Purchases," or as part of the cost of labor on line 3 or in "Other costs" on line 4b.

### Line 4

**Dividends**

**Form 1120-A filers.**—Because Form 1120-A can be filed by corporations that only received dividends from domestic corporations (which are not from debt-financed stock) which qualify for the 80% dividends-received deduction, they should enter the total of those dividends on line 4, page 1, Form 1120-A.

**Form 1120 filers.**—See the instructions for Schedule C, Form 1120.

### Line 5

**Interest**

Enter taxable interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

Special rules apply to interest income from certain below-market rate loans. See section 7872 for more information.

### Line 6

**Gross rents**

Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

### Line 8

**Capital gain net income**

Every sale or exchange of a capital asset must be reported in detail on Schedule D (Form 1120), Capital Gains and Losses, even though no gain or loss is indicated.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax using Schedule D to see if it produces a smaller tax. Corporations whose tax years begin after June 30, 1987, are not eligible for alternative tax.

### Line 9

**Net gain or (loss)**

Enter the net gain or (loss) from line 18, Part II, Form 4797, Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions.

### Line 10

**Other income**

Enter any other taxable income not listed above, and explain its nature on an attached schedule. Examples of other income are recoveries of bad debts deducted in prior years under the specific charge-off method (also see instructions for line 15, Bad debts); the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478, Credit for Alcohol Used as Fuel; and refunds of taxes deducted in prior years to the extent they reduced income subject to tax in the year deducted (see section 111). Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, explain what it is in parentheses on line 10.

Many changes made by the Tax Reform Act of 1986 result in a change in method of accounting for the corporation and require income adjustments under section 481(a). Include any section 481(a) adjustment on line 10, "Other income" and attach a schedule identifying the nature and amount of the adjustment.

## Deductions

**Limitations on deductions**

**1. Section 263A Uniform capitalization rules.**—Many items that were deductible under prior law must now be capitalized or included in inventory under the new uniform capitalization rules of section 263A. The new rules require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpayer includes a film, sound recording, videotape, book, or similar property. The rules also apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to the rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that relate to the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is governed by special rules. The uniform capitalization rules also apply to the production of property constructed or improved by a taxpayer for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are $10,000,000 or less. It does not apply to timber or to property produced under a long-term contract. Special rules apply for farmers. The rules do not apply to property which is produced for use by the taxpayer if substantial construction has occurred before March 1, 1986.

The uniform capitalization rules are generally effective for costs and interest paid or incurred after December 31, 1986. With respect to inventory, the uniform capitalization rules apply to tax years beginning after 1986. Transitional rules are contained in section 803 of the Tax Reform Act of 1986.

In the case of inventory, some of the indirect costs which may not have been capitalized before the Tax Reform Act which must now be capitalized are administration expenses; taxes; depreciation; insurance costs; compensation paid to officers attributable to services; rework labor; and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Current deductions may still be claimed for research and experimental costs under section 174, intangible drilling costs for oil and gas and geothermal property, and mining and exploration and development costs. Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see Regulations section 1.263A-1T.

**2. Meals and entertainment.**—For tax years after 1986, the amount deductible for business meals and entertainment is generally limited to 80% of the amount otherwise allowable. In addition, meals may not be lavish or extravagant; a bona-fide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal.

Special rules apply to deductions for tickets to entertainment activities. With the exception of certain charitable sporting events, the deduction for the cost of a ticket is limited to the face value of the ticket.

A limitation on the amount deductible for the rental of a luxury skybox will be phased in beginning in 1987 and will become fully effective in 1989. If the taxpayer rents a skybox in the same arena for more than one event, the deduction is disallowed to the extent that it exceeds the sum of the face value on non-luxury box seats for the seats in the box covered by the lease. This limitation is fully effective in 1989. In 1987, ⅓ of the excess cost of the skybox is disallowed. In 1988 tax years, ⅔ of the excess cost is disallowed. Both the limitation on tickets to entertainment activities and the limitation on skybox rentals is calculated before the application of the 20% reduction required by section 274(n). See Notice 87-23, 1987-9, I.R.B. 6, for more information on meals, entertainment, and travel expense.

**3. Transactions between related taxpayers.**—Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

**4. Section 291 limitations.**—Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, bad debt deductions for financial institutions, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of adjustment.

**5. Golden parachute payments.**—A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G for changes to the golden parachute rules.

**6. Business startup expenses.**—Business startup expenses are required to be capitalized unless an election is made to amortize them over a period of 60 months. See section 195.

### Line 12

**Compensation of officers**

Besides entering the total officers' compensation on line 12, Form 1120 filers must complete Schedule E on page 2 if their total receipts (line 1a, plus lines 4 through 10, of page 1, Form 1120) are $150,000 or more.

Complete Schedule E, columns (a) through (f), for all officers. The corporation determines who is an officer under the laws of the state where incorporated.

In a consolidated return, each member of an affiliated group must furnish this information.

### Line 13

**Salaries and wages**

Enter on line 13a the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a simplified employee pension.

**Caution:** If you provided taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 20 and 26, Form 1120, or lines 20 and 22, Form 1120-A.

Enter on line 13b the amount of jobs credit from **Form 5884**, Jobs Credit.

The jobs credit has been extended through 1988.

### Line 14

**Repairs**

Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

### Line 15

**Bad debts**

Enter the total debts that became worthless in whole or in part during the tax year.

The reserve method of computing bad debts has been repealed for tax years beginning after 1986 for all taxpayers except small banks and thrift institutions. If a corporation maintained such a reserve for its last tax year beginning before 1987, it must change to the specific charge-off method in 1987. The corporation must include the balance remaining in the reserve in income ratably over a 4-year period. Include the amount reportable as income in 1987 on line 10, page 1, and attach a computation. The change from the reserve method to the specific charge-off method is treated as a change in accounting method and shall be considered as approved by the *Commissioner*. A small bank or thrift institution using the reserve method in 1987 should attach a schedule showing how it arrived at the current year's provision.

### Line 17

**Taxes**

Enter taxes paid or accrued during the tax year, but do not include the following:

1. Federal income taxes;
2. Foreign or U.S. possession income taxes if a tax credit is claimed;
3. Taxes not imposed on the corporation; or
4. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition).

See section 164(d) for apportionment of taxes on real property between seller and

If the corporation is liable for environmental tax under section 59A, see **Form 4626**, Alternative Minimum Tax—Corporations, for computation of the environmental tax deduction.

### Line 18

**Interest**

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions, see section 265(b).)

Mutual savings banks, building and loan associations, and cooperative banks can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings. (See section 591.)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer who in 1987 prepaid interest allocable to any period after 1987 can deduct only the amount allocable to 1987. See **Publication 545**, Interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. (See section 263(g).)

Interest paid or incurred after 1986 that is allocable to certain property produced by a corporation for its own use or for sale must be capitalized. In addition, a corporation must also capitalize any interest on debt it incurred or continued in connection with an asset needed to produce the above property. See section 263A for definitions and more information.

Section 7872 contains special rules for the deductibility of foregone interest on certain below-market rate loans. See section 7872.

### Line 19

**Contributions**

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not be more than 10% of taxable income (line 30, Form 1120, or line 26, Form 1120-A) computed without regard to the following:

1. Any deduction for contributions;
2. The special deductions in line 29b, Form 1120, or line 25b, Form 1120-A;
3. Deductions allowed under sections 249 and 250;
4. Any net operating loss carryback to the tax year under section 172; and
5. Any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money and the total *claimed* value of all property contributed exceeds $500, corporations (except closely held and personal service corporations) shall attach a schedule describing the kind of property contributed and the method used in determining its fair market value.

Closely held corporations and personal service corporations must complete **Form 8283**, Noncash Charitable Contributions, and attach it to their returns.

Also, a corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

If the corporation made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, as well as the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

**Special rule for contributions of certain property.** For a charitable contribution of property, the corporation must reduce the contribution by the sum of:

1. The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value; and
2. For contributions made in tax years beginning after 1986, all of the long-term capital gain that would have resulted if the property were sold at its fair market value.

The reduction for the long-term capital gain applies to:

1. Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption; and
2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

**Charitable contributions of scientific property used for research.** A corporation (other than a personal holding company or a personal service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

### Line 20

**Depreciation**

Besides depreciation, include in line 20 the part of the cost that the corporation elected to expense for certain recovery property placed in service during tax year 1987. For property placed in service after December



31, 1986, the amount the taxpayer may expense under section 179 has been raised from $5,000 to $10,000.

The deduction for amortization of trademark and trade name expenses has been repealed for expenses paid or incurred after 1986. See the instructions for Form 4562 for more information on changes to the rules for depreciation brought about by the Tax Reform Act of 1986.

### Line 22, Form 1120 only

**Depletion**

See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the *depletion* deduction for iron ore and coal (including lignite). The reduction in a corporation's depletion deduction for iron ore or coal (including lignite) has been increased from 15% to 20% for tax years beginning after 1986. (See section 291.)

Foreign intangible drilling costs and foreign exploration and development costs paid or incurred after 1986 must either be added to the corporation's basis for cost depletion purposes or be deducted ratably over a 10-year period. See sections 263(i), 616, and 617 for more information.

Attach **Form T (Timber)**, Forest Industries Schedules, if a deduction for depletion of timber is taken.

### Line 24, Form 1120 only

**Pension, profit-sharing, etc., plans**

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to file these forms on time.

In addition, there is a new penalty for overstating the pension plan deduction for returns filed after October 22, 1986. See new section 6659A.

**Form 5500.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C or 5500-R.**—Complete the applicable form for each plan with fewer than 100 participants.

**Form 5500EZ.**—Complete this form for a one-participant plan.

### Line 25, Form 1120 only

**Employee benefit programs**

Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24.

### Line 26, Form 1120, and Line 22, Form 1120-A

**Other deductions**

Include in this line the deduction taken for amortization of pollution control facilities, organization expenses, etc. See Form 4562.

A corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan. However, a deduction may only be taken if, according to the plan, the dividends are:

1. Paid in cash directly to the plan participants; or
2. Paid to the plan, which distributes them in cash to the plan participants no later than 90 days after the end of the plan year in which the dividends are paid. (See section 404(k).) For other deductions which may be allowed, see section 404(k)(2)(C).

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income. (See section 265(b) for exceptions.)

Generally, a corporation can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in its trade or business, subject to certain limitations. (See the discussion of "Meals and entertainment" in the **Limitations on deductions** section earlier in these instructions.) However, it cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (**Note:** *The corporation may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.*)

See **Publication 463**, Travel, Entertainment, and Gift Expenses, for more details.

**Note:** *Do not deduct penalties imposed on corporations such as those included in General Instruction D.*

**Form 1120-A filers.**—These filers should also include on line 22 of Form 1120-A the expenses described above for lines 22, 24, and 25 of Form 1120 and any other deductible expense not discussed above.

### Line 28, Form 1120, and Line 24, Form 1120-A

**Taxable income before NOL deduction and special deductions—"At risk" rules and passive activity loss limitations.**

Special "at risk" rules under section 465 generally apply to closely held corporations (section 465(a)(1)(B)) engaged in any activity as a trade or business, or for the production of income. Such corporations may have to adjust the amount on line 28, Form 1120, or line 24, Form 1120-A. (See below.) However, the "at risk" rules do not apply to: (1) holding real property (other than mineral property) placed in service by the taxpayer before 1987; (2) equipment leasing under sections 465(c)(4), (5), and (6); and (3) any qualifying business of a qualified corporation under section 465(c)(7).

If the "at risk" rules apply, adjust amount on this line for section 465(d) losses. These losses are limited to the amount for which such corporation is "at risk" for each separate activity at the close of the tax year. If the corporation is involved in one or more activities, one or more of which incurs a loss for the year, report the losses for each activity separately. Attach **Form 6198**, Computation of Deductible Loss From an Activity Described in Section 465 (c), showing the amount at risk and gross income and deductions for the activities with the losses.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the "at risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

**Passive activity loss limitations.**

The passive loss rules of section 469 apply to closely held C corporations and personal service corporations. Corporations subject to the passive loss rules must complete Form 8582, Passive Activity Loss Limitations, to compute their allowable passive activity loss. Before completing Form 8582, see Regulations section 1.163-8T, which provides rules for allocating interest expense among activities. If a passive activity is also subject to the at-risk rules of section 465, the at-risk rules apply before the passive loss rules apply. For more information, see section 469 and **Publication 925**, Passive Activity and At-Risk Rules. A corporation subject to the passive activity loss limitations may also be required to adjust credits attributable to passive activities on **Form 8582-CR**, Passive Activity Credit Limitations.

**Special Instructions for Form 8582.**—Corporations subject to the passive loss rules should complete the following sections of Form 8582. Part I (only lines 2a through 2g, and 3) and if applicable, all of Part III. Also complete the applicable worksheets in the Instructions for Form 8582. Special rules apply to closely held corporations (see below).

In completing worksheets 2, 4, and 5 in the Instructions for Form 8582, enter net income or (loss) from each separate activity in the appropriate column of these worksheets. Also, show the net gain or loss for each transaction reportable on Schedule D or Form 4797 as a separate activity in these worksheets.

If line 3 of Form 8582 is net income, all of the corporation's passive activity losses are allowed. Complete Form 1120 (or 1120-A) and related forms and schedules in the regular manner, disregarding the passive activity loss limitation rules.

If line 3 is a loss, enter -0- on line 9 and complete lines 10 through 19 of Form 8582. Use worksheets 4 and 5 in the Form 8582 instructions to figure the allowed and unallowed amount of each loss. From column (c) of worksheet 5, enter the allowed portion of any Schedule D or Form 4797 loss on Schedule D or Form 4797.

If the corporation's passive losses consist only of Schedule D and/or Form 4797 losses, no adjustment to line 28 of Form 1120, or line 24 of Form 1120-A is necessary. If the corporation's passive losses are limited to (a) both Schedule D and/or Form 4797 losses and losses on "other passive activities," or (b) just losses on "other passive activities," the amount of the unallowed loss(es) for "other passive activities" is the amount in column (c) of worksheet 4. Add the total of these unallowed "other passive activity loss(es)" *and increase the taxable income (or reduce the loss—which may result in taxable income if the adjustment is significant) shown on line 28, Form 1120, or line 24, Form 1120-A by this amount.*



Write the amount of the adjustment in the space to the left of line 27, Form 1120, or line 23, Form 1120-A, and label as PALA (Passive Activity Loss Adjustment).

**Closely held corporations.**—Closely held corporations can use "net active income" to offset any loss on Form 8582, line 2g. Net active income is your taxable income for the taxable year determined without regard to any income, expenses, gain, or loss from a passive activity and any item of gross income, expenses, gain or loss under section 469(e)(1)(A). Closely held C corporations should combine the loss, if any, on line 2g with net active income and enter the result on line 3. The net active income should also be *added* in on line 18, Form 8582, along with any other income entered on lines 2a and 2d.

### Line 29a, Form 1120, and Line 25a, Form 1120-A

**Net operating loss deduction**

The "net operating loss deduction" is the amount of the net operating loss carryovers and carrybacks that can be deducted in the tax year. See section 172(a). If this deduction is taken, explain its computation on an attached schedule.

Effective January 1, 1987, section 382 limits the amount of taxable income against which net operating loss carryforwards may be applied after an ownership change occurs with respect to a loss corporation. The limitation is described in section 382(b) and generally applies when one or more 5% shareholders increase their ownership in a corporation by more than 50 percentage points. See Regulations section 1.382-2T(a)(2)(ii), which requires that a loss corporation file an information statement with its income tax return for each taxable year that it is a loss corporation. Also see section 382 and Regulations sections 1.382-1T and 1.382-2T for other rules and definitions.

**Note:** The rule allowing financial institutions to carry their net operating losses back 10 years and forward 5 years is generally repealed for tax years after 1986. For taxable years beginning after 1986, most financial institutions may carry net operating losses back 3 years and forward 15 years. A special 10-year carryback provision applies to certain commercial banks that compute their deduction for bad debts using the specific charge-off method. See section 172(b)(1)(L) for more information.

Generally, a corporation may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. A corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(I).) See Regulations section 1.172-13(c) for the required statement that must be attached to Form 1120 when claiming the 10 year-carryback on product liability losses.

There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable. Section 172(b)(1) describes types of losses for which the 15-year carryforward period does not apply.

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss the corporation may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the modified taxable income for each of the prior tax years to which the corporation may carry the loss. (See section 172(b).)

If there is a carryback of a net operating loss, net capital loss, or an unused credit, file **Form 1139**, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. (See section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see **Publication 536**, Net Operating Losses.

### Line 29b, Form 1120, and Line 25b, Form 1120-A

**Special deductions**

**Form 1120 filers.**—See the instructions for Schedule C, line 6, column (c) below.

**Form 1120-A filers.**—Enter 80% of line 4, page 1, on line 25b for dividends received in 1987.

However, this deduction may not be more than 80% of line 24, page 1. For this purpose, compute line 24 without regard to any adjustment under section 1059, and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 80% limitation does not apply, even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

### Line 32e, Form 1120, and Line 28e, Form 1120-A

**Credit for overpaid windfall profit tax**

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use **Form 6249**, Computation of Overpaid Windfall Profit Tax, to figure the credit. Include the amount of the credit in the total for this line. Write in the margin, next to the entry on this line, the amount of the credit and identify it as "Overpaid Windfall Profit Tax."

## Schedule C
## Form 1120 Only

**Dividends and Special Deductions**

### Line 1, Column (a)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984—see section 246A and line 2, column (a)) that are received from domestic corporations subject to income tax and that are subject to the deduction under section 243(a)(1). Include on this line taxable distributions from an IC-DISC or former DISC that are designated as being eligible for the section 243(a)(1) deduction and certain dividends of Federal Home Loan Banks. (See section 246(a)(2).)

Small business investment companies must enter dividends received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends in line 1, column (c). For dividends received from a regulated investment company, see section 854 for the amount subject to the section 243(a)(1) deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

### Line 2, Column (a)

Enter dividends on debt financed stock (acquired after July 18, 1984) that are received from domestic and foreign corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under sections 243(a)(1) or 245(a). Generally, debt-financed stock is stock that the corporation acquired and, in doing so, incurred a debt (for example, it borrowed money to buy the stock).

### Line 3, Column (a)

Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

### Line 4, Column (a)

Enter dividends that are received from foreign corporations and that qualify for the deduction under section 245(a). Also enter on line 4, column (a), dividends received from a FSC that are attributable to qualified interest and carrying charges and that qualify for the deduction provided in section 245(c)(1)(B).

### Line 5, Column (a)

Enter dividends that are received from wholly owned foreign subsidiaries and from FSCs that are attributable to export sales income, and that are eligible for the 100% deduction provided in sections 245(b) and (c)(1)(A), respectively.

In general, the deduction under section 245(b) applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which:

1. All of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends, and
2. All of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

### Line 1, Columns (b) and (c)

The dividends-received deduction percentage for dividends received after December 31, 1986, is 80%. Multiply the dividends received by 80% to determine the dividends-received deduction.

A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (See section 243(a)(2).)

### Line 2, Columns (b) and (c)

The dividends-received deduction for dividends received on debt-financed stock is explained in section 246A. This section applies both to dividends received from debt-financed stock of domestic and foreign corporations acquired after July 18, 1984.



Dividends received on debt-financed stock are not entitled to the full 80% dividends-received deduction. The 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also see section 245(a) before making this computation for an additional limitation which applies to dividends received from foreign corporations. A schedule showing how the amount on line 2, column (c) was figured must be attached to Form 1120.

### Line 3, Columns (b) and (c)

For dividends on certain preferred stock of public utilities received after December 31, 1986, but before July 1, 1987, the dividends-received deduction percentage is 55.652%. For those dividends received after June 30, 1987, the dividends-received deduction percentage is 47.059%.

Multiply the dividends received in each period by the proper percentage to determine the correct dividends-received deduction.

### Line 4, Columns (b) and (c)

The dividends-received deduction percentage for dividends received from foreign corporations entitled to the dividends-received deduction under section 245(a) and section 245(c)(1)(B) for certain FSCs is 80% for dividends received after December 31, 1986. To qualify for the section 245(a) deduction, the corporation must own at least 10% of the stock of the foreign corporation by vote and value. The deduction is computed on the U.S. source portion of the dividends.

### Line 6, Column (c)

**Limitation on dividends-received deduction.** Line 6 of column (c) may not be more than 80% of the difference between line 28, page 1, Form 1120, and line 7 of column (c). For this purpose, compute line 28 (Form 1120) without regard to any adjustment under section 1059 and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 80% limitation does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

For a small business investment company, the dividends-received deduction of 100% included in line 6 of *column* (c) is not subject to the overall limitation. The 100% dividends-received deduction under section 245(c)(1) for dividends received from a FSC included in line 6 of column (c) is not subject to the overall 80% limitation.

Certain financial institutions to which section 593(a) applies should see section 596 for the special limitation on the dividends-received deduction.

### Line 7, Columns (a) and (c)

Enter only those dividends that are subject to the elective provisions of section 243(b) and that are entitled to the 100% dividends-received deduction under section 243(a)(3). Corporations making this election are subject to the provisions of section 1561.

### Line 8, Column (a)

Enter foreign dividends not reportable on lines 4 and 5 of column (a). Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F (sections 951 through 964).

### Line 9, Column (a)

Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported on Schedule J, Form(s) 5471.

### Line 10, Column (a)

Include gross-up for taxes deemed paid under sections 902 and 960.

### Line 11, Column (a)

Enter taxable distributions from an IC-DISC or former DISC that are designated as not being eligible for the 80% deduction.

No deduction is allowed under section 243 for a dividend from an IC-DISC or former DISC (as defined in section 992(a)) to the extent the dividend:

1. Is paid out of the corporation's accumulated IC-DISC income or previously taxed income, or
2. Is a deemed distribution under section 995(b)(1).

### Line 12, Column (a)

Include the following:

1. Dividends (other than capital gain dividends and exempt-interest dividends) that are received from regulated investment companies and that are not subject to the deduction.
2. Dividends from tax-exempt organizations.
3. Dividends (other than capital gain dividends) received from a real estate investment trust which, for the tax year of the trust in which the dividends are paid, qualify under sections 856 through 860.
4. Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock.

Two situations in which the dividends-received deduction will not be allowed on any share of stock are:

(1) If the corporation held it 45 days or less (see section 246(c)(1)(A)), or

(2) To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

5. Any other taxable dividend income not properly reported above (including distributions under section 936(h)(4)). If patronage dividends or per-unit retain allocations are included in Schedule C, line 12, column (a), identify the total of these amounts in a schedule attached to Form 1120.

### Line 13, Column (c)

**Deduction for dividends paid on certain preferred stock of public utilities.** Section 247 allows public utilities a deduction of 30.435% (for dividends received before July 1, 1987) or 41.176% (for dividends received after June 30, 1987), of the lesser of:

1. Dividends paid on their preferred stock during the tax year, or
2. Taxable income computed without regard to this deduction.

In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)



## Tax Computation
### Line 1, Part I, Form 1120-A
### Line 3, Schedule J, Form 1120.

Any corporation that files Form 1120 or 1120-A should compute its tax on its taxable income using Schedules A and B of the Tax Computation Worksheet on page 12. Members of a controlled group, see the instructions below for lines 1 and 2 under heading B before proceeding to page 12. If the corporation is a dealer in personal property and is using the installment method in 1987, it should see section 811(c)(7) of the Tax Reform Act of 1986 to figure the ratable portion of tax attributable to section 453C to be included in line 3 of Schedule J, or line 1 of Part I, Form 1120-A. Write in the space to the left of line 3, Schedule J, or line 1, Part I, Form 1120-A, "Sec. 453C tax computation." Attach a schedule showing the computation.

**Additional Tax**

The Tax Computation Worksheet includes the computation of an additional 5% tax on the excess of a corporation's taxable income over a specified amount. The "specified amount" was changed, effective July 1, 1987, from $1,000,000 to $100,000. The maximum amount of the additional tax (previously $20,250) has been changed to $11,750 effective July 1, 1987.

**Alternative Tax**

If the tax year of the corporation begins before July 1, 1987, and the corporation has a net capital gain on line 10, Schedule D (Form 1120), the alternative tax computation may apply. To compute the alternative tax, complete Schedules A and B of the Tax Computation Worksheet on page 12 as instructed, and enter the amount from line 34, Schedule B, on line 12, Part IV, Schedule D (Form 1120). Complete the rest of Part IV, Schedule D (Form 1120), and enter the lesser of the alternative tax or the tax figured by the regular method on line 3, Schedule J, Form 1120, or line 1, Part I, Form 1120-A.

### A. Form 1120-A, Part I, Page 2
### Line 2

**General business credit** This credit is made up of the sum of the following credits:

*Investment credit.* The investment credit was generally repealed for property placed in service after 1985. See **Form 3468**, Computation of Investment Credit, for exceptions.

*Jobs credit.* The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See **Form 5884**, Jobs Credit, for definitions, special rules, and limitations.

Do not take an expense deduction for the part of the wages or salaries paid or incurred, which is equal to the amount of the jobs credit (determined without regard to the limitation based on the tax (section 38(c))).

*Alcohol fuel credit.* A corporation may be able to take a credit for alcohol used as fuel. Use **Form 6478**, Credit for Alcohol Used As Fuel, to figure the credit.

The *credit for increasing research activities* is part of the general business credit. See **Form 6765**. Also, a *low-income* housing credit is part of the general business credit for expenditures made after 1986. See section 42 and Form 8586, Low-Income Housing Credit.

**Form 3800**, *General Business Credit.* Enter on the appropriate line of the corporate tax return the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, you do not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the corporation has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800. For more information, see **Publication 572**, General Business Credit.

**Line 4**

**Tax from recomputing prior-year investment credit.** If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See **Form 4255**, Recapture of Investment Credit.

**Line 5**

**Alternative minimum tax. Attach Form 4626**, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and tax preference items of the corporation exceed $40,000. See Form 4626 for details.

## B. Form 1120, Schedule J

**Lines 1 and 2**

Members of a controlled group, as defined in section 1563, with tax years that begin before July 1, 1987 are entitled to only one $25,000 amount in each taxable income bracket on line 2a. Members of a controlled group that have tax years that end after June 30, 1987, are entitled to one $50,000 amount and one $25,000 amount (in that order) in each taxable income bracket on line 2b.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) for the requirements and for the time and manner of making the consent.

**Equal Apportionment Plan.** If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B, both corporations with tax years which include July 1, 1987. They do not elect an apportionment plan. Therefore, corporation A is entitled to $12,500 (one-half of $25,000) in each taxable income bracket on line 2a. Corporation B is also entitled to $12,500 in each taxable income bracket. Each income bracket on line 2b is also equally divided.

**Unequal Apportionment Plan.** Members of income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the taxable income bracket. However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.

Each member of a controlled group must answer Question S in the Additional Information section of Form 1120.

**Note:** *Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional 5% tax. If the additional tax applies, each member of the group must attach to its tax return a schedule that shows the taxable income of the entire group as well as how its portion of the additional tax was figured.*

**Line 3**

**Bank holding companies.** Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets whose divestiture is certified by the Board of Governors of the Federal Reserve System. If the bank holding company chooses this election, attach a statement showing the tax computation and the amount of the installment paid with this return. Also, in the right-hand margin next to line 3, Schedule J, enter the amount of the installment payment followed by the words "computed under section 6158." If an election under section 1103(g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be.

**Mutual savings bank conducting life insurance business.** The tax under section 594 consists of the sum of: (1) a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department, and (2) a partial tax on the taxable income computed on Form 1120L of the life insurance department. Enter the combined tax on line 3 of Schedule J, Form 1120. Attach Form 1120L as a schedule and identify it as such.

**Line 4a**

**Foreign tax credit. See Form 1118**, Computation of Foreign Tax Credit—Corporations, for an explanation of when a corporation can take this credit for payment of income tax to a foreign country.

**Line 4b**

**Possessions tax credit. See Form 5712**, Election To Be Treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on **Form 5735**, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

**Line 4c**

**Orphan drug credit.** See section 28 and **Form 6765**, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit, as well as how it is figured.

**Line 4d**

**Credit for fuel produced from a nonconventional source.** A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

**Line 4e**

**General business credit.** See the earlier instructions for Form 1120-A, line 2, under the heading **Tax Computation**.

**Line 7**

**Personal holding company tax.** A corporation is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use **Schedule PH (Form 1120)**, Computation of U.S. Personal Holding Company Tax, to figure this tax.

**Line 8**

**Tax from recomputing prior-year investment credit.** See the earlier instructions for Form 1120-A, Line 4, under the heading **Tax Computation.**

**Line 9a**

**Alternative minimum tax.** Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and tax preference items of the corporation exceeds $40,000. See Form 4626.

**Line 9b**

**Environmental tax.** The Superfund Amendments and Reauthorization Act of 1986 added new section 59A, which requires that corporations pay an environmental tax. The environmental tax is 0.12 per cent of modified alternative minimum taxable income of the corporation in excess of $2,000,000. See Form 4626 for computation of environmental tax.

## Schedule M-2 (Form 1120 Only)

**Unappropriated Retained Earnings**

**Line 5**

**Distributions under the Bank Holding Company Act.** If an election under section 1103(g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2, Form 1120.



## Schedules A and B Tax Computation Worksheet

**Effective July 1, 1987, the tax rates for corporations were reduced. The new rates of tax are:**

15% on the first $50,000 of income;
25% on the next $25,000 of income; and
34% on any amount over $75,000.

Also, an additional tax of 5% is applied against income in excess of $100,000. The maximum amount of this additional tax is $11,750.

***Corporations with tax years beginning after June 30, 1987, should complete Schedule B only.***

**Schedule A** **Tax Computed for Period Before July 1, 1987**

1 Taxable income (line 30, Form 1120, or line 26, Form 1120-A)
2 Net capital gain (If the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.)
3 Subtract line 2 from line 1
4 Enter the lesser of line 3 or $25,000 (members of a controlled group, see instructions)
5 Subtract line 4 from line 3
6 Enter the lesser of line 5 or $25,000 (members of a controlled group, see instructions)
7 Subtract line 6 from line 5
8 Enter the lesser of line 7 or $25,000 (members of a controlled group, see instructions)
9 Subtract line 8 from line 7
10 Enter the lesser of line 9 or $25,000 (members of a controlled group, see instructions)
11 Subtract line 10 from line 9
12 Multiply line 4 times 15%
13 Multiply line 6 times 18%
14 Multiply line 8 times 30%
15 Multiply line 10 times 40%
16 Multiply line 11 times 46%
17 Additional tax. If line 3 is greater than $1,000,000, enter the lesser of: (a) 5% of the excess of line 3 over $1,000,000 or (b) $20,250 (members of a controlled group, see instructions)
18 Add amounts on lines 12 through 17

**Schedule B** **Tax Computed for Period After June 30, 1987**

19 Taxable income (line 30, Form 1120, or line 26, Form 1120-A)
20 Net capital gain (If the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.)
21 Subtract line 20 from line 19
22 Enter the lesser of line 21 or $50,000 (members of a controlled group, see instructions)
23 Subtract line 22 from line 21
24 Enter the lesser of line 23 or $25,000 (members of a controlled group, see instructions)
25 Subtract line 24 from line 23
26 Multiply line 22 times 15%
27 Multiply line 24 times 25%
28 Multiply line 25 times 34%
29 Additional tax. If line 21 is more than $100,000, enter the lesser of: (a) 5% of the excess of line 21 over $100,000 or (b) $11,750 (members of a controlled group, see instructions)
30 Add lines 26 through 29. (If only Schedule B was completed, skip lines 31 through 34. Enter the amount from line 30 on line 3, Schedule J, Form 1120, or on line 1, Part I, Form 1120-A.)
31 Enter amount from line 18, Schedule A (Above)
32 Line 31 $\times \dfrac{\text{number of days in tax year before 7-1-87}}{\text{number of days in tax year}}$
33 Line 30 $\times \dfrac{\text{number of days in tax year after 6-30-87}}{\text{number of days in tax year}}$
34 Tax liability before credits. Add amounts on lines 32 and 33. *Enter here and on line 3, Schedule J, Form 1120, or on line 1, Part I, Form 1120-A. If alternative tax applies, enter on line 12, Schedule D (Form 1120)*



## Instructions for Schedules A and B, Tax Computation Worksheet

**Net Capital Gain and Alternative Tax (Lines 2 and 20).**—In general, the alternative tax is the sum of (a) a tax computed on taxable income reduced by the net capital gain using the applicable tax brackets and tax rates, and (b) a tax of 34% of the net capital gain.

For tax years beginning on or after July 1, 1987, the alternative tax computation does not apply. If a corporation's tax year begins before July 1, 1987, and the corporation has a net capital gain, both computations (the regular tax computation and the alternative tax computation) should be made to determine which results in the lower tax.

The alternative tax is computed by using Schedules A and B of the tax computation worksheet and Part IV of Schedule D (Form 1120). If the alternative tax is less than the regular tax computed on taxable income using the applicable tax brackets and tax rates, then the corporation may enter the alternative tax from Schedule D in Part I, line 1, page 2, Form 1120-A, or line 3, Schedule J, Form 1120, and check the block for alternative tax.

**Lines 4, 6, 8, 10, 22 and 24.**—Members of a controlled group must enter their portion of each taxable income bracket. See the instructions for Schedule J (Form 1120) for rules regarding how controlled groups (as defined in section 1563) may divide these amounts.

**Line 17.**—If the total taxable income of the controlled group of corporations is more than $1,000,000, each member should enter its portion of the additional tax on line 17 as explained in the instructions for Schedule J (Form 1120).

**Line 29.**—If total taxable income of the controlled group of corporations is more than $100,000, each member should enter its portion of the additional tax on line 29. See section 1561 for rules on determining each member's share of the additional tax.



## Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should not be used as SIC codes.

Using the list below, enter on page 1, under C, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1a, page 1) plus all other income (lines 4 through 10, page 1).

On page 3, under J, Form 1120 or items A and B, page 1, Form 1120-A, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

### Agriculture, Forestry, and Fishing

Code
0400 Agricultural production
0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping

### Mining

**Metal mining**
1010 Iron ores
1070 Copper, lead and zinc, gold and silver ores
1098 Other metal mining
1150 Coal mining
**Oil and gas extraction**
1330 Crude petroleum, natural gas, and natural gas liquids
1380 Oil and gas field services
**Nonmetallic minerals, except fuels**
1430 Dimension, crushed and broken stone; sand and gravel
1498 Other nonmetallic minerals, except fuels

### Construction

**General building contractors and operative builders**
1510 General building contractors
1531 Operative builders
1600 Heavy construction contractors
**Special trade contractors**
1711 Plumbing, heating, and air conditioning
1731 Electrical work
1798 Other special trade contractors

### Manufacturing

**Food and kindred products**
2010 Meat products
2020 Dairy products
2030 Preserved fruits and vegetables
2040 Grain mill products
2050 Bakery products
2060 Sugar and confectionary products
2081 Malt liquors and malt
2088 Alcoholic beverages, except malt liquors and malt
2089 Bottled soft drinks, and flavorings
2096 Other food and kindred products
2100 Tobacco manufacturers
**Textile mill products**
2228 Weaving mills and textile finishing
2250 Knitting mills
2298 Other textile mill products
**Apparel and other textile products**
2315 Men's and boys' clothing
2345 Women's and children's clothing
2388 Other apparel and accessories
2390 Miscellaneous fabricated textile products
**Lumber and wood products**
2415 Logging, sawmills, and planing mills
2430 Millwork, plywood, and related products
2498 Other wood products, including wood buildings and mobile homes
2500 Furniture and fixtures

Code
**Paper and allied products**
2625 Pulp, paper, and board mills
2699 Other paper products
**Printing and publishing**
2710 Newspapers
2720 Periodicals
2735 Books, greeting cards, and miscellaneous publishing
2799 Commercial and other printing, and printing trade services
**Chemicals and allied products**
2815 Industrial chemicals, plastics materials, and synthetics
2830 Drugs
2840 Soap, cleaners, and toilet goods
2850 Paints and allied products
2898 Agricultural and other chemical products
**Petroleum refining and related industries (including those integrated with extraction)**
2910 Petroleum refining (including integrated)
2998 Other petroleum and coal products
**Rubber and misc. plastics products**
3050 Rubber products, plastics footwear, hose and belting
3070 Misc. plastics products
**Leather and leather products**
3140 Footwear, except rubber
3198 Other leather and leather products
**Stone, clay, and glass products**
3225 Glass products
3240 Cement, hydraulic
3270 Concrete, gypsum, and plaster products
3298 Other nonmetallic mineral products
**Primary metal industries**
3370 Ferrous metal industries, misc. primary metal products
3380 Nonferrous metal industries
**Fabricated metal products**
3410 Metal cans and shipping containers
3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products
3430 Plumbing and heating, except electric and warm air
3440 Fabricated structural metal products
3460 Metal forgings and stampings
3470 Coating, engraving, and allied services
3480 Ordnance and accessories, except vehicles and guided missiles
3490 Misc. fabricated metal products
**Machinery, except electrical**
3520 Farm machinery
3530 Construction and related machinery
3540 Metalworking machinery
3550 Special industry machinery
3560 General industrial machinery
3570 Office, computing, and accounting machines
3598 Other machinery except electrical

Code
**Electrical and electronic equipment**
3630 Household appliances
3665 Radio, television, and communication equipment
3670 Electronic components and accessories
3698 Other electrical equipment
3710 Motor vehicles and equipment
**Transportation equipment, except motor vehicles**
3725 Aircraft, guided missiles and parts
3730 Ship and boat building and repairing
3798 Other transportation equipment, except motor vehicles
**Instruments and related products**
3815 Scientific instruments and measuring devices; watches and clocks
3845 Optical, medical, and ophthalmic goods
3860 Photographic equipment and supplies
3998 Other manufacturing products

### Transportation and Public Utilities

**Transportation**
4000 Railroad transportation
4100 Local and interurban passenger transit
4200 Trucking and warehousing
4400 Water transportation
4500 Transportation by air
4600 Pipe lines, except natural gas
4700 Miscellaneous transportation services
**Communication**
4825 Telephone, telegraph, and other communication services
4830 Radio and television broadcasting
**Electric, gas, and sanitary services**
4910 Electric services
4920 Gas production and distribution
4930 Combination utility services
4990 Water supply and other sanitary services

### Wholesale Trade

**Durable**
5008 Machinery, equipment, and supplies
5010 Motor vehicles and automotive equipment
5020 Furniture and home furnishings
5030 Lumber and construction materials
5040 Sporting, recreational, photographic, and hobby goods, toys and supplies
5050 Metals and minerals, except petroleum and scrap
5060 Electrical goods
5070 Hardware, plumbing and heating equipment and supplies
5098 Other durable goods
**Nondurable**
5110 Paper and paper products
5129 Drugs, drug proprietaries, and druggists' sundries
5130 Apparel, piece goods, and notions
5140 Groceries and related products
5150 Farm product raw materials
5160 Chemicals and allied products
5170 Petroleum and petroleum products
5180 Alcoholic beverages
5190 Misc. nondurable goods

### Retail Trade

**Building materials, garden supplies, and mobile home dealers**
5220 Building materials dealers
5251 Hardware stores
5265 Garden supplies and mobile home dealers
5300 General merchandise stores
**Food stores**
5410 Grocery stores
5490 Other food stores
**Automotive dealers and service stations**
5515 Motor vehicle dealers
5541 Gasoline service stations
5598 Other automotive dealers
5600 Apparel and accessory stores
5700 Furniture and home furnishings stores
5800 Eating and drinking places

Code
**Misc. retail stores**
5912 Drug stores and proprietary stores
5921 Liquor stores
5995 Other retail stores

### Finance, Insurance, and Real Estate

**Banking**
6030 Mutual savings banks
6060 Bank holding companies
6090 Banks, except mutual savings banks and bank holding companies
**Credit agencies other than banks**
6120 Savings and loan associations
6140 Personal credit institutions
6150 Business credit institutions
6199 Other credit agencies
**Security, commodity brokers and services**
6210 Security brokers, dealers, and flotation companies
6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services
**Insurance**
6355 Life insurance
6356 Mutual insurance, except life or marine and certain fire or flood insurance companies
6359 Other insurance companies
6411 Insurance agents, brokers, and service
**Real estate**
6511 Real estate operators and lessors of buildings
6516 Lessors of mining, oil, and similar property
6518 Lessors of railroad property and other real property
6530 Condominium management and cooperative housing associations
6550 Subdividers and developers
6599 Other real estate
**Holding and other investment companies, except bank holding companies**
6744 Small business investment companies
6749 Other holding and investment companies except bank holding companies

### Services

7000 Hotels and other lodging places
7200 Personal services
**Business services**
7310 Advertising
7389 Business services, except advertising
**Auto repair; misc. repair services**
7500 Auto repair and services
7600 Misc. repair services
**Amusement and recreation services**
7812 Motion picture production, distribution, and services
7830 Motion picture theaters
7900 Amusement and recreation services, except motion pictures
**Other services**
8015 Offices of physicians, including osteopathic physicians
8021 Offices of dentists
8040 Offices of other health practitioners
8050 Nursing and personal care facilities
8060 Hospitals
8071 Medical laboratories
8099 Other medical services
8111 Legal services
8200 Educational services
8300 Social services
8600 Membership organizations
8911 Architectural and engineering services
8930 Accounting, auditing, and bookkeeping
8980 Miscellaneous services (including veterinarians)

☆U.S. G.P.O. 1987-183-188



Forms and Instructions

Form **1120F**

Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return of a Foreign Corporation

For calendar year 1987 or other tax year beginning , 1987, and ending , 19

OMB No 1545-0126

**1987**

Please type or print

Name | Employer identification number

Number and street (see instructions)

Check box if there has been a change in address from the previous year ▶ ☐

City or town, state and ZIP code, or country

**Note:** *Complete Section I to compute tax on income from U.S. sources that is NOT effectively connected with the conduct of a trade or business in the U.S. Complete Sections II and III to compute tax on income effectively connected with the conduct of a trade or business in the U.S. Corporations having only income that is NOT effectively connected need file only pages 1 and 2.*

A Country of incorporation

B Foreign country under whose laws the income reported on this return is subject to tax

C Date incorporated

D The corporation's books are in care of

located at

E Were you at any time during the tax year engaged in a trade or business in the U.S.? ☐ Yes ☐ No

F At any time during the tax year, did you have a permanent establishment in the U.S. for purposes of applying section 894(b) and any applicable tax treaty between the U.S. and a foreign country? ☐ Yes ☐ No

If "Yes," name the foreign country

G (1) Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a U.S. corporation? (For rules of attribution, see section 267(c).) ☐ Yes ☐ No

If "Yes," attach a schedule showing: (a) name, address, and identifying number, (b) percentage owned, (c) taxable income or (loss) before NOL and special deductions from line 28, page 1, Form 1120, for the tax year ending with or within your tax year, (d) highest amount owed by you to that corporation during the year, and (e) highest amount owed to you by that corporation during the year

(2) Did any corporation, individual, partnership, trust, or association at the end of the tax year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c).) ☐ Yes ☐ No

If "Yes," attach a schedule showing: (a) name, address, and identifying number, (b) percentage owned; and

(c) Enter the highest amount owed by you to that owner during the year ▶

(d) Enter the highest amount owed to you by that owner during the year ▶

**Note:** *For purposes of G(1) and G(2), "highest amount owed" includes loans and accounts receivable/payable.*

H Have you filed a U.S. income tax return for the preceding tax year? ☐ Yes ☐ No

I If you had an agent in the U.S. at any time during the year, enter:

Kind of agent

Name

Address

J Are you a foreign personal holding company under section 552? ☐ Yes ☐ No

If "Yes," has Form 5471 been filed? (Sec. 6035) ☐ Yes ☐ No

K Are you a personal holding company? (See Schedule PH (Form 1120).) ☐ Yes ☐ No

L Are you a controlled foreign corporation? (Sec. 957) ☐ Yes ☐ No

| | | | |
|---|---|---|---|
| 1 | Tax from Section I (line 11, page 2) | 1 | |
| 2 | Tax from Section II (line 8, Schedule J—Tax Computation, page 4) | 2 | |
| 3a | Branch profits tax ______ b Branch-level interest tax ______ Total ▶ | 3c | |
| 4 | Personal holding company tax (attach Schedule PH (Form 1120)) | 4 | |
| 5a | Alternative minimum tax (Form 4626) ______ 5b Environmental tax ______ Total ▶ | 5c | |
| 6 | TOTAL tax—Add lines 1 through 5c | 6 | |
| 7 | Credits: a Overpayment from 1986 allowed as a credit | | |
| b | 1987 estimated tax payments | | |
| c | Less refund of 1987 estimated tax applied for on Form 4466 ( ) | | |
| d | Tax deposited with Form 7004 | | |
| e | Credit from regulated investment companies (attach Form 2439) | | |
| f | Federal tax on gasoline and special fuels (attach Form 4136) | | |
| g | U.S. income tax paid or withheld at the source (add line 12, page 2, and amount from Form 8288-A (attach Form 8288-A)) | | |
| 8 | Total (add lines 7a through 7g) | 8 | |
| 9 | **TAX DUE** (subtract line 8 from line 6). See instruction C3 for method of payment | 9 | |
| 10 | **OVERPAYMENT** (subtract line 6 from line 8) | 10 | |
| 11 | Enter amount of line 10 you want: **Credited to 1988 estimated tax** ▶ **Refunded** ▶ | 11 | |

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ Title

**Paid Preparer's Use Only**

Preparer's signature ▶ | Date | Check if self-employed ▶ ☐ | Preparer's social security no.

Firm's name (or yours if self-employed) and address ▶ | E.I. No. ▶ | ZIP code ▶

**For Paperwork Reduction Act Notice, see page 1 of the Instructions.**

Form **1120F** (1987)

---

Form 1120F (1987) Page 2

## SECTION I.—Income From U.S. Sources That Is NOT Effectively Connected With the Conduct of a Trade or Business In the U.S.—See Instructions

If you are required to complete Section II or are using the form as a claim for refund of tax withheld at the source, *include* in this section ALL income from U.S. sources that is NOT effectively connected with the conduct of a trade or business in the U.S. Otherwise, you may include only those items of income on which the U.S. income tax was not fully paid at the source. The rate of tax on each item of income listed below is 30% (4% for the gross transportation tax) unless limited by tax treaty. Fill in treaty rates where applicable.

Name of treaty country, if any ▶

| Nature of income | Amount | Rate of tax (%) | Amount of tax | Amount of U.S. income tax paid or withheld at the source |
|---|---|---|---|---|
| 1 Interest (see instructions) | | | | |
| 2 Dividends | | | | |
| 3 Rents | | | | |
| 4 Royalties | | | | |
| 5 Annuities | | | | |
| 6 Gains from disposal of timber, coal, or domestic iron ore with a retained economic interest (attach statement of details) | | | | |
| 7 Gains from sale or exchange of patents, copyrights, etc. | | | | |
| 8 Fiduciary distributions (attach a statement showing the kind of income and rate) | | | | |
| 9 Gross transportation income (see instructions) | | 4 | | |
| 10 Other fixed or determinable annual or periodic income: | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 11 Total—Enter here and on line 1, page 1 ▶ | | | | |
| 12 Total—Enter here and as part of line 7g, page 1 ▶ | | | | |

---

Form 1120F (1987) Page 3

## SECTION II.—Income Effectively Connected With the Conduct of a Trade or Business In the U.S.—See Instructions

**IMPORTANT**—Fill in all applicable lines and schedules. If you need more space, see instruction B8(d).

| | | | |
|---|---|---|---|
| Income | 1 a Gross receipts or sales $ ______ 1b Less returns and allowances $ ______ Balance ▶ | 1c | |
| | 2 Cost of goods sold and/or operations (Schedule A) | 2 | |
| | 3 Gross profit (subtract line 2 from line 1c) | 3 | |
| | 4 Dividends (Schedule C, line 11) | 4 | |
| | 5 Interest | 5 | |
| | 6 Gross rents | 6 | |
| | 7 Gross royalties | 7 | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | 8 | |
| | 9 Net gain or (loss) from line 18, Part II, Form 4797 (attach Form 4797) | 9 | |
| | 10 Other income (see instructions—attach schedule) | 10 | |
| | 11 TOTAL income—Add lines 3 through 10 | 11 | |
| Deductions (See instructions for limitation on deductions) | 12 Compensation of officers (Schedule E). *Deduct* only amounts connected with U.S. business | 12 | |
| | 13 a Salaries and wages ______ 13b Less jobs credit ______ Balance ▶ | 13c | |
| | 14 Repairs | 14 | |
| | 15 Bad debts (see instructions) | 15 | |
| | 16 Rents | 16 | |
| | 17 Taxes | 17 | |
| | 18 Interest | 18 | |
| | 19 Contributions (see instructions for 10% limitation) | 19 | |
| | 20 Depreciation (attach Form 4562) 20 | | |
| | 21 Depreciation claimed in Schedule A and elsewhere on return 21 | | |
| | 22 Balance (subtract line 21 from line 20) | 22 | |
| | 23 Depletion | 23 | |
| | 24 Advertising | 24 | |
| | 25 Pension, profit-sharing, etc., plans (see instructions) | 25 | |
| | 26 Employee benefit programs (see instructions) | 26 | |
| | 27 Other deductions (total from page 5) | 27 | |
| | 28 TOTAL deductions—Add lines 12 through 27 and enter here ▶ | 28 | |
| | 29 Taxable income before net operating loss deduction and special deductions (subtract line 28 from line 11) | 29 | |
| | 30 Less: a Net operating loss deduction (see instructions—attach schedule) 30a | | |
| | b Special deductions (Schedule C, line 12) 30b | 30 | |
| | 31 Taxable income or (loss) (subtract line 30 from line 29) | 31 | |

### Schedule A.—Cost of Goods Sold and/or Operations (see instructions)

| | | |
|---|---|---|
| 1 Inventory at beginning of year | 1 | |
| 2 Purchases | 2 | |
| 3 Cost of labor | 3 | |
| 4 a Additional section 263A costs (see instructions) | 4a | |
| b Other costs (attach schedule) | 4b | |
| 5 Total—Add lines 1 through 4 | 5 | |
| 6 Inventory at end of year | 6 | |
| 7 Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, Section II | 7 | |

8 a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market as described in regulations section 1.471-4 (see instructions)

(iii) ☐ Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)

(iv) ☐ Other. (Specify method used and attach explanation.) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods ☐ If checked, attach Form 970.

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 8c |

d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

e Was there any change (other than for section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

---

Form 1120F (1987) Page 4

### Schedule C.—Dividends and Special Deductions (see instructions).

| | (a) Dividends received | (b) % | (c) Special deductions (Multiply (a) by (b)) |
|---|---|---|---|
| 1 Domestic corporations subject to the section 243(a) deduction | | See Inst. | |
| 2 Debt-financed stock of domestic and foreign corporations | | See Inst. | |
| 3 Certain preferred stocks of public utilities | | See Inst. | |
| 4 Foreign corporations and certain FSCs subject to the section 245(a) deduction | | See Inst. | |
| 5 Total—Add lines 1 through 4, column (c). See instructions for limitation | | | |
| 6 Deduction for dividends paid on certain preferred stocks of public utilities (see instructions) | | | |
| 7 Other dividends from foreign corporations | | | |
| 8 Foreign dividend gross-up (section 78) | | | |
| 9 Taxable dividends from an IC-DISC or former DISC not included in line 1 and/or line 2 (section 246(d)) | | | |
| 10 Other dividends | | | |
| 11 Total dividends—Add lines 1 through 10, column (a). Enter here and on line 4, Section II, page 3 | | | |
| 12 Total special deductions—Add lines 5 and 6, column (c). Enter here and on line 30b, Section II, page 3 | | | |

### Schedule E.—Compensation of Officers. Complete Schedule E only if your total receipts (line 1a plus lines 4 through 10 of Section II, page 3) are $150,000 or more (see instructions)

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned: (d) Common | (e) Preferred | (f) Amount of compensation |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total compensation of officers—Enter here and on line 12, Section II, page 3 | | | | | |

### Schedule J.—Tax Computation (see instructions)

1 Check if you are a member of a controlled group (see sections 1561 and 1563) ▶ ☐

2 If line 1 is checked and your tax year includes June 30, 1987, enter your portion of the $25,000 amount in each tax bracket on line a; and the portion of the $50,000 and $25,000 tax bracket on line b. If your tax year begins after June 30, 1987, complete only line b.

a (i) $ ______ (ii) $ ______ (iii) $ ______ (iv) $ ______

b (i) $ ______ (ii) $ ______

| | | | |
|---|---|---|---|
| 3 Income tax (see instructions to figure the tax; enter this tax or alternative tax, whichever is less). Check if alternative tax used ▶ ☐ | | | 3 |
| 4a Foreign tax credit (attach Form 1118) | 4a | | |
| b Credit for fuel produced from a nonconventional source | 4b | | |
| c Orphan drug credit (attach Form 6765) | 4c | | |
| d General business credit. Enter here and check which forms are attached: ☐ Form 3800 ☐ Form 3468 ☐ Form 5884 ☐ Form 6478 ☐ Form 6765 ☐ Form 8586 | 4d | | |
| 5 Total—Add lines 4a through 4d | | | 5 |
| 6 Subtract line 5 from line 3 | | | 6 |
| 7 Tax from recomputing prior-year investment credit (attach Form 4255) | | | 7 |
| 8 Total tax—Add lines 6 and 7. Enter here and on line 2, page 1 | | | 8 |

## SECTION III.– Branch Profits and Branch-Level Interest Taxes

**Part I Computation of Branch Profits Tax**

| | | | |
|---|---|---|---|
| 1 | Enter the effectively connected taxable income or (loss) from line 31, Section II | 1 | |
| 2 | Adjustments to arrive at effectively connected earnings and profits (Make postive adjustments (such as tax-exempt interest income) and negative adjustments (such as Federal income taxes) required by section 312. See instructions for certain types of income included in effectively connected taxable income but not taken into account when computing effectively connected earnings and profits.) (Attach a schedule to Form 1120F showing the nature and amount of these adjustments.) | 2 | |
| 3 | Effectively connected earnings and profits. Combine line 1 and line 2 | 3 | |
| 4 | Enter U.S. net equity at the end of the current tax year. (See instructions for definition of U.S. net equity.) | 4 | |
| 5 | Enter U.S. net equity at the end of the prior tax year | 5 | |
| 6 | Increase in U.S. net equity. Subtract line 5 from line 4. Enter zero if the result is less than zero. (**Exception:** *Corporations with more than one tax year beginning in 1987 may have a decrease in U.S. net equity and may be required to enter an amount less than zero and should see instructions.*) | 6 | |
| 7 | Dividend equivalent amount. Subtract line 6 from line 3. Enter zero if less than zero | 7 | |
| 8 | Branch profits tax. Multiply line 7 by 30% or lower treaty rate (if corporation is a qualified resident). Enter here and on line 3a, page 1. (If treaty rate applies, attach a statement to Form 1120F explaining why the corporation is a qualified resident.) | 8 | |

**Part II Computation of Branch-Level Interest Tax**

| | | | |
|---|---|---|---|
| 1 | Enter the amount of interest allowable as a deduction under regulations section 1.882-5. (Section II, line 18) | 1 | |
| 2 | Enter the amount of interest paid by the U.S. trade or business of the foreign corporation | 2 | |
| 3 | Subtract line 2 from line 1. Enter zero if the result is less than zero | 3 | |
| 4 | Branch-level interest tax. Multiply line 3 by 30% or lower treaty rate (if corporation is a qualified resident). Enter here and on line 3b, page 1. (If treaty rate applies, attach a statement to Form 1120F explaining why the corporation is a qualified resident.) | 4 | |

### Other Deductions

| Explanation | Amount | Explanation | Amount |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | TOTAL—Enter here and on line 27, page 3 | |

### Additional Information Required

**M** Business description (see page 12 of instructions)
(1) Business code *number* ....
(2) Principal business activity ....
(3) Principal product or service ....

| | Yes | No |
|---|---|---|
| **N** Did you claim a deduction for expenses connected with: | | |
| (1) Entertainment facility (boat, resort, ranch, etc.)? | | |
| (2) Living accommodations (except for employees on business)? | | |
| (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).) | | |
| (4) Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings *outside* the North American area? (See section 274(h).) | | |
| (5) Employee or family vacations not reported on Form W-2? | | |
| **O** During the tax year was any part of your accounting/tax records maintained on a computerized system? | | |

**P** Check method of accounting: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

**Q** Enter amount of tax-exempt interest received or accrued during the tax year ▶



### Schedule L.—Balance Sheets

| ASSETS | Beginning of tax year (a) | (b) | End of tax year (c) | (d) |
|---|---|---|---|---|
| 1 Cash | | | | |
| 2 Trade notes and accounts receivable | | | | |
| a Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 Federal and state government obligations | | | | |
| 5 Other current assets (attach schedule) | | | | |
| 6 Loans to stockholders | | | | |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments (attach schedule) | | | | |
| 9 Buildings and other fixed depreciable assets | | | | |
| a Less accumulated depreciation | | | | |
| 10 Depletable assets | | | | |
| a Less accumulated depletion | | | | |
| 11 Land (net of any amortization) | | | | |
| 12 Intangible assets (amortizable only) | | | | |
| a Less accumulated amortization | | | | |
| 13 Other assets (attach schedule) | | | | |
| 14 Total assets | | | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| 15 Accounts payable | | | | |
| 16 Mtges., notes, bonds payable in less than 1 year | | | | |
| 17 Other current liabilities (attach schedule) | | | | |
| 18 Loans from stockholders | | | | |
| 19 Mtges., notes, bonds payable in 1 year or more | | | | |
| 20 Other liabilities (attach schedule) | | | | |
| 21 Capital stock: a Preferred stock | | | | |
| b Common stock | | | | |
| 22 Paid-in or capital surplus | | | | |
| 23 Retained earnings—Appropriated (attach schedule) | | | | |
| 24 Retained earnings—Unappropriated | | | | |
| 25 Less cost of treasury stock | | ( ) | | ( ) |
| 26 Total liabilities and stockholders' equity | | | | |

### Schedule M-1.—Reconciliation of Income Per Books With Income Per Return. You are not required to complete this schedule if your total assets (line 14, column (d), above) are less than $25,000.

| | | | |
|---|---|---|---|
| 1 Net income per books | | 7 Income recorded on books this year not included in this return (itemize) | |
| 2 Federal income tax | | a Tax-exempt interest $ | |
| 3 Excess of capital losses over capital gains | | | |
| 4 Income subject to tax not recorded on books this year (itemize) | | 8 Deductions in this tax return not charged against book income this year (itemize) | |
| 5 Expenses recorded on books this year not deducted in this return (itemize) | | a Depreciation . . . $ | |
| a Depreciation . . . $ | | b Contributions carryover . $ | |
| b Contributions carryover . $ | | | |
| 6 Total of lines 1 through 5 | | 9 Total of lines 7 and 8 | |
| | | 10 Income (line 29, page 3)—line 6 less line 9 | |

### Schedule M-2.—Analysis of Unappropriated Retained Earnings Per Books (line 24 above). You are not required to complete this schedule if your total assets (line 14, column (d), above) are less than $25,000.

| | | | |
|---|---|---|---|
| 1 Balance at beginning of year | | 5 Distributions: a Cash | |
| 2 Net income per books | | b Stock | |
| 3 Other increases (itemize) | | c Property | |
| | | 6 Other decreases (itemize) | |
| 4 Total of lines 1, 2, and 3 | | 7 Total of lines 5 and 6 | |
| | | 8 Balance at end of year (line 4 less line 7) | |

*U.S. GOVERNMENT PRINTING OFFICE: 1987-183-196



# 1987 Instructions for Form 1120F

Department of the Treasury
Internal Revenue Service

## U.S. Income Tax Return of a Foreign Corporation

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

### Items You Should Note

The Tax Reform Act of 1986 made several changes to the way corporations compute their taxable income and their tax liability. Many of these changes are contained in the instructions. For more information, see **Publication 921**, Explanation of the Tax Reform Act of 1986 for Business.

### Paperwork Reduction Act Notice

We ask for the information to carry out the Internal Revenue laws of the United States. The information is used to ensure that taxpayers are complying with these laws and to allow us to figure and collect the correct amount of tax. You are required to give us this information.

## General Instructions

### A. Purpose of Form

Form 1120F is used to report a foreign corporation's income, deductions, credits, and tax to the United States. If a refund is due, Form 1120F may be used to claim it.

### B. Filing the Return

**1. Who Files Form 1120F.**—Except for corporations described in instruction B2, every foreign corporation must file this form if, during the tax year, it did any of the following:

- Had income from any U.S. source.
- Engaged in a trade or business in the U.S., whether or not it had income from that trade or business.
- Had tax preference items, as described in section 57, that affect the corporation's computation of its unrelated business income.
- Overpaid income tax that it wants refunded.

The foreign corporation must file Form 1120F even if its income is tax exempt under an income tax treaty or Code section.

The Mexican or Canadian branch of a U.S. mutual life insurance company must file Form 1120F on the same basis as a foreign corporation if the U.S. company elects to exclude the branch's income and expenses from its own gross income.

A receiver, assignee, or *trustee* in dissolution or bankruptcy must file Form 1120F if that person has or holds title to virtually all of a foreign corporation's property or business. Form 1120F is due whether or not the property or business is being operated.

An agent in the U.S. must file the return if the foreign corporation has no office or place of business in the U.S. when due.

**Consolidated returns.**—A foreign corporation cannot belong to an affiliated group of corporations that files a consolidated return. An exception is made for some Canadian and Mexican subsidiaries maintained solely to own and operate property under Canadian or Mexican law.

**2. Who Does Not File Form 1120F.**—A foreign corporation does not need to file Form 1120F in any of the following cases:

- It did not engage in a trade or business in the U.S. during the year, and its full U.S. tax was withheld at the source.
- It is a beneficiary of an estate or trust engaged in a trade or business in the U.S., but would itself otherwise not need to file.
- It files **Form 1120L**, U.S. Life Insurance Company Income Tax Return, as a foreign life insurance company or **Form 1120PC**, U.S. Property and Casualty Insurance Company Income Tax Return, as a foreign property and casualty insurance company.
- It has filed **Form 8279**, Election To Be Treated as a FSC or as a Small FSC. These corporations must file **Form 1120–FSC**, U.S. Income Tax Return of a Foreign Sales Corporation.

**3. Income of Foreign Governments and International Organizations.**—Income of foreign governments and international organizations from U.S. investments, stock, bonds, or other securities, or interest on bank accounts in the U.S., or financial instruments used in governmental policy are not subject to U.S. taxation. However, income from commercial activities and income from controlled commercial entities are subject to U.S. taxation after June 30, 1986. In addition, these types of income are subject to withholding after October 21, 1986.

**4. Dispositions of U.S. Real Property Interest by a Foreign Corporation.**—A foreign corporation that disposes of its U.S. real property interest must treat the gain or loss as income that is effectively connected with a U.S. trade or business even if the corporation is not otherwise engaged in a U.S. trade or *business*. This *income* must be reported in Section II of Form 1120F and must be reflected on **Schedule D (Form 1120)**, Capital Gains and Losses.

See Rev. Rul 87-66, 1987-29, I.R.B. 6 for the applicability of section 897 to reorganizations and liquidations.

If you have had *income* tax withheld on **Form 8288-A**, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, include the amount withheld as part of line 7g, page 1.

**U.S. real property interest.**—Generally, U.S. real property interest is an interest in real property located in the United States. See section 897 for further details.

**5. When To File.**—Corporations that do not maintain an office or place of business in the U.S. have until the 15th day of the 6th *month* after the end of their tax year to file Form 1120F. They may use **Form 7004**, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to file. However, this extension does not extend the time for payment of tax.

Corporations that maintain an office or place of business in the U.S. have until the 15th day of the 3rd month after the end of their tax year to file Form 1120F.

These corporations are granted under regulations section 1.6081-2(a) an automatic 3-month extension of time to file, without using Form 7004. If a 6-month extension is anticipated, these corporations should file Form 7004 by the 15th day of the 3rd *month* following the close of the tax year. However, this extension does not extend the time for payment of tax.

**Period covered.**—File the 1987 return for calendar year 1987 and fiscal years that began in 1987 and end in 1988. If the return is for a fiscal year, fill in the tax year space at the top of the form.

**Final return.**—If the corporation ceased to exist during the tax year, write "Final return" at the top of the form.

**6. Address.**—The address used on the return *should* be the location of the *books* and records used in the preparation of the return. For foreign corporations engaged in a trade or business in the United States, this will generally be a U.S. address.

**7. Where To File.**—File Form 1120F with the Internal Revenue Service Center, Philadelphia, PA 19255.

**8. Other Forms, Schedules, and Statements That May Be Required.**—

**(a) Forms.** Foreign corporations may also have to file other forms. A partial list includes:

**Form 5471.**—Information Return with Respect to a Foreign Corporation. This form is *filed* by certain *officers*, directors, or U.S. shareholders of certain foreign corporations.

**Form 5472.**—Information Return of a Foreign Owned Corporation. A foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472.

**Form 1042S.**—Foreign Person's U.S. Source Income Subject to Withholding. This form is used to report income payments that are subject to withholding and the amount of tax withheld.

**Form 1042.**—Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, which is used to report withholding tax and to transmit Form 1042S.

**Form 1096.**—Annual Summary and Transmittal of U.S. Information Returns.

**Form 1098.**—*Mortgage* Interest Statement, which is used to report the receipt from any individual of $600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

**Forms 1099-DIV, INT, MISC, and R.**—These are some of the information returns that must be filed to report certain payments, such as dividends and interest. For more information, see the instructions for Forms 1098, 1099, 5496, 1096, and W-2G.

**Schedule PH (Form 1120).**—Computation of U.S. Personal Holding Company Tax. Attach to Form 1120F if the foreign corporation is a personal holding company (section 542) but not a *foreign* personal holding company (section 552).

**Form 4626**, Alternative Minimum Tax—Corporations, is used to compute two taxes.

Form 4626 is used to compute the alternative minimum tax and the environmental tax. See Form 4626 for computation of the alternative *minimum* tax and environmental tax.

**Form 5713.**—International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and IC–DISC benefits.

**Form 8264.**—Application for Registration of a Tax Shelter, used by tax shelter organizers to register tax shelters with the IRS for the purpose of receiving a tax shelter registration number.

**Form 8271.**—Investor Reporting of Tax Shelter Registration Number, used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken.

**Form 8300.**—Report of Cash Payments Over $10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than $10,000 in cash or foreign currency in one transaction (or in a series of related transactions). However, transactions that take place entirely outside the U.S. are not reportable.

**Form 8582.** Passive Activity Loss Limitations. It is used to figure the amount of passive activity loss allowed for the current tax year and the loss to be reported on your tax return. Form 8582 *applies* to personal service corporations and to closely held C corporations who have losses from passive activities.

**(b) Statements.**

**Transfers to corporation controlled by transferor.**—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by regulations section 1.351-3.

**Statement in place of schedules.**—If the foreign corporation has no gross income for the tax year, do not complete the Form 1120F schedules. Instead, attach a statement to the return *showing* what types and amounts of income are excluded from gross income.

**(c) Amended return.**

To correct an error in a Form 1120F already filed, file an amended Form 1120F and write "Amended" across the top.

**(d) Attachments.**

Attach **Form 4136**, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 6, Form 1120F. Attach schedules in alphabetical order and other forms in numerical order after Form 4136.

Please complete every applicable entry space on Form 1120F. Please do not attach statements and write "See attached" in lieu of completing the entry spaces on Form 1120F.

If more space is needed on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. **Be sure to show totals on the printed forms.** Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's employer identification number (EIN) on each sheet.

**9. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief *accounting officer*, or any other corporate officer (such as tax officer) authorized to sign.

A *receiver*, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If a corporate officer filled in Form 1120F, the Paid Preparer's space under the "Signature of officer" should remain blank. If someone prepares Form 1120F and does not charge the corporation, that person should not sign. Certain others who prepare Form 1120F should not sign. For example, a regular, full-time employee such as a clerk, secretary, etc., of the corporation does not have to sign.

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

*The preparer required to sign the return MUST complete the required preparer information and:*

- *Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable); and*
- *Give a copy of Form 1120F to the taxpayer in addition to the copy filed with IRS.*

Tax return preparers should be familiar with their responsibilities. See **Publication 1045**, Information for Tax Practitioners, for more details.

### C. Figuring and Paying the Tax

**1. Accounting**

**Accounting Methods.**—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits otherwise, the corporation may change from the method of accounting it used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on **Form 3115**, Application for Change in Accounting Method. Also see **Publication 538**, Accounting Periods and Methods.

**Note:** The Tax Reform Act of 1986 changed several of the rules governing accounting methods.

(1) For tax years beginning after 1986, corporations (other than qualified personal service corporations) are generally required to use the accrual method of accounting if their average annual gross receipts are $5,000,000 or more. See section 448(c). A corporation changing to the accrual method because of this provision must complete Form 3115 and attach it to Form 1120F.

The corporation must attach a schedule to Form 3115 showing the amount of income to be taken into account as a result of the section 481(a) adjustment over a 4-year period beginning with the year of change. The schedule should also show the basis used in determining the section 481 adjustment. See section 448 and regulations sections 1.448-1T(g) and 1.448-1T(h) for more information. Report the amount of section 481 adjustment on line 10, page 3.

(2) For long-term contracts (except certain real property construction contracts) entered into after February 28, 1986, taxpayers must elect either the percentage of completion or the percentage of completion-capitalization cost method. See section 460 and Notice 87-61, 1987-38, IRB 40 for more information.

(3) The reserve method of computing bad debts has been repealed for tax years beginning after 1986 for most taxpayers. See instruction for line 15 for details.

**Change In Accounting Period.**—Generally, before changing an accounting period, the Commissioner's approval must be obtained (regulations section 1.442-1) by filing **Form 1128**, Application for Change in Accounting Period. Also see Publication 538.

**Note:** *For tax years beginning after 1986, personal service corporations, as defined in section 441(i)(2), must adopt a calendar tax year unless the corporation can establish to the satisfaction of the Secretary that there is a business purpose for having a different tax year.*

*A corporation that is adopting a calendar year must file a short-period return for the first tax year beginning after 1986. These taxpayers should type or legibly print "FILED UNDER SECTION 806 OF THE TAX REFORM ACT OF 1986" at the top of the first page of the return for the first required tax year.*

*Personal service corporations that wish to establish a business purpose for having a different tax year should see Rev. Rul. 87-57, 1987-28, IRB 7, for more information. Personal service corporations that wish to retain a non-calendar tax year must file Form 1128 in accordance with the procedures outlined in Rev. Proc. 87-32, and Announcement 87-82, 1987-37, IRB 30.*

**2. Gross Income.**—For purposes of Form 1120F, a foreign corporation that only has U.S. sourced income that is not effectively *connected* with the U.S. is taxed on its gross income. This income is entered on Section I. The income is taxed at the lower of 30% or treaty rate. An exception is made for gross transportation income which is taxed at 4%.

A foreign corporation that has income that is effectively connected with the U.S. is taxed on all income of the foreign corporation (domestic or foreign sourced). Use Section II, page 3, Form 1120F, to report this income and figure the tax on it.

To determine the source of income, follow sections 861 through 865 and the related regulations, except as tax treaties provide otherwise.



Forms and Instructions

**Election to treat real property income as effectively connected income.**—If a foreign corporation has income from real property in the U.S. or from an interest in such property, the corporation may elect to treat the income as effectively connected with the conduct of a trade or business in the U.S. Income affected by such an election includes:

- Rents or royalties from mines, wells, or other natural deposits; and
- Gain described in section 631(b) or (c).

To make the election, attach a statement indicating that you are making it when you file Form 1120F for the first year involved, for that year and each year the election continues. Use Section II to figure the tax on this income.

Also attach a schedule to Form 1120F showing the name, address, employer identification number (if any), location (state, county, city), address, and site location (if different from address). Also identify the type of real property, *i.e.*, mines, wells, etc.

**3. Paying the Tax.**—

A. Foreign corporations with no office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

The tax may be paid by check or money order, payable to the Internal Revenue Service, and sent to the Internal Revenue Service Center, Philadelphia, PA 19255.

**Note:** *Write the corporation's employer identification number on all payments*

B. Foreign corporations with an office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 3rd month after the end of the tax year. Write the corporation's employer identification number on all payments.

Also, foreign corporations with an office or place of business in the U.S. must deposit their income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (**Form 8109**).

Make these tax deposits with a financial institution qualified as a depositary for Federal taxes or the Federal Reserve bank or branch serving the geographic area where the corporation is located. Do not submit deposits directly to an IRS office; otherwise, the corporation may be subject to a Federal tax deposit penalty. Records of deposits will be sent to the IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information

When completing Form 8109, be sure to darken the "Form 1120" box.

To get more deposit coupons, use the reorder form (**Form 8109A**) provided in the coupon book. If the corporation does not have these coupons, it should contact an IRS district office.

For more information concerning deposits, see **Publication 583**, Information for Business Taxpayers.

### Backup Withholding

If a person receives certain payments and does not give the payer the correct employer identification number, the payer will withhold taxes from those payments. If this type of withholding was withheld from payments, the corporation should show this amount in the blank space in the right hand column between lines 7 and 8, page 1, and label the amount as backup withholding. The corporation should then include the amount in the total for line 8.

**4. Estimated Tax.**—A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be $40 or more.

**Use Form 1120–W (WORKSHEET),** Corporation Estimated Tax, as a worksheet to compute estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least $500. To apply, file Form 4466 within 2½ months after the end of the tax year and before Form 1120F is filed.

### D. Claim for Refund

If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business in the U.S. and Form 1120F is being used as a claim for refund, include all income from sources in the U.S. even though all tax on it was paid at the source.

If the refund results from withholding tax at the source, attach a statement to Form 1120F. The statement should show:

- The amounts of tax withheld;
- The names and post office addresses of withholding agents;
- The name in which the tax was withheld, if different from the taxpayer's name; and
- If applicable, enough information to show that the taxpayer was entitled to a reduced tax rate under a treaty.

### E. Interest and Penalties

Interest and penalty charges are described below. If a corporation files late or fails to pay the tax when due, it may be liable for penalties unless it can show that the failure was due to reasonable cause and not willful neglect.

**1. Interest.**—Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, gross valuation overstatements, and substantial underpayments of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**2. Late Filing of Return.**—A corporation that fails to file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or $100.

**3. Late Payment of Tax.**—Generally the penalty for not paying tax when due is .5% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is imposed on the net amount due.

**4. Underpayment of Estimated Tax.**—A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty. To avoid the estimated tax penalty, deposit at least 90% of the corporation's tax liability. See sections 6655.

If the corporation underpaid estimated tax, attach **Form 2220**, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets.

If there is tax due on line 9, page 1, include the penalty in the total. If there is a refund due, subtract the penalty from the overpayment on line 10, page 1.

Corporations using the annualization exceptions may be able to avoid penalties under section 6655 for installment payments due before July 1, 1987, by using the safe harbor rules provided in regulations section 1.6655-2T.

**5. Overstated Tax Deposits.**—If deposits are overstated, the corporation may be subject to a penalty. See section 6656(b).

### F. Rounding Off

Money items may be shown on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

### G. Overpaid Windfall Profit Tax

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use **Form 6249**, Computation of Overpaid Windfall Profit Tax, to figure the credit. Include the amount of the credit in the total for line 7e, page 1, Form 1120F, and enter the amount of credit in the margin next to line 7e and identify it as "overpaid windfall profit tax."

### H. Schedules L, M-1, and M-2

Foreign corporations that are subject to the branch profits tax must limit Schedules L, M-1, and M-2 to:

The corporation's assets in the U.S. and its other assets effectively connected with its trade or business in the U.S.; and

Its income effectively connected with the conduct of a trade or business in the U.S. and its other income from sources in the U.S.

Other foreign corporations may limit these schedules to effectively connected assets and income; or they may use worldwide assets and income.

Do not complete Schedules M-1 and M-2 if your total assets at the end of the tax year (line 14, column (d) of Schedule L) are less than $25,000.

### I. New Laws That Affect Foreign Corporations

**Source Rules for Personal Property.**—Income from sales of personal property by a foreign corporation will generally be foreign sourced, but a major exception applies if the foreign corporation has an office or other place of business in the U.S. If a foreign corporation has an office or place of business in the U.S., income from any sale of personal property (including inventory) attributable to that office or place of business is U.S. source income. This U.S. source rule is subject only to limited exceptions for sales of inventory described in the next sentence and for amounts included in gross income under section 951(a)(1)(A) (subpart F income). Income from sales of inventory for ultimate use outside the U.S. will be foreign sourced,



but only if an office or other place of business of the foreign corporation located outside the U.S. materially participated in the sale. These new source rules are generally effective for tax years beginning after 1986, but foreign corporations other than controlled foreign corporations must use these new source rules for transactions entered into after March 18, 1986. See section 865 for definitions, and for exceptions for intangible property and depreciable property. See section 988 for new rules for sourcing income from certain foreign currency transactions.

**New Rules for 80-20 Corporations.**—Interest income received by a foreign corporation from an 80-20 corporation will be considered foreign sourced only if the corporation shows to the satisfaction of the Commissioner that it has met the 80% active foreign business requirement during the testing period (defined below).

Active foreign business income is income that is derived from sources outside the U.S and that is attributable to the active conduct of a trade or business in a foreign country or U.S. possession.

The testing period is the 3 years ending with the close of the tax year preceding the year of payment. If the corporation has no income during the 3-year period (or part thereof), the testing period is the tax year in which payment is made.

A new source rule also applies to dividends paid by 80-20 corporations. In general, dividends paid after 1986 by an 80-20 corporation to a foreign corporation are treated as U.S. source income. If, however, the dividend is not effectively connected with a U.S. trade or business of the foreign corporation, no withholding tax applies to the percentage of the dividend equal to the 80-20 corporation's active foreign business income to total income for the testing period (section 861(c)(2)(A)). Generally, these new rules are effective for payments made after 1986. For more information, including exceptions and withholding rules, see section 1214 of the Tax Reform Act of 1986.

**Basis of Property and Inventory Costs for Property Imported by a Related Person.**—If property is imported into the U.S. by a related person in a transaction entered into after March 18, 1986, and the property has a customs value, the basis or inventory cost to the importer cannot exceed the customs value For more information, see section 1059A.

**Certain Deferred Payments and Appreciation Treated as Income Effectively Connected With the U.S.**—Any income of a foreign corporation that is attributable to a sale or exchange of property or the performance of service, or in any other transaction received in any tax year, is considered income effectively connected with the U.S. trade or business if the original transaction that gives rise to the income was effectively connected with the U.S. trade or business or occurs within 10 years after the property ceases to be held for use in a U.S. trade or business. For more information, see section 864(c).

**Section I.—Income From Sources in the U.S. that Is Not Effectively Connected with the U.S.**

Any gross income of this kind is taxed at 30% or lower treaty rate, except for gross transportation income, which is taxed at 4%. No deductions are allowed against this type of income.

Corporations organized in, or under the laws of Guam, American Samoa, Northern Mariana Islands, or the Virgin Islands will not be treated as a foreign corporation if they meet the rules of section 881(b).

Income not effectively connected with the U.S. includes only the following to the extent it is not effectively connected:

1. Interest (other than effectively connected interest), dividends, rents, royalties, salaries, wages, premiums, annuities, compensation, and other fixed or determinable periodic income. Certain portfolio interest is not taxable for obligations issued after July 18, 1984. See section 881(c) for more details.

2. For rules regarding payments received after September 15, 1984 on original issue discount obligations issued after March 31, 1972, withholding is imposed on the proceeds from sale, exchange, or retirement (see section 881(a)(3)). For rules regarding income received on original issue discount obligations issued before April 1, 1972, withholding is required both on payments of stated interest as well as on proceeds from sale, exchange, or retirement (see section 881(a)(3) as it existed before amendment by the Tax Reform Act of 1984).

3. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest.

4. Gains from the sale or exchange of patents, copyrights, and other intangible property described in section 881(a)(4).

**Gross Transportation Tax.**—A new tax is levied on foreign corporations that receive income from the transportation of people or property that either begins or ends in the U.S. or from the leasing or renting of vessels or aircraft involved in such transportation. The tax is imposed on income that is not effectively connected with a U.S. trade or business. One-half of the gross transportation income is considered U.S. sourced. A 4% tax is applied on the U.S. portion of the gross transportation income. Corporations subject to this tax should enter one-half of the amount of gross income in the first column of line 9 of Section I; and enter the amount of tax in column 3 of line 9. In addition, these corporations should attach a statement to Form 1120F showing the dates the vessels or aircraft entered or left the U.S. and the amount of gross income for each trip Also attach to the return any information required by regulations under section 887.

The gross transportation tax will not be imposed on effectively connected income. Whether the tax is effectively connected with the U.S. is determined by two tests. First, the corporation must have a fixed place of business in the U.S., and second, substantially all of the U.S. sourced income must be attributable to regularly scheduled transportation (or the leasing of vessels and aircraft is attributable to a fixed place of business in the U.S.). For more information, see section 887.

**Section II.—Income Effectively Connected With the Conduct of a Trade or Business in the U.S.**

Foreign corporations engaged in a trade or business in the U.S. are taxed at regular corporate rates on all of the following income:

1. Income, gain, or loss from U.S. sources derived in the conduct of the trade or business.

2. Limited categories of foreign source income.

3. Certain fixed or determinable periodic income from U.S. sources.

4. Gain or loss from U.S. sources from the sale or exchange of capital assets if:

- The income, gain, or loss is from assets used in, or held for use in, the conduct of the corporation's trade or business, or
- The activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.

For more information, see section 864(c).

Gains on disposition of stock in an IC–DISC or former DISC and distributions from accumulated DISC income, including deemed distributions, are treated as coming from a trade or business conducted through a permanent establishment in the U.S.

A foreign corporation not engaged in a trade or business in the U.S. will not report income in Section II unless it:

- Elects to treat real property income as effectively connected income;
- Was created or organized and is carrying on a banking business in a U.S. possession, and receives interest on U.S. obligations. In that case, the interest is treated as effectively connected income; or
- Has gain or loss from disposition of interest in U.S. real property.

### Income

*(Numbered to correspond with the line numbers in Section II of the return.)*

**In lines 1 through 10, enter gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.**

**1. Gross receipts.**—Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments, see regulations section 1.451-3. The rules for long-term contracts have been changed by the Tax Reform Act of 1986. See section 460 for more information.

Changes have also been made to the installment method. Effective for tax years beginning after 1986, the installment method is no longer available for any sale of personal property under a revolving credit plan.



The use of the installment method is limited by the proportionate disallowance rules of new section 453C for sales of real property held for sale to customers or the sale of personal property by a dealer after February 28, 1986.

Additional income (in the case of sales of real property by dealers) or additional tax (in the case of sales of personal property by dealers) generated by the application of the proportionate disallowance rules is taken into account or treated as being imposed ratably over a three-year period. See sections 811(c)(6) and 811(c)(7) of the Tax Reform Act of 1986 for more information. Dealers of personal property should also see the instructions for Schedule J, Tax Computation. The proportionate disallowance rules do not apply to certain sales by manufacturers to dealers. A seller of real property may also elect to have the proportionate disallowance rules not apply in certain sales of timeshares and residential lots.

If the installment method is used, enter on line 1 the gross profit on collection from installment sales (real property dealers enter this amount as modified by section 811(c)(6) of the Tax Reform Act of 1986) and carry this amount to line 3. Attach a schedule showing the following for the current tax year and the three preceding tax years: a) gross sales, b) cost of goods sold, c) gross profits, d) percentage of gross profits to gross sales, e) amounts collected, and f) gross profit on amounts collected.

Increase the amount collected by any allocable installment indebtedness required by section 453C.

After 1986, accrual basis corporations generally need not accrue income from the performance of services which, on the basis of their experience, will not be collected (section 448(d)(5)). Corporations that fall under this provision should attach Form 3115 and a schedule showing total gross receipts, amount not accrued as a result of the application of section 448(d)(5), and the net amount accrued. The net amount should be entered on line 1a, Section II. For information and guidelines on this "non-accrual experience method," see regulations section 1.448-2T.

**2. Cost of goods sold.**—See instructions for Schedule A.

**4. Dividends.**—See instructions for Schedule C.

**5. Interest.**—Enter interest on U.S. obligations and loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc. Do not offset interest income against interest expense.

**6. Gross rents.**—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

**8. Capital gain net income.**—Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120), even though there is no gain or loss. For purposes of computing the adjustments to the accumulated earnings tax under section 535(b)(5), foreign corporations must only include capital gains and losses that are effectively connected with a trade or business in the U.S.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax on Schedule D (Form 1120) to see if it produces a smaller tax. Corporations whose tax years begin after June 30, 1987, are not eligible for the alternative tax.

**9. Net gain or (loss).**—Enter the net gain or loss from Part II, **Form 4797**, Gains and Losses From Sales or Exchanges of Assets Used in a Trade or Business and Involuntary Conversions.

**10. Other income.**—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in earlier years under the specific charge-off method (also see instructions for line 15, Bad Debts); the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478, Credit from Alcohol Used as Fuel; and refunds of taxes deducted in prior years to the extent they reduced income subject to tax in the year deducted (see section 111). Do not offset current year taxes with refunds.

If "other income" consists of one item, explain what it is in parentheses on line 10.

Many changes made by the Tax Reform Act of 1986 result in a change in method of accounting for the corporation and require income adjustments under section 481(a). Include any section 481(a) adjustment on line 10 and attach a schedule showing the nature and amount of the adjustment.

### Deductions

*In computing the taxable income of a foreign corporation engaged in a trade or business within the U.S., deductions are allowed only to the extent that they are connected with income that is effectively connected with the conduct of a trade or business within the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See regulations under sections 861 through 864, and 881 through 883 for allocation of deductions.*

**Limitations on deductions.**—

**1. Section 263A Uniform Capitalization Rules.**

Many items that were deductible under prior law must now be capitalized or included in inventory under the new uniform capitalization rules of section 263A. The new rules require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by the taxpayer, includes films, sound recordings, video tape, books, or similiar property. The rules also apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to these rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that relate to the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is governed by special rules. The uniform capitalization rules also apply to property constructed or improved by the taxpayer for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are $10,000,000 or less. It does not apply to timber or to property produced under a long-term contract. Special rules apply for farmers. The rules do not apply to property which is produced for use by the taxpayer if substantial construction has occurred before March 1, 1986. The uniform capitalization rules are generally effective for costs and interest paid or incurred after 1986. With respect to inventory, the uniform capitalization rules apply to tax years beginning after 1986. Transitional rules are contained in section 803 of the Tax Reform Act of 1986.

In the case of inventory, some of the indirect costs which may not have been capitalized before the Tax Reform Act of 1986 which must now be capitalized are administrative expenses, taxes, depreciation, insurance costs, compensation paid to officers attributable to services, rework labor; and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Current deductions may be claimed for research and experimental costs under section 174, intangible drilling costs for oil, gas, and geothermal property, mining, and exploration and development costs incurred in the U.S. Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see regulations section 1.263A-1T.

**2. Meals and Entertainment.**—For tax years beginning after 1986, the amount deductible for business meals and entertainment is generally limited to 80% of the amount otherwise deductible. In addition, meals may not be lavish or extravagant; a bonafide business discussion must occur during, immediately before, or immediately after the meal; and your employee must be present at the meal.

Special rules apply to deductions for tickets to entertainment activities. With the exception of certain charitable sporting events, the deduction for the cost of a ticket is limited to the face value of the ticket. If the corporation rents a skybox in the same arena for more than one event, the deduction is limited to the sum of the face value of non-luxury box seats for all the events.

The limitation is phased in over a three year period. For tax years that begin in 1987, only one-third of the difference between the cost of luxury sky box and the value of the non-luxury box seats will be disallowed. For tax years beginning in 1988, two-thirds of the difference will be disallowed. For tax years beginning in 1989 and thereafter, only the costs of the non-luxury box seats will be allowed. After these reductions have been made, the 80% limitation is applied.

**3. Transactions between related taxpayers.** Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.



**4. Golden parachute payments.**—A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

**5. Business start-up expenses.**—Business start-up expenses are required to be capitalized unless an election is made to amortize them over a period of 60 months. See section 195.

**Deductions.**—*Numbers correspond with line numbers in Section II.*

**12. Compensation of officers.**—Enter on line 12 the total compensation of officers.

Complete Schedule E only if your total receipts (line 1a plus lines 4 through 10 of Section II, page 3) are $150,000 or more. Complete Schedule E for all officers.

**13. Salaries and wages.**—Enter on line 13a the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a simplified employee pension.

*Caution: If you provide taxable fringe benefits to your employees, such as personal use of a car, do not deduct as wages the amount allocated for depreciation and other expenses that you claimed on lines 20 and 27.*

Enter on line 13b the amount of jobs credit from **Form 5884**, Jobs Credit, determined without regard to the limitation on tax.

**14. Repairs.**—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

**15. Bad debts.**—Enter the total bad debts that became worthless in whole or in part during the tax year.

The reserve method of computing bad debts has been repealed for tax years beginning after 1986 for all taxpayers except small banks and thrift institutions. If a corporation maintained such a reserve for its last tax year beginning before 1987, it must change to the specific charge-off method in 1987. The corporation must include the balance remaining in the reserve in income ratably over a 4-year period. Include the amount reportable as income on line 10, Section II, and attach a computation The change from the reserve method to the specific charge-off method is treated as a change in accounting method and shall be considered as approved by the Commissioner. A small bank or thrift using the reserve method in 1987 should attach a schedule showing how it arrived at the current year's provision.

**17. Taxes.**—Enter taxes paid or accrued during the tax year, but do not include the following:

1. Federal income taxes;
2. Foreign or U.S. possessions income taxes if a foreign tax credit is taken;
3. Taxes not imposed on the corporation;
4. Taxes, including state or local sales taxes, that are paid or incurred in connection with an acquisition or disposition of property (such taxes must be treated as part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized in the disposition).

If the corporation is liable for the environmental tax under section 59A, see Form 4626 for computation of the environmental tax deduction.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

See section 906(b)(1) for rules concerning certain foreign taxes imposed on income from U.S. sources that may not be deducted or credited.

**18. Interest.**—See section 864(e) for the interest deductions allowed to foreign corporations.

Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions, see section 265(b).)

Mutual savings banks, building and loan associations, and cooperative banks can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings.

Also see section 7872 for information on the deductibility of foregone interest on certain below-market rate loans.

Generally, the interest and carrying charges as to straddles are not deductible and must be capitalized. See section 263(g).

Interest paid or incurred after 1986 that is allocable to certain property produced by a corporation for its own use or for sale must be capitalized. In addition, a corporation also must capitalize any interest on debt it incurred or continued in connection with an asset needed to produce the above property. See section 263A for definitions and more information.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years after the current tax year. Please see **Publication 545**, Interest Expense.

**19. Contributions.**—Enter contributions or gifts actually paid within the tax year to, or for the use of, charitable and governmental organizations described in section 170(c), and any unused contributions carried over from earlier years.

The total amount claimed may not exceed 10% of taxable income (line 31) computed without regard to the following: (1) any deduction for contributions, (2) the special deductions in line 30b, (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the tax year under section 172, and (5) any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years. A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3rd month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

If a contribution is in property other than money and the total claimed value of all property contributed is more than $500, corporations (other than closely held and personal service corporations) shall attach a schedule describing the kind of property contributed and the method used in determining its fair market value.

Closely held corporations and personal service corporations must complete **Form 8283**, Noncash Charitable Contributions, and attach it to Form 1120F.

If you made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

**Special rule for contributions of certain property.**—For a charitable contribution of property, reduce the contribution by the sum of:

(1) the ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value; and

(2) for certain contributions made in tax years beginning after June 30, 1986, all of the long-term capital gain that would have resulted if the property were sold at its fair market value.

The reduction for all of the long-term capital gain applies to: (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (See section 170(e) and regulations section 1.170A-4.)

For special rules regarding the contribution of inventory and other property to certain organizations, see section 170 (e)(3) and regulations section 1.170A-4A.

A corporation (other than a personal holding company or a personal service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. See section 170(e).

**20. Depreciation.**—New depreciation rules apply to corporations for tax years beginning after 1986. See **Form 4562**, Depreciation and Amortization, for more details. In addition, the maximum deduction under section 179 has been raised from $5,000 to $10,000. The section 179 deductions will be recaptured if the business use drops to 50% or less.

The deduction for amortization of trademark and trade name expenses has been repealed for expenses paid or incurred after 1986. See the instruction for Form 4562 for more information on changes to the rules for depreciation brought about by the Tax Reform Act of 1986.



Forms and Instructions

**23. Depletion.**—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite). The reduction in a corporation's deduction for iron ore and coal (including lignite) has been increased from 15% to 20%.

Foreign intangible drilling costs and foreign exploration and development costs paid or incurred after 1986 must be added to the corporations's basis for computing cost depletion or be ratably deducted over a 10-year period.

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is claimed.

**25. Pension, profit-sharing, etc., plans.**—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to timely file these forms.

In addition, there is a penalty for overstating the pension plan deduction. For more information, see new section 6659A.

**Form 5500.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C or 5500-R.**—Complete the applicable form for each plan with fewer than 100 participants.

**Form 5500EZ.**—Complete this form for a one participant plan.

**26. Employee benefit programs.**—Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 25.

**27. Other deductions.**—Generally, a deduction may not be taken for any amount allocable to a class of exempt income including income exempt by tax treaty.

If an item is indirectly attributable both to taxable income and exempt income, allocate a reasonable portion of the item to each class of income. Make the allocation in light of all the facts involved.

Attach a statement showing: (1) each class of exempt income, and (2) the expense items allocated to each class. Show separately the amount allocated by apportionment.

A corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan that the corporation maintains. However, a deduction may only be taken if the dividends are:

1. Paid directly in cash to the plan participants, or
2. Paid to the plan, which distributes them in cash to the plan participants, no later than 90 days after the end of the plan year in which the dividends are paid. (See section 404(k).)

For other allowable deductions, see section 404(k)(2)(C).

Generally, deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business. However, do not deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation.

**(Note:** *You may be able to deduct the expense if the amount is treated as compensation and reported on* ***Form W-2****, Wage and Tax Statement, for an employee or* ***Form 1099–MISC****, Statement for Recipients of Miscellaneous Income, for an independent contractor.)* ***See Publication 463****, Travel, Entertainment, and Gift Expenses, for more details.*

**Note:** *Do not deduct penalties imposed on corporations such as those included in General Instruction E.*

**29. Taxable income before NOL deduction and special deductions.—At-risk and passive loss limitations.**

Special "at-risk" rules under section 465 generally apply to closely held corporations (as defined in section 465(a)(1)(B)) and personal holding companies engaged in any activity such as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 29. However, the at-risk rules do not apply to: (1) holding real property (other than mineral property) placed in service by the taxpayer before 1987; (2) equipment leasing under section 465(c)(4), (5), and (6); and (3) any qualifying business of a qualified corporation described in section 465(c)(7).

If the "at-risk" rules apply, adjust the amount on line 29 for section 465(d) losses. These losses are limited to the amount for which such a corporation is at risk for each separate activity at the close of the tax year.

A corporation involved in more than one activity that incurs a loss for the year, should report each loss separately and file **Form 6198**, Computation of Deductible Loss From an Activity Described in section 465(c), for each "at-risk" activity.

If the corporation sells or otherwise disposes of an asset, or its interest (either total or partial) in an activity to which the "at-risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the at-risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

**Passive Activity Loss Limitations**

The passive loss rules of section 469 apply to closely held C corporations and personal service corporations. Corporations subject to the passive loss rules must complete **Form 8582**, Passive Activity Loss Limitations, to compute their allowable passive activity loss. Before completing Form 8582, see regulations section 1.163-8T, which provides rules for allocating interest expense among activities. If a passive activity is also subject to the at-risk rules of section 465, the at-risk rules apply before the passive activity rules apply. For more information, see section 469 and **Publication 925**, Passive Activity and At-Risk Rules. A corporation subject to the passive loss limitations may also be required to adjust credits attributable to passive activities on **Form 8582-CR**, Passive Activity Credit Limitations.

**Special Instructions for Form 8582.**—Corporations subject to the passive loss rules should complete the following sections of Form 8582: Part I (only lines 2a through 2g and 3), and, if applicable, all of Part III. Also complete the applicable worksheets in the Instructions for Form 8582. Special rules apply to closely held corporations (see below).

In completing Worksheets 2, 4, and 5 (in the Instructions for Form 8582), enter net income or (loss) from each separate activity in the appropriate column of these worksheets. Also, show the net gain or (loss) for each transaction reportable on Schedule D or Form 4797 as a separate activity in those worksheets.

If line 3 of Form 8582 is net income, all of the corporation's passive activity losses are allowed. Complete Form 1120F and related forms and schedules in the regular manner, disregarding the passive activity loss limitation rules.

If line 3 is a loss, enter -0- on line 9 and complete lines 10 through 19 of Form 8582. Use worksheets 4 and 5 to figure the allowed and unallowed amount of each loss. From column (c) of worksheet 5, enter the allowed portion of any Schedule D or Form 4797 loss on Schedule D or Form 4797.

If the corporation's passive losses consist only of Schedule D or Form 4797 losses, no adjustment to line 29 of Form 1120F is necessary. If the corporation's passive losses are limited to: a) Schedule D or Form 4797 losses and losses from "other passive activities;" or b) just losses from "other passive activities," the amount of unallowed loss(es) for other "passive activities" is the amount in column (c) of Worksheet 4. Add the total of these unallowed "other passive activities loss(es)" and increase the taxable income (or reduce the loss, which may result in taxable income if the adjustment is significant) shown on line 29, Form 1120F by this amount. Write the amount of the adjustment in the space to the left of line 28, and label as FALA (Passive Activity Loss Adjustment).

**Closely held corporations.**—Closely held corporations may use the "net active income" to offset any loss on line 2g, Form 8582. Net active income is taxable income for the tax year determined without regard to any income, expense, gain, or loss from a passive activity and any item of gross income, expense, gain or loss, under section 469(e)(1)(A). Closely held C corporations should combine the loss, if any, on line 2g, Form 8582, with net active income and enter the result on line 3, Form 8582. The net active income should also be added in on line 18, Form 8582, along with any other income entered on line 2a and 2d.

**30a. Net operating loss deduction.**—The net operating loss deduction is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).) If the deduction is taken, explain its computation on an attached sheet.

Generally, a corporation may carry a net operating loss back to each of 3 years before the year of the loss and a carryover to each of the 15 years after the year of loss.



The corporation may also elect to carry-over the loss just to each of the 15 years after the year of loss. The election is made by attaching a statement to a timely filed return, including extensions. The election is irrevocable.

The corporation may carry back 10 years the part of the net operating loss attributable to product liability losses. (See section 172(b)(1)(L)). See regulations section 1.172-13(c) for the required statement that must be attached to Form 1120F when claiming the 10-year carryback on product liability losses. The election may be made by attaching a statement to a timely filed return, including extensions. The election is irrevocable.

After applying the net operating loss to the first tax year to which it may be carried, the part of the loss you may carry to each of the remaining tax years is any excess of the loss over the sum of the modified taxable income for each of the earlier tax years to which the corporation may carry the loss. (Section 172(b).)

If there is a carryback of a net operating loss, a net capital loss, or an unused credit, file **Form 1139**, Corporation Application for Tentative Refund, within 12 months after the end of the tax year for a quick refund of tax. (Section 6411.)

**Limitations on Net Operating Loss Carryovers and On Excess Credit Carryovers**

Net operating loss carryovers and excess credit carryovers will be limited when there is an ownership change or an equity structure switch. An ownership change occurs when one or more shareholders increase their ownership by more than 50 percentage points.

See section 382 and regulations sections 1.382-1T and 1.382-2T for rules and other information.

**Note:** *The rule allowing financial institutions to carry their net operating loss back 10 years and forward 5 years is generally repealed for tax years beginning after 1986. For tax years beginning after 1986, most financial institutions may carry net operating losses back 3 years and forward 15 years. A special 10-year carryback provision applies to certain commercial banks that compute their deduction for bad debts using the specific charge-off method. See section 172(b)(1)(L) for more information.*

Section 172 (b)(1) describes types of losses for which the 15-year carryforward period does not apply.

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see **Publication 536**, Net Operating Losses.

**30b. Special deductions.**—See instructions for Schedule C.

## Schedule A—Cost of Goods Sold and/or Operations

*(Line references are to the lines in Schedule A.)*

**Valuation methods.**—Inventories can be valued at: (a) cost, (b) cost or market value, whichever is lower, or (c) any other method approved by the Commissioner of Internal Revenue that conforms to the applicable regulations cited below.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for Federal income tax purposes. For further details, see regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B. 738.

**Section 263A Uniform Capitalization Rules.**—The uniform capitalization rules of section 263A are discussed in general in the instructions for limitation on deduction on page 5. See those instructions before proceeding.

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A. To the extent that section 263A costs were not included in inventory for prior years, corporations must revalue their beginning inventory. Corporations may elect one of the simplified methods of accounting for section 263A costs provided in the regulations for purposes of both revaluing their inventory and accounting for costs in subsequent years. (See the instructions for line 4a below.) If a simplified method is not elected, taxpayers are required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required of inventoriable costs under prior law.

**Line 1.**—Beginning inventory for tax years beginning after 1986 must be revalued as if the section 263A rules had been in effect for all prior periods. Enter the revalued beginning inventory on line 1. An adjustment to income is required by section 481. The amount of the adjustment should appear on line 10, page 3 and be identified as an adjustment required by section 263A. If more than 1 item is included on line 10, attach a separate schedule identifying the section 263A adjustment and other items included on line 10. The section 481 adjustment is taken into account over a period not to exceed 4 years. In addition, since the application of section 263A is considered a change of accounting method, corporations are required to show a computation of the adjustment by attaching the November 1987 revision of Form 3115 to Form 1120F. See the regulations for more information on revaluing beginning inventory.

**Line 4a.**—An entry is required on this line only for corporations electing a simplified method of accounting. In the case of a taxpayer electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in inventory under the taxpayer's method of accounting immediately prior to the effective date in regulations section 1.263A-1T but that are now required to be capitalized under section 263A. In the case of taxpayers electing the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing; purchasing; handling, processing, assembly, and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a the balance of section 263A costs paid or incurred during the tax year not included on lines 2 and 3. See regulations section 1.263A-1T for more information.

**Line 4b.**—Enter on line 4b any costs paid or incurred during the tax year not entered on lines 2 through 4a.

**Line 6.**—See regulations section 1.263A-1T for more information on computing the amount of additional section 263A costs to be capitalized and added to ending inventory.

**Line 8.**—In line 8a, check the method(s) used for valuing inventories. Under lower of cost or market, market generally applies to normal market conditions when a current bid price prevails at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. See regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) if such a price can be established. See regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, attach **Form 970**, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8b. Enter the amount or percent of total closing inventories covered under section 472 in line 8c. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "writeup" opening inventory to cost in the year of election, report the effect of this writeup as income in Section II, line 10, page 3, ratably over a 3-year period that begins in the tax year the election was first made. (See section 472(d).)

## Schedule C—Dividends and Special Deductions

*(Line references are to the lines in Schedule C.)*

**Column (a)**

**Line 1.** Enter dividends received from domestic corporations subject to income tax and the deduction under section 243(a)(1) and certain dividends received from Federal Home Loan Banks (section 246(a)(2)). For dividends received from a regulated investment company, see section 854 for the amount subject to the section 243(a) deduction.

Include on this line taxable distributions received from an IC–DISC or former DISC that are designated as being eligible for the section 243(a) dividends-received deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

Do not enter on this line any dividends received on "debt-financed" stock acquired after July 18, 1984. "Debt-financed" stock is stock that the corporation incurred a debt in acquiring.



**Line 2.** Enter dividends on debt-financed stock acquired after July 18, 1984 that are received from domestic and foreign corporations subject to income tax and that would otherwise be subject to the dividends received deduction under section 243(a)(1) or 245(a).

**Line 3.** Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

**Line 4.** Enter the dividends from foreign corporations and dividends received from FSCs that are attributable to qualified carrying charges and interest. Do not enter dividends on this line from any dividends on debt-financed stock acquired after July 18, 1984.

**Line 7.** Enter all other dividends received from foreign corporations that do not qualify for a dividends-received deduction.

**Line 8.** If the corporation claims the foreign tax credit, the tax that is deemed paid under section 902(a) (relating to credit for a corporate stockholder in a foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

**Line 9.** Enter taxable distributions from an IC–DISC or former DISC that are designated as not being eligible for the dividends-received deduction. See sections 246(d), 995(b), and 996(a)(3).

**Line 10.** Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the section 243(a) deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856–860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above (including distributions under section 936(h)(4)).

**Line 1, columns (b) and (c)**

The dividends-received deduction percentage for dividends on domestic corporation stock that is not debt-financed is 80%.

A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (Section 243(a)(2)).

**Line 2, columns (b) and (c)**

The dividends-received deduction for dividends received on debt-financed stock is explained in section 246A. This section applies to dividends received from domestic and foreign corporations after July 18, 1984. The dividends received deduction for dividends received on debt-financed stock is explained in section 246A.

Dividends received on debt-financed stock are not entitled to the full 80% dividends received deduction. The 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A.

Attach a schedule showing how you have computed the amount of allowable deduction for each share or block of shares that were "debt-financed."

**Line 3, columns (b) and (c)**

Dividends on certain preferred stock of public utilities are entitled to a dividends-received deduction percentage of 55.652% if they are received before July 1, 1987. For these dividends received after June 30, 1987, the dividends-received deduction percentage is 47.059%.

Multiply the dividends received in each period by the proper percentage to determine the correct dividends-received deduction.

**Line 4, columns (b) and (c)**

For tax years beginning after 1986, only corporations that have at least a 10% interest in a foreign corporation may claim a deduction for dividends received from a foreign corporation. The dividends-received deduction is only allowed on the U.S.-source portion of the post-1986 earnings. For more information, see section 245(a).

In addition, only domestic corporations can claim a dividends received deduction for dividends received from a FSC.

Eligible for the 80% dividends-received deductions is the portion of a FSC's income that is attributable to qualified carrying charges and interest.

**Column (c)**

**Exclusion of certain dividends.**—In general, no dividends received deduction will be allowed on any share of stock, (a) if the corporation held it 45 days or less (see section 246(c)(1)(A)), or (b) to the extent the corporation is under an obligation to make corresponding payments for substantially identical stock or other securities.

No dividends received deduction is allowed under section 243 for a dividend from an IC–DISC or former DISC to the extent the dividend is paid out of the corporation's accumulated DISC income, previously taxed income, or is a deemed distribution under section 995(b)(1).

**Line 5. Limitation on dividends-received deduction.**—Line 5 may not be more than 80% of line 29, page 3. For this purpose compute line 29, page 3, without regard to any adjustment under section 1059 and any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 80% limit does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

**Line 6. Deduction for dividends paid on certain preferred stock of public utilities.**—Section 247 allows public utilities a deduction of 30.435% (for dividends paid before July 1, 1987) OR 41.176% (for dividends paid after June 30, 1987) of the lesser of:

1. Dividends paid on their preferred stock during the tax year, or
2. Taxable income computed without regard to this deduction.

In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

## Schedule J—Tax Computation

Foreign corporations should compute their tax liability on Schedules A and B of the Tax Computation Worksheet on page 11. Members of a controlled group, see instructions for lines 1 and 2 below before proceeding to page 11. If the corporation is a dealer in personal property and is using the installment method in 1987, see section 811(c)(7) of the Tax Reform Act of 1986 to figure the taxable portion of its tax attributable to section 453C to be included in line 3, Schedule J. Write in the space to the left of line 3, Schedule J, "Sec. 453C tax computation." Attach a schedule showing the computation.

**Additional Tax**

The Tax Computation Worksheet includes the computation of an additional 5% tax on the excess of a corporation's taxable income over a specified amount. The "specified amount" has been changed effective July 1, 1987 from $1,000,000 to $100,000. The maximum amount of the additional tax (previously $20,250) has been changed to $11,750.

**Alternative Tax**

If the tax year of the corporation begins before July 1, 1987, and the corporation has a net capital gain on line 10, Schedule D (Form 1120), the alternative tax computation may apply. To compute the alternative tax, complete Schedules A and B of the Tax Computation Worksheet on page 11 as instructed, and enter the amount from line 34, Schedule B on line 12, Part IV, Schedule D (Form 1120). Complete the rest of Part IV, and enter the lesser of the alternative tax or the tax figured by the regular method on line 3, Schedule J, Form 1120F.

**Lines 1 and 2.**—Members of a controlled group, as defined in section 1563, are entitled to only the amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See regulations section 1.1561-3(b) for these requirements and for the time and manner of making the consent.

**Equal Apportionment Plan.** If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves.

**Unequal Apportionment Plan.** Members of a controlled group may elect an unequal apportionment plan and divide the amount in each taxable income bracket as they wish. Any member of the controlled group may be entitled to all, some, or none of the amount in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than the total amount in any taxable income bracket.)

**Line 3.**—Enter on line 3 the amount of taxable income from line 31, page 3.

**Tax Credits**

**Line 4a. Foreign tax credit.**—A foreign corporation engaged in a trade or business within the U.S. can take a credit for income, war profits, and excess profits taxes paid, accrued, or deemed paid to any foreign country or U.S. possession during the tax year. This credit applies to income effectively connected with the conduct of a trade or business within the U.S. See sections 901, 902, 906, and Form 1118, Computation of Foreign Tax Credit—Corporations.



**Line 4b. Credit for fuel produced from a nonconventional source.**—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, and provisions for figuring the credit. Attach a separate schedule showing the computation of the credit.

**Line 4c. Orphan drug credit.**—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit).

**Line 4d. General business credit.**—See **Form 3800**, General Business Credit, for rules that apply when claiming this credit, which encompasses: the investment credit, **(Form 3468)**; jobs credit, **(Form 5884)**; alcohol fuel credit, **(Form 6478)**; the credit for increasing research activities **(Form 6765)**; and low income housing credit **(Form 8586)**.

**Line 7. Tax from recomputing a prior year investment credit.**—If property is disposed of or ceases to be qualified property before the end of the life-years category used in computing the regular or energy investment credit, there may be a recapture of the investment credit. (See **Form 4255**, Recapture of Investment Credit.)

**Section III—Branch Profits Tax**

For tax years beginning after 1986, foreign corporations are subject to a tax of 30% (or lower treaty rate) on the profits of their branches in the U.S. The tax is imposed on the "dividend equivalent amount." The dividend equivalent amount is the effectively connected earnings and profits of the foreign corporation subject to adjustment.

Effectively connected earnings and profits are earnings and profits that are attributable to income which is effectively connected or is treated as being connected with the active conduct of a trade or business in the U.S. Certain types of income are not taken into account when computing effectively connected earnings and profits for purposes of this tax. These types of income are: 1. income from the operation of ships or aircraft that is exempt from taxation under section 883(a)(1) or (2); 2. FSC income and distribution treated as effectively connected with the conduct of a trade or business in the U.S. under section 921(d) or 926(b); 3. gain on the disposition of an interest in a U.S. corporation that is a U.S. real property interest under section 897(c)(1)(A)(ii); and 4. income of a related person insurance company which a taxpayer elects to treat as effectively connected with the conduct of a trade or business in the U.S. under section 953(c)(3)(C).

**Adjustments**

The effectively connected earnings and profits of the foreign corporation will either be increased or decreased by decreases or increases of the foreign corporation's U.S. net equity. If the foreign corporation's U.S. net equity has increased from the end of the preceding tax year to the end of the current tax year, the effectively connected earnings and profits of the foreign corporation will be decreased for the current tax year by the amount of increase. If the foreign corporation's U.S. net equity has decreased from the end of the preceding tax year to the end of the current tax year, the earnings and profits of the foreign corporation will generally be increased in the current tax year by the amount of decrease.

The amount of the increase of the foreign corporation's effectively connected earnings and profits is limited to previous increases in U.S. net equity that decreased effectively connected earnings and profits, to the extent not previously taken into account.

*Example 1.*—In year 1, a foreign corporation has $100 of effectively connected earnings and profits. The foreign corporation acquires an additional $40 in U.S. assets and has no change in its U.S. liabilities. The foreign corporation had $1,000 of U.S. net equity at the end of the prior tax year. Its U.S. net equity has increased by $40 to $1040. The foreign corporation's dividend equivalent amount is $60, i.e., its effectively connected earnings and profits of $100 less the $40 increase in U.S. net equity during the year.

*Example 2.*—In year 2, the foreign corporation has $100 of effectively connected earnings and profits, sells $70 of its U.S. assets, and has a $10 decrease in U.S. liabilities. The foreign corporation's U.S. net equity at the end of year 2 has decreased by $60 to $980 ($1040–$70+$10). The foreign corporation has a dividend equivalent amount of $140, i.e., its effectively connected earnings and profits of $100 plus $40 (the decrease of $60 of U.S. net equity is limited to $40, i.e., the increase in U.S. net equity during year 1).

*Example 3.*—In year 3, the foreign corporation has $100 of effectively connected earnings and profits. It sells $30 of its U.S. assets, and its U.S. liabilities increase by $10. The foreign corporation's U.S. net equity at the end of year 3 has decreased by $40 to $940. The foreign corporation's dividend equivalent amount is $100. The decrease of $40 in U.S. net equity does not increase the dividend equivalent amount since the $40 increase in U.S. net equity in year 1 has already been taken into account in year 2.

**Part I**

**Line 6.**—If this tax year is not the corporation's first tax year beginning in 1987 and the amount on line 6 is less than zero, enter the amount of decrease in U.S. net equity that does not exceed the amount of increase in U.S. net equity in the prior tax years beginning in 1987 that decreased effectively connected earnings and profits to the extent not previously taken into account.

**Definitions**

- U.S. net equity is U.S. assets reduced by U.S. liabilities. U.S. net equity may be less than zero.
- U.S. assets are money and the adjusted basis (for computing earnings and profits) of property of the foreign corporation treated as being connected with the conduct of a trade or business in the U.S.
- U.S. liabilities are liabilities that are treated as being connected with the conduct of a trade or business in the U.S.

**Coordination with Withholding Tax**

In general, if a foreign corporation is subject to the branch profits tax in a tax year, it will not also be subject to withholding at source (sections 871(a), 881(a), 1441, or 1442) on dividends paid by it during the tax year.

**Branch-Level Interest Tax**

When a branch makes a payment of interest, the payment will be treated as if it were paid by a domestic corporation. The foreign corporation is required to withhold on payments made by the branch to foreign persons and to file Form 1042S with respect to the payments unless the payments are exempt from withholding under the Code.

In addition, if the amount of interest paid by the branch is less than the deduction allowable under regulations section 1.882-5, the difference is treated as interest paid to the foreign corporation by a wholly owned domestic corporation. This interest is subject to tax of 30% (or lower treaty rate).

For example, a branch of a foreign corporation makes an interest payment of $300 during the tax year and is allowed a deduction of $500 under regulations section 1.882-5. The foreign corporation is required to withhold on the $300 interest paid unless the payment is exempt from withholding under a tax treaty or the Code. In addition, there is a deemed interest payment of $200 ($500–$300) from a wholly-owned domestic corporation to the foreign corporation and this payment is reported on Form 1120F and is subject to tax at a 30% or lower treaty rate.

**Effect of Tax Treaties**

An income tax treaty between the U.S. and a foreign country will not exempt a foreign corporation from or reduce the rate of, the branch profits tax unless: (1) the foreign corporation is a qualified resident of that country, or (2) the treaty permits a withholding tax on dividends paid by the foreign corporation that are described in section 861(a)(2)(B).

An income tax treaty between the U.S. and a foreign country will not reduce the rate of the branch level interest tax unless a foreign corporation is a qualified resident of that country. See section 884(e)(4).

A foreign corporation is a qualified resident of a foreign country if: (1) at least 50% of its stock (by value) is owned by individuals who are residents of that country or who are U.S. citizens or residents, and less than 50% of its income is used (directly or indirectly) to meet liabilities to persons who are not residents of such foreign country or the U.S.

Stock owned by a corporation, partnership, trust, or estate is treated as proportionately owned by the individual owners of such entity.

If a foreign corporation is a qualified resident of a foreign country that has an income tax treaty with the U.S. and the treaty does not prohibit imposition of the branch profits tax, the rate of tax will be the rate on branch profits specified in the treaty. If the treaty does not specify a rate for branch profits, the rate shall be the rate on dividends paid by a wholly-owned domestic corporation to the foreign corporation.

A corporation which is a resident of a foreign country will be considered a qualified resident of the foreign country if the stock of the corporation is primarily and regularly traded on an established securities market in the foreign country or if the foreign corporation is wholly owned (directly or indirectly) by another foreign corporation organized in the same foreign country whose stock is traded in the same manner described above.

## Additional Information

**Item Q. Tax-Exempt Interest.**—Report any tax-exempt interest received or accrued in the space provided. Include any exempt interest dividends received as a shareholder in a mutual fund or other regulated investment company.

*Corporations with tax years beginning after June 30, 1987, should complete Schedule B only.*

**Schedule A** Tax Computation for Period Before July 1, 1987.

1 Taxable income (line 31, Section II, Form 1120F)
2 Net capital gain (If the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.)
3 Subtract line 2 from line 1
4 Enter the lesser of line 3 or $25,000 (members of a controlled group, see instructions)
5 Subtract line 4 from line 3
6 Enter the lesser of line 5 or $25,000 (members of a controlled group, see instructions)
7 Subtract line 6 from line 5
8 Enter the lesser of line 7 or $25,000 (members of a controlled group, see instructions)
9 Subtract line 8 from line 7
10 Enter the lesser of line 9 or $25,000 (members of a controlled group, see instructions)
11 Subract line 10 from line 9
12 Multiply line 4 times 15%
13 Multiply line 6 times 18%
14 Multiply line 8 times 30%
15 Multiply line 10 times 40%
16 Multiply line 11 times 46%
17 Additional tax. If line 3 is more than $1,000,000, enter the lesser of (a) 5% of the excess of line 3 over $1,000,000 or (b) $20,250 (members of a controlled group, see instructions)
18 Tax liability before credits. Add amounts on lines 12 through 17

**Schedule B** Tax Computation for Period After June 30, 1987.

19 Taxable income (line 31, Section II, Form 1120F)
20 Net capital gain (If the alternative tax applies, enter the net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.)
21 Subtract line 20 from line 19
22 Enter the smaller of line 21 or $50,000 (members of a controlled group, see instructions)
23 Subtract line 22 from line 21
24 Enter the smaller of line 23 or $25,000 (members of a controlled group, see instructions)
25 Subtract line 24 from line 23
26 Multiply line 22 by 15%
27 Multiply line 24 by 25%
28 Multiply line 25 by 34%
29 Additional tax. If line 21 is more than $100,000, enter the lesser of: (a) 5% of the excess of line 21 over $100,000 or (b) $11,750 (members of a controlled group, see instructions)
30 Add lines 26 through 29. (If only Schedule B was completed, skip lines 31 through 34. Enter the amount from line 30 on line 3, Schedule J.)
31 Enter amount from line 18, Schedule A
32 Line 31 × $\frac{\text{Number of days in tax year before July 1, 1987}}{\text{Number of days in tax year}}$
33 Line 30 × $\frac{\text{Number of days in tax year after June 30, 1987}}{\text{Number of days in tax year}}$
34 Tax liability before credits. Add amounts on lines 32 and 33. Enter here and on line 3, Schedule J. If alternative tax applies, enter on line 12, Schedule D (Form 1120)

## Instructions for Schedules A and B, Tax Computation Worksheet

**Lines 2 and 20.**—In general, the alternative tax is the sum of: (a) a tax computed on taxable income reduced by the net capital gain using the applicable tax brackets and tax rates, and (b) a tax of 34% of the net capital gain.

For tax years beginning after June 30, 1987, the alternative tax computation does not apply. If a corporation's tax year begins before July 1, 1987, and the corporation has a net capital gain, both computations (the regular tax computation and the alternative tax computation) should be made to determine which results in the lower tax.

The alternative tax is computed using Schedules A and B of the tax computation worksheet and Part IV of Schedule D (Form 1120). If the alternative tax is less than the regular tax computed on taxable income using the applicable tax brackets and tax rates, then the corporation may enter the alternative tax from Schedule D (Form 1120) on line 3, Schedule J, and check the box for alternative tax.

**Lines 4, 6, 8, 10, 22 and 24.**—Members of a controlled group must enter their portion of each taxable income bracket. See the instructions for Schedule J for rules regarding how controlled groups (as defined in section 1563) may divide these amounts.

**Line 17**

If the total taxable income of the controlled group is more than $1,000,000, each member of a controlled group should enter its portion of the additional tax on line 17. See the instructions for Schedule J for rules on allocating the additional tax among members of a controlled group.

**Line 29**

If the total taxable income of the controlled group is more than $100,000, each other member should enter its portion of the additional tax on line 29. See section 1561 for rules on allocating the additional tax among members of a controlled group.



## Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should not be used as SIC codes.

Using the list below, enter on page 5, under M, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1a, page 3) plus all other income (lines 4 through 10, page 3).

Also, on page 5, under M, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010–3998) under "Manufacturing."

### Agriculture, Forestry, and Fishing

| Code | |
|---|---|
| 0400 | Agricultural production. |
| 0600 | Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping. |

### Mining

| Code | |
|---|---|
| **Metal mining:** | |
| 1010 | Iron ores. |
| 1070 | Copper, lead and zinc, gold and silver ores. |
| 1098 | Other metal mining. |
| 1150 | Coal mining. |
| **Oil and gas extraction:** | |
| 1330 | Crude petroleum, natural gas, and natural gas liquids. |
| 1380 | Oil and gas field services. |
| **Nonmetallic minerals, except fuels:** | |
| 1430 | Dimension, crushed and broken stone, sand and gravel. |
| 1498 | Other nonmetallic minerals, except fuels. |

### Construction

| Code | |
|---|---|
| **General building contractors and operative builders:** | |
| 1510 | General building contractors. |
| 1531 | Operative builders. |
| 1600 | Heavy construction contractors. |
| **Special trade contractors:** | |
| 1711 | Plumbing, heating, and air conditioning. |
| 1731 | Electrical work. |
| 1798 | Other special trade contractors. |

### Manufacturing

| Code | |
|---|---|
| **Food and kindred products:** | |
| 2010 | Meat products. |
| 2020 | Dairy products. |
| 2030 | Preserved fruits and vegetables. |
| 2040 | Grain mill products. |
| 2050 | Bakery products. |
| 2060 | Sugar and confectionery products. |
| 2081 | Malt liquors and malt. |
| 2088 | Alcoholic beverages, except malt liquors and malt. |
| 2089 | Bottled soft drinks, and flavorings. |
| 2096 | Other food and kindred products. |
| 2100 | Tobacco manufacturers. |
| **Textile mill products:** | |
| 2228 | Weaving mills and textile finishing. |
| 2250 | Knitting mills. |
| 2298 | Other textile mill products. |
| **Apparel and other textile products:** | |
| 2315 | Men's and boys' clothing. |
| 2345 | Women's and children's clothing. |
| 2388 | Other apparel and accessories. |
| 2390 | Miscellaneous fabricated textile products. |
| **Lumber and wood products:** | |
| 2415 | Logging, sawmills, and planing mills. |
| 2430 | Millwork, plywood, and related products. |
| 2498 | Other wood products, including wood buildings and mobile homes. |
| 2500 | Furniture and fixtures. |
| **Paper and allied products:** | |
| 2625 | Pulp, paper, and board mills. |
| 2699 | Other paper products. |
| **Printing and publishing:** | |
| 2710 | Newspapers. |
| 2720 | Periodicals. |
| 2735 | Books, greeting cards, and miscellaneous publishing. |
| 2799 | Commercial and other printing, and printing trade services. |
| **Chemicals and allied products:** | |
| 2815 | Industrial chemicals, plastics materials and synthetics. |
| 2830 | Drugs. |
| 2840 | Soap, cleaners, and toilet goods. |
| 2850 | Paints and allied products. |
| 2898 | Agricultural and other chemical products. |
| **Petroleum refining and related industries (including those integrated with extraction):** | |
| 2910 | Petroleum refining (including integrated). |
| 2998 | Other petroleum and coal products. |
| **Rubber and misc. plastics products:** | |
| 3050 | Rubber products; plastics footwear, hose and belting. |
| 3070 | Misc. plastics products. |
| **Leather and leather products:** | |
| 3140 | Footwear, except rubber. |
| 3198 | Other leather and leather products. |
| **Stone, clay, and glass products:** | |
| 3225 | Glass products. |
| 3240 | Cement, hydraulic. |
| 3270 | Concrete, gypsum, and plaster products. |
| 3298 | Other nonmetallic mineral products. |
| **Primary metal industries:** | |
| 3370 | Ferrous metal industries; misc. primary metal products. |
| 3380 | Nonferrous metal industries. |
| **Fabricated metal products:** | |
| 3410 | Metal cans and shipping containers. |
| 3428 | Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products. |
| 3430 | Plumbing and heating, except electric and warm air. |
| 3440 | Fabricated structural metal products. |
| 3460 | Metal forgings and stampings. |
| 3470 | Coating, engraving, and allied services. |
| 3480 | Ordnance and accessories, except vehicles and guided missiles. |
| 3490 | Misc. fabricated metal products. |
| **Machinery, except electrical:** | |
| 3520 | Farm machinery. |
| 3530 | Construction and related machinery. |
| 3540 | Metalworking machinery. |
| 3550 | Special industry machinery. |
| 3560 | General industrial machinery. |
| 3570 | Office, computing, and accounting machines. |
| 3598 | Other machinery except electrical. |
| **Electrical and electronic equipment:** | |
| 3630 | Household appliances. |
| 3665 | Radio, television, and communication equipment. |
| 3670 | Electronic components and accessories. |
| 3698 | Other electrical equipment. |
| 3710 | Motor vehicles and equipment. |
| **Transportation equipment, except motor vehicles:** | |
| 3725 | Aircraft, guided missiles and parts. |
| 3730 | Ship and boat building and repairing. |
| 3798 | Other transportation equipment, except motor vehicles. |
| **Instruments and related products:** | |
| 3815 | Scientific instruments and measuring devices; watches and clocks. |
| 3845 | Optical, medical, and ophthalmic goods. |
| 3860 | Photographic equipment and supplies. |
| 3998 | Other manufacturing products. |

### Transportation and Public Utilities

| Code | |
|---|---|
| **Transportation:** | |
| 4000 | Railroad transportation. |
| 4100 | Local and interurban passenger transit. |
| 4200 | Trucking and warehousing. |
| 4400 | Water transportation. |
| 4500 | Transportation by air. |
| 4600 | Pipe lines, except natural gas. |
| 4700 | Miscellaneous transportation services. |
| **Communication:** | |
| 4825 | Telephone, telegraph, and other communication services. |
| 4830 | Radio and television broadcasting. |
| **Electric, gas, and sanitary services:** | |
| 4910 | Electric services. |
| 4920 | Gas production and distribution. |
| 4930 | Combination utility services. |
| 4990 | Water supply and other sanitary services. |

### Wholesale Trade

| Code | |
|---|---|
| **Durable:** | |
| 5008 | Machinery, equipment, and supplies. |
| 5010 | Motor vehicles and automotive equipment. |
| 5020 | Furniture and home furnishings. |
| 5030 | Lumber and construction materials. |
| 5040 | Sporting, recreational, photographic, and hobby goods, toys and supplies. |
| 5050 | Metals and minerals, except petroleum and scrap. |
| 5060 | Electrical goods. |
| 5070 | Hardware, plumbing and heating equipment and supplies. |
| 5098 | Other durable goods. |
| **Nondurable:** | |
| 5110 | Paper and paper products. |
| 5129 | Drugs, drug proprietaries, and druggists' sundries. |
| 5130 | Apparel, piece goods, and notions. |
| 5140 | Groceries and related products. |
| 5150 | Farm product raw materials. |
| 5160 | Chemicals and allied products. |
| 5170 | Petroleum and petroleum products. |
| 5180 | Alcoholic beverages. |
| 5190 | Misc. nondurable goods. |

### Retail Trade

| Code | |
|---|---|
| **Building materials, garden supplies, and mobile home dealers:** | |
| 5220 | Building materials dealers. |
| 5251 | Hardware stores. |
| 5265 | Garden supplies and mobile home dealers. |
| 5300 | General merchandise stores. |
| **Food stores:** | |
| 5410 | Grocery stores. |
| 5490 | Other food stores. |
| **Automotive dealers and service stations:** | |
| 5515 | Motor vehicle dealers. |
| 5541 | Gasoline service stations. |
| 5598 | Other automotive dealers. |
| 5600 | Apparel and accessory stores. |
| 5700 | Furniture and home furnishings stores. |
| 5800 | Eating and drinking places. |
| **Misc. retail stores:** | |
| 5912 | Drug stores and proprietary stores. |
| 5921 | Liquor stores. |
| 5995 | Other retail stores. |

### Finance, Insurance, and Real Estate

| Code | |
|---|---|
| **Banking:** | |
| 6030 | Mutual savings banks. |
| 6060 | Bank holding companies. |
| 6090 | Banks, except mutual savings banks and bank holding companies. |
| **Credit agencies other than banks:** | |
| 6120 | Savings and loan associations. |
| 6140 | Personal credit institutions. |
| 6150 | Business credit institutions. |
| 6199 | Other credit agencies. |
| **Security, commodity brokers and services:** | |
| 6210 | Security brokers, dealers, and flotation companies. |
| 6299 | Commodity contracts brokers and dealers; security and commodity exchanges; and allied services. |
| **Insurance:** | |
| 6355 | Life insurance. |
| 6356 | Mutual insurance, except life or marine and certain fire or flood insurance companies. |
| 6359 | Other insurance companies. |
| 6411 | Insurance agents, brokers, and service. |
| **Real estate:** | |
| 6511 | Real estate operators and lessors of buildings. |
| 6516 | Lessors of mining, oil, and similar property. |
| 6518 | Lessors of railroad property and other real property. |
| 6530 | Condominium management and cooperative housing associations. |
| 6550 | Subdividers and developers. |
| 6599 | Other real estate. |
| **Holding and other investment companies, except bank holding companies:** | |
| 6744 | Small business investment companies. |
| 6749 | Other holding and investment companies except bank holding companies. |

### Services

| Code | |
|---|---|
| 7000 | Hotels and other lodging places. |
| 7200 | Personal services. |
| **Business services:** | |
| 7310 | Advertising. |
| 7389 | Business services, except advertising. |
| **Auto repair; miscellaneous repair services:** | |
| 7500 | Auto repair and services. |
| 7600 | Misc. repair services. |
| **Amusement and recreation services:** | |
| 7812 | Motion picture production, distribution, and services. |
| 7830 | Motion picture theaters. |
| 7900 | Amusement and recreation services, except motion pictures. |
| **Other services:** | |
| 8015 | Offices of physicians, including osteopathic physicians. |
| 8021 | Offices of dentists. |
| 8040 | Offices of other health practitioners. |
| 8050 | Nursing and personal care facilities. |
| 8060 | Hospitals. |
| 8071 | Medical laboratories. |
| 8099 | Other medical services. |
| 8111 | Legal services. |
| 8200 | Educational services. |
| 8300 | Social services. |
| 8600 | Membership organizations. |
| 8911 | Architectural and engineering services. |
| 8930 | Accounting, auditing, and bookkeeping. |
| 8980 | Miscellaneous services (including veterinarians). |

☆ U.S. GOVERNMENT PRINTING OFFICE 183-197-1987



Form **1120-FSC**
Department of the Treasury
Internal Revenue Service

# U.S. Income Tax Return of a Foreign Sales Corporation

(Please Type or Print)

For calendar year 1987 or other tax year beginning ........., 1987 and ending ........., 19...

OMB No. 1545-0935

**1987**

A Date of FSC or Small FSC election
Name
D Business code number (see page 11 of instructions)
B Check type of election made
[ ] FSC
[ ] Small FSC
Number and street
E Employer identification number
C Country or U.S. Possession of Incorporation (see instructions)
City or town, state, ZIP code, or country
F Date incorporated

G Enter total assets from line 14, column (d), Schedule L (see specific instructions) ▶ $ Dollars | Cents

H Complete the following for the shareholder (individual, corporation, partnership, trust, or estate) who at the beginning of the FSC tax year was the principal shareholder. If two or more shareholders owned equal amounts of stock, enter the information for the shareholder that has the same tax year as the tax year of the corporation.

(1) Name
(2) Identifying number
(3) Address
(4) Total assets (corporations only) $
(5) Percentage of voting stock owned
(6) Tax year ends (month)
(7) Foreign owner ☐ Yes ☐ No

**Note:** If the FSC is a member of a controlled group of corporations as defined in section 927(d)(4) and the principal shareholder for which information is provided in H(1) through H(7) above is not the common parent of the group, complete H(8), (9), and (10) below for the common parent of the group. (See instructions.)

(8) Name of common parent
(9) Identifying number
(10) Total assets (consolidated if applicable)

I Check the appropriate box(es) to indicate the pricing rule(s) used in determining the taxable income on transactions resulting in foreign trading gross receipts

(1) [ ] 1.83% of gross receipts (2) ☐ 23% of combined taxable income (3) ☐ Marginal costing if 23% method is used (4) ☐ Section 482 method

### Computation of Tax Due and Tax Overpayment

1 Total tax from Schedule J, line 8 — 1
2 Payments
a Overpayment from 1986 allowed as a credit
b 1987 estimated tax payments
c Less refund of 1987 estimated tax applied for on Form 4466 ( )
d Tax deposited with Form 7004
e Federal tax on gasoline and special fuels (attach Form 4136)
f U.S. income tax paid or withheld at the source (attach Form 1042S)
3 Total—add lines 2c through 2f — 3
4 **Tax Due**—Line 1 less line 3 (See General Instruction E.) — 4
5 **Overpayment**—Line 3 less line 1 — 5
6 Enter amount of line 5 you want
a Credited to 1988 tax year's estimated tax ▶ b Refunded ▶ — 6

**Please Sign Here** — Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer — Date — ▶ Title

**Paid Preparer's Use Only** — Preparer's signature ▶ — Date — Check if self-employed ▶ [ ] — Preparer's social security no.

Firm's name (or yours if self-employed) and address ▶ — E.I. No. ▶ — ZIP code ▶

For Paperwork Reduction Act Notice, see page 1 of the instructions.





**Schedule A** Cost of Goods Sold and/or Operations Relating to Foreign Trading Gross Receipts (See Instructions.)

| | | | (a) Using Administrative Pricing Rules | (b) Not Using Administrative Pricing Rules |
|---|---|---|---|---|
| 1 | Inventory at the beginning of the year | 1 | | |
| 2 | Purchases | 2 | | |
| 3 | Cost of labor | 3 | | |
| 4a | Additional section 263A costs (see instructions) | 4a | | |
| b | Other costs (attach schedule) | 4b | | |
| 5 | Total (add lines 1 through 4b) | 5 | | |
| 6 | Inventory at the end of the year | 6 | | |
| 7 | Cost of goods sold and/or operations—Line 5 less line 6 (Enter here and on line 7 of Schedule B. Small FSC, see instructions.) | 7 | | |

8a Check all methods used for valuing closing inventory:
☐ *(i)* Cost
☐ *(ii)* Lower of cost or market as described in Regulations section 1.471-4 (see instructions)
☐ *(iii)* Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)
☐ *(iv)* Other (specify method used and attach explanation) ▶
b Check if the LIFO inventory method was adopted this tax year for any goods (If checked, attach Form 970.) ☐
c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO — 8c
d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No
e Was there any change (other than for section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. ☐ Yes ☐ No

### Additional Information Required

(Yes / No)

J Highest number of shareholders in the corporation at any time during the tax year ▶
K Do you maintain an office outside the U.S. in a "designated" country or U.S. possession in which a complete set of books and records (including invoices) for the corporation is maintained?
L Do you have at least one non-U.S. resident on your board of directors?
M During this tax year, did you maintain any part of your accounting/tax records on a computerized system?
N Foreign management tests (These questions do not apply to Small FSCs):
(1) Did all formally convened meetings of the board of directors of the corporation and all formally convened meetings of the shareholders of the corporation take place outside the United States?
(2) Did the corporation maintain its principal bank account in a country that satisfies the exchange of information requirements of section 927(e)(3) or in a U.S. possession as defined in section 927(d)(5) at all times during the tax year from which all dividends, legal and accounting fees, salaries of officers, and salaries or fees of members of the board of directors were disbursed?
Bank name ▶ Account number ▶
O Refer to page 11 of the instructions and enter the main
Business activity ▶ Product or service ▶
P Did you have any preferred stock issued and outstanding at any time during the tax year?
Q Were you at any time during the tax year engaged in a trade or business in the U.S.?
R Are you a foreign personal holding company or a personal holding company? (See instructions.)
S Enter the amount of tax-exempt interest income received or accrued during the tax year $
T If you are a member of a controlled group, enter the amount of taxable income for the entire group $
U Foreign Economic Process Requirements (these requirements do not apply to small FSCs).
Check the box or boxes below to indicate that the FSC (or any person acting under contract with the FSC) met the requirements of section 924(d) for all transactions relating to foreign trading gross receipts reported on lines 1 through 5 of Schedule B.
(1) ☐ The FSC (or any person acting under contract with the FSC) met the 50% test of section 924(d)(1) for transactions relating to foreign trading gross receipts reported on lines 1 through 5 of Schedule B
(2) ☐ The FSC (or any person acting under contract with the FSC) met the alternative 85% test of section 924(d)(2) for transactions relating to foreign trading gross receipts reported on lines 1 through 5 of Schedule B.
If the section 924(d)(1) or (d)(2) requirements are not met for any transaction(s), attach a separate schedule showing the income and expenses relating to the transaction(s). Report the income as nonforeign trade income on line 15 of Schedule F. Enter related expenses on line 18 of Schedule F
V Check here to show that the FSC and related supplier(s) make the election under Temporary Regulations section 1.925(a)-1T(b)(2)(ii) in order that the requirements of section 925(c) are deemed to have been met (see instructions) ▶ ☐

## Schedule B Taxable Income

### PART I—Income Attributable to Foreign Trade Income

| Type of Receipt (see instructions) | | (a) Using Administrative Pricing Rules | (b) Not Using Administrative Pricing Rules |
|---|---|---|---|
| 1 Sale, exchange, or other disposition of export property. (Include only 50% of military property sales. Include the other 50% on line 1, Schedule F.) | | | |
| 2 Lease or rental of export property for use outside the U.S. | | | |
| 3 Services related and subsidiary to: | | | |
| a Sale, exchange, or other disposition of export property. (Include only 50% of services relating to the sale or other disposition of military property. Include the other 50% on line 1, Schedule F.) | | | |
| b Lease or rental of export property | | | |
| 4 Engineering or architectural services for construction projects outside the U.S. | | | |
| 5 Managerial services for an unrelated FSC or IC-DISC. (See instructions for determination of qualifying amount.) | | | |
| 6 Total Foreign Trading Gross Receipts: | | | |
| a All FSCs—Add lines 1 through 5. (FSCs that are not small FSCs, skip lines 6b through 6h and go to line 7. Small FSCs, complete lines 6b through 6h to determine their foreign trading gross receipts.) | | | |
| b Small FSC limitation (section 924(b)(2)(B)) | $5,000,000 | | |
| c Controlled group member's share of line 6b (see instructions) | | | |
| d Enter smaller of (a) number of days in tax year divided by 365 or (b) 1 (one) | | | |
| e Proration of limitation—Line 6b or line 6c (whichever applies) times line 6d | | | |
| f Enter total of columns (a) and (b), line 6a (If commission income is included in line 6a, see special computation rule in line 6f instruction.) | | | |
| g Small FSC foreign trading gross receipts: Enter smaller of line 6e or 6f | | | |
| *Note: If line 6f exceeds line 6e, enter the excess on line 7 of Schedule F. See line 6h instruction if commission income is involved.* | | | |
| h Allocate the amount from line 6g to columns (a) and (b) but do not enter in either column more than that shown for the column on line 6a above (see instructions) | | | |
| 7 Cost of goods sold (Schedule A) (Small FSCs, enter only that portion of cost of goods sold that is attributable to the receipts on line 6h above.) (See Schedule A instructions.) | | | |
| 8 Foreign trade income—Line 6a or 6h (whichever applies) less line 7 | | | |
| 9a Exemption percentage from line 3d, Schedule E | | | |
| b Exemption percentage from line 2d, Schedule E | | | |
| 10 Exempt foreign trade income—Multiply line 8 by lines 9a and 9b | | | |
| 11 Nonexempt foreign trade income—Line 8 less line 10 | | | |
| 12 Enter nonexempt foreign trade income from line 6, Schedule F | | | |
| 13 Add lines 11 and 12 | | | |
| 14 Allowable deductions from line 18, Schedule G | | | |
| 15 Net income attributable to nonexempt foreign trade income—Line 13 less line 14 | | | |

### PART II—Total Taxable Income

| | | |
|---|---|---|
| 16 Taxable income attributable to foreign trade income—Enter total of columns (a) and (b), line 15, reduced by any nontaxable income included in column (b). (See instructions.) | | |
| 17 Taxable income from line 19, Schedule F | | |
| 18 Taxable income (or loss) before net operating loss deduction and special deductions—Add lines 16 and 17 | | |
| 19 Less: a Net operating loss deduction (see instructions—attach schedule) | | |
| b Special deductions—(see instructions—attach schedule) | | |
| c Add lines 19a and 19b | | |
| 20 Taxable income (or loss)—Line 18 less line 19c (Enter here and see instructions for Schedule J for figuring the tax on this income.) | | |



## Schedule E Percentages (expressed as decimals to 5 places) To Be Used in Figuring Exempt Foreign Trade Income—Sections 923(a)(2) and (3) and 291(a)(4)

**Note:** *If all shareholders are C corporations, enter .30000 on line 2d and .65217 on line 3d and skip all other lines. If all shareholders are other than C corporations, enter .32000 on line 2d and .69565 on line 3d and skip all other lines.*

| | | |
|---|---|---|
| 1 Percentage (express as decimal to 5 places) of voting stock owned by shareholders that are C corporations | 1 | |
| 2 Exemption for foreign trade income determined without regard to administrative pricing rules: | | |
| a Difference between section 923(a)(2) and section 291(a)(4) percentage | 2a | .02000 |
| b Section 923(a)(2) percentage | 2b | .32000 |
| c Line 2a times line 1 | 2c | |
| d Exemption percentage—Line 2b less line 2c. (Enter here and on line 9b, Schedule B; and line 16b, Schedule G.) | 2d | |
| 3 Exemption percentage for foreign trade income determined under administrative pricing rules: | | |
| a Difference between section 923(a)(3) fraction and section 291(a)(4) fraction (16/23 − 15/23 = 1/23) expressed as a decimal | 3a | .04348 |
| b Section 923(a)(3) fraction (16/23) expressed as a decimal | 3b | .69565 |
| c Line 3a times line 1 | 3c | |
| d Exemption percentage—Line 3b less line 3c. (Enter here and in line 9a, Schedule B; and line 16a, Schedule G.) | 3d | |

## Schedule F Nonexempt Foreign Trade Income (Excluded from section 923) and Nonforeign Trade Income

### Part I—Nonexempt Foreign Trade Income (excluded from section 923)

| | (a) Using Administrative Pricing Rules | (b) Not Using Administrative Pricing Rules |
|---|---|---|
| 1 Enter 50% of total receipts attributable to the sale, exchange, or other disposition of military property and related services (see instructions for line 1 of Schedule B) | | |
| 2 International boycott income (see instructions) | | |
| 3 Illegal bribes and other payments (see instructions) | | |
| 4 Add lines 1, 2, and 3 | | |
| 5 Enter cost of goods sold and other expenses related to above income | | |
| 6 Nonexempt foreign trade income—Line 4 less line 5. (Enter here and on line 12, columns (a) and (b), Schedule B.) | | |

### Part II—Nonforeign Trade Income

| | | |
|---|---|---|
| 7 Small FSCs—If line 6f of Schedule B exceeds line 6e of Schedule B, enter the excess. (Include the deduction for cost of goods sold attributable to the excess on line 18 below.) | 7 | |
| 8 Interest income | 8 | |
| 9 Dividend income (attach schedule—see instructions) | 9 | |
| 10 Carrying charges | 10 | |
| 11 Royalties | 11 | |
| 12 Other investment income | 12 | |
| 13 Receipts excluded under section 924(f) on basis of use, subsidized receipts and receipts from related parties | 13 | |
| 14 Income from excluded property under sections 927(a)(2) and (3) | 14 | |
| 15 Income from transactions that did not qualify as foreign trade income because the foreign economic process test of section 924(d) was not met | 15 | |
| 16 Other income | 16 | |
| 17 Total—Add lines 7 through 16 | 17 | |
| 18 Enter deductions allocated or apportioned to line 17 income (attach schedule—see instructions) | 18 | |
| 19 Taxable nonforeign trade income—Line 17 less line 18. (Enter here and on line 17, Schedule B.) | 19 | |



## Schedule G Deductions Allocated or Apportioned to Foreign Trade Income (See instructions for limitations on deductions before completing lines 1 through 14.)

| | | (a) Using Administrative Pricing Rules | (b) Not Using Administrative Pricing Rules |
|---|---|---|---|
| 1 Foreign direct costs: | | | |
| a Section 924(e)(1) (advertising, etc.) | 1a | | |
| b Section 924(e)(2) (processing, etc.) | 1b | | |
| c Section 924(e)(3) (transportation, etc.) | 1c | | |
| d Section 924(e)(4) (transmittal, etc.) | 1d | | |
| e Section 924(e)(5) (assumption of credit risk) | 1e | | |
| f Total of lines 1a through line 1e | 1f | | |
| Enter all other applicable costs on lines 2 through 14 below. Do not enter a cost on more than one line. | | | |
| 2 Advertising | 2 | | |
| 3 Interest | 3 | | |
| 4 Depreciation from Form 4562 (less depreciation claimed elsewhere on this return) (attach Form 4562) | 4 | | |
| 5 Salaries and wages | 5 | | |
| 6 Rents | 6 | | |
| 7 Sales commissions | 7 | | |
| 8 Warehousing | 8 | | |
| 9 Freight | 9 | | |
| 10 Compensation of officers | 10 | | |
| 11 Bad debts (see instructions) | 11 | | |
| 12 Pension, profit sharing, etc., plans (see instructions) | 12 | | |
| 13 Employee benefit programs | 13 | | |
| 14 Other (list) ▶ | 14 | | |
| 15 Total (add lines 1f through 14) | 15 | | |
| 16a Exemption percentage from line 3d, Schedule E | 16a | | |
| b Exemption percentage from line 2d, Schedule E | 16b | | |
| 17 Deductions relating to exempt foreign trade income—Line 15 (column (a)) times line 16a and line 15 (column (b)) times line 16b | 17 | | |
| 18 Total deductions relating to nonexempt foreign trade income—Line 15 less line 17. (Enter here and on line 14, columns (a) and (b), Schedule B.) | 18 | | |

## Schedule J Tax Computation (See Instructions.)

1 Check if you are a member of a controlled group (see section 927(d)(4)) ▶ [ ]

2 If line 1 is checked, see instructions. If your tax year includes June 30, 1987, complete both a and b below. Otherwise, complete only b.

a *(i)* $ ........ *(ii)* $ ........ *(iii)* $ ........ *(iv)* $ ........

b *(i)* $ ........ *(ii)* $ ........

| | | |
|---|---|---|
| 3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D (Form 1120), whichever is less). Check if from Schedule D ▶ [ ] | 3 | |
| 4 Foreign tax credit (attach Form 1118) (see instructions) | 4 | |
| 5 Line 3 less line 4 | 5 | |
| 6 Alternative minimum tax and environmental tax (see instructions—attach Form 4626) | 6 | |
| 7 Personal holding company tax (attach Schedule PH (Form 1120)) | 7 | |
| 8 Total tax. Add lines 5, 6, and 7. Enter here and on line 1, page 1 | 8 | |



## Schedule L Balance Sheets

| | Beginning of tax year (a) | (b) | End of tax year (c) | (d) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| 1 Cash | | | | |
| 2a Trade notes, and accounts receivable | | | | |
| b Commissions receivable | | | | |
| c Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 Federal and state government obligations | | | | |
| 5 Other current assets (attach schedule) | | | | |
| 6 Loans to stockholders | | | | |
| 7 Mortgage and real estate loans | | | | |
| 8 Other investments (attach schedule) | | | | |
| 9 Buildings and other fixed depreciable assets | | | | |
| a Less accumulated depreciation | | | | |
| 10 Depletable assets | | | | |
| a Less accumulated depletion | | | | |
| 11 Land (net of any amortization) | | | | |
| 12 Intangible assets (amortizable only) | | | | |
| a Less accumulated amortization | | | | |
| 13 Other assets (attach schedule) | | | | |
| 14 Total assets | | | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| 15 Accounts payable | | | | |
| 16 Mtges., notes, bonds payable in less than 1 year | | | | |
| 17 Transfer prices payable | | | | |
| 18 Other current liabilities (attach schedule) | | | | |
| 19 Loans from stockholders | | | | |
| 20 Mtges., notes, bonds payable in 1 year or more | | | | |
| 21 Other liabilities (attach schedule) | | | | |
| 22 Capital stock | | | | |
| 23 Paid-in or capital surplus | | | | |
| 24 Retained earnings—Appropriated (attach schedule) | | | | |
| 25 Retained earnings—Unappropriated | | | | |
| 26 Less cost of treasury stock | | ( ) | | ( ) |
| 27 Total liabilities and stockholders' equity | | | | |

## Schedule M-1 Reconciliation of Income per Books With Income per Return

| | | | |
|---|---|---|---|
| 1 Net income on books | | 7 Income recorded on books this year not included in this return (itemize): | |
| 2 Federal income tax | | a Tax-exempt interest . $ ______ | |
| 3 Excess of capital losses over capital gains | | b Exempt foreign trade income . $ ______ | |
| 4 Income subject to tax not recorded on books this year (itemize): | | | |
| 5 Expenses recorded on books this year not deducted in this return (itemize): | | 8 Deductions in this tax return not charged against book income this year (itemize): | |
| a Depreciation . $ ______ | | a Depreciation . $ ______ | |
| b Deductions attributable to exempt foreign trade income $ ______ | | | |
| | | 9 Total of lines 7 and 8 | |
| 6 Total of lines 1 through 5 | | 10 Taxable income—line 6 less line 9 | |

## Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 25 above)

| | | | |
|---|---|---|---|
| 1 Balance at beginning of year | | 5 Distributions: a Cash | |
| 2 Net income on books | | b Stock | |
| 3 Other increases (itemize) | | c Property | |
| | | 6 Other decreases (itemize) | |
| 4 Total of lines 1, 2, and 3 | | 7 Total of lines 5a, b, c, and 6 | |
| | | 8 Balance at end of year (line 4 less line 7) | |

*U.S. GOVERNMENT PRINTING OFFICE: 1987-193-1985

# 1987

Department of the Treasury
Internal Revenue Service

# Instructions for Form 1120-FSC

## U.S. Income Tax Return of a Foreign Sales Corporation

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. The information is used to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### Changes You Should Note

The Tax Reform Act of 1986 (Act) made several changes to the way foreign sales corporations figure their taxable income and their tax liability. Many of these changes are contained in these instructions. For information on other changes, see **Publication 921**, Explanation of the Tax Reform Act of 1986 for Business.

## General Instructions

### A. Purpose of Form

Form 1120-FSC is used to report a foreign sales corporation's (FSC) income, deductions, credits, and tax. If a refund is due, Form 1120-FSC may be used to claim it.

### B. What Is a FSC?

A FSC is a foreign corporation that has elected to be a FSC or small FSC and its election is still in effect. The FSC election is made by filing **Form 8279**, Election To Be Treated as a FSC or as a Small FSC.

To be a FSC (or small FSC), a corporation must meet all of the following tests:

**1.** It must be a corporation created or organized under the laws of a qualifying foreign country or a U.S. possession (other than Puerto Rico). The foreign country must meet the requirements of section 927(e)(3).

**2.** It may not have more than 25 shareholders.

**3.** It may not have preferred stock.

**4.** It must maintain an office in a qualifying foreign country or U.S. possession (other than Puerto Rico) and maintain a set of permanent books of account at that office. It must also maintain at a location in the U.S. such books and records as are sufficient under section 6001 to establish the amount of gross income, deductions, credits or other matters required to be shown on its tax return.

**5.** It must have at least one director who is not a resident of the U.S.

**6.** It may not be a member of a controlled group of which an interest charge DISC is a member.

**7.** Its tax year must conform to the tax year of the principal shareholder who, at the beginning of the FSC's tax year, has the highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the FSC must elect a tax year that conforms to that of any one of the shareholders. See section 441(h).

**8.** A FSC, other than a small FSC, must also meet certain foreign management and foreign economic process requirements. See general instructions F2 and F3 for details.

### C. Filing Form 1120-FSC

**1. Who Files.**—You must file Form 1120-FSC if your corporation elected, by filing Form 8279, to be treated as a FSC or small FSC and the election is still in effect.

**2. When To File.**—File Form 1120-FSC by the 15th day of the 3rd month after the end of the tax year.

**Extensions.**—File **Form 7004**, Application for Automatic Extension of Time To File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120-FSC.

**Period covered.**—File the 1987 return for calendar year 1987 and fiscal years that begin in 1987. If the return is for a fiscal year, fill in the tax year space at the top of the form.

**Amended return.**—To correct any error in a Form 1120-FSC already filed, file a revised Form 1120-FSC and write "Amended" across the top.

**Change in tax year.**—To change your tax year, file **Form 1128**, Application for Change in Accounting Period.

**Final return.**—If the corporation ceased to exist during the tax year, write "Final Return" at the top of the form.

**3. Where To File.**—File Form 1120-FSC with the Internal Revenue Service Center, Philadelphia, PA 19255.

**4. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120-FSC, the Paid Preparer's space under Signature of Officer should remain blank. If someone prepares Form 1120-FSC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-FSC should not sign. For example, a regular, full-time employee of the corporation such as a clerk or secretary does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-FSC must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.
- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120-FSC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication 1045**, Information for Tax Practitioners, for more details.

### D. Other Returns and Statements That May Be Required

**1. Financial statements.**—The balance sheets must agree with your books and records. Reconcile any differences.

**2. Forms.**—The FSC may also have to file other forms. A partial list includes:

**Form 5471**, Information Return With Respect to a Foreign Corporation.—Shareholders, directors, or officers of a FSC do not have to file Form 5471 when the FSC is organized. However, Form 5471 will be required with respect to subsequent changes in ownership as required under section 6046 and related regulations. Provided that a Form 1120-FSC is filed, a Form 5471 need not be filed to satisfy the requirements of section 6038. See temporary regulations section 1.921-1T(b), Question 3, for more information. However, if the FSC is involved in other than FSC activities, Form 5471 and applicable schedules may have to be filed.

**Form 1096**, Annual Summary and Transmittal of U.S. Information Returns.—Used to transmit certain information returns.

**Form 1098**, Mortgage Interest Statement.—This form is used to report the receipt from any individual of $600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

**Forms 1099-DIV, INT, MISC, and R.**—These are some of the information returns that must be filed to report certain payments, such as dividends and interest. For more information, see Form 1096 and its instructions, and **Publication 916**, Information Returns.

**Form 5713**, International Boycott Report.—Used by persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

**Form 8264**, Application for Registration of a Tax Shelter.—Used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

**Form 8271**, Investor Reporting of Tax Shelter Registration Number.—Used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund on Form 1139 and an amended return) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken or any income attributable to a tax shelter is reported.

**Form 8300**, Report of Cash Payments Over $10,000 Received in a Trade or Business.—Generally, this form is used to report the receipt of more than $10,000 in cash or foreign currency in one transaction (or in a series of related transactions). However, transactions that take place entirely outside the U.S. do not have to be reported.

### E. Paying the Tax

**1.** FSCs with no office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

The tax may be paid by check or money order, payable to the Internal Revenue Service Center, Philadelphia, PA 19255. In order for us to better process your deposits, please write your employer identification number, "Form 1120-FSC," and the period to which the deposit applies on your check.

**2.** FSCs with an office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 3rd month after the end of the tax year.

FSCs with an office or place of business in the U.S. must deposit their income tax (and estimated tax payments) with a Federal Tax Deposit Payment Coupon (**Form 8109**). Be sure to darken the "1120" box on the coupon.

Make these tax deposits with a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch serving the geographic area where the corporation's office or place of business in the U.S. is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a failure to deposit penalty. Records of deposits will be sent to the IRS for crediting to the corporation's account. In order for us to better process your deposits, please write your employer identification number, "Form 1120-FSC," and the period to which the deposit applies on your check.

To get more deposit coupons, use the reorder form (Form 8109A) provided in the coupon book. If the corporation does not have these coupons, it should contact an IRS district office.

For more information concerning deposits, see **Publication 583**, Information for Business Taxpayers.

**3. Estimated Tax.**—A FSC with an office or place of business in the U.S. must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be $40 or more.

Use Form 1120-W (WORKSHEET), Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the FTD payment coupons in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least $500. To apply, file Form 4466 within 2½ months after the end of the tax year and before Form 1120-FSC is filed.

### F. Definitions, etc.

**1. Small FSC.**—A corporation must have filed Form 8279 and elected to be a small FSC. The small FSC cannot be a member of a controlled group which includes another FSC unless such other FSC is also a small FSC.

A small FSC is treated as a FSC on the first $5,000,000 of its foreign trading gross receipts without meeting the foreign management and foreign economic process requirements. The $5,000,000 limit is reduced if the small FSC has a short tax year, or may be reduced if the small FSC is a member of a controlled group that contains other small FSCs. Any gross receipts in excess of the limitation are treated as nonforeign trading gross receipts.

See regulations section 1.921-2(b) for more information.

**Note:** *Although a small FSC does not have to satisfy the foreign management requirements below, it has to meet the requirements of section 925(c) in order to use the administrative pricing rules. See item V, page 2, of Form 1120-FSC and Regulations section 1.925(a)-1T(b)(2)(ii) for details on section 925(c) requirements for the FSC and its related supplier.*

**2. Foreign Management Requirements.**—A FSC (other than a small FSC) is treated as having foreign trading gross receipts for the tax year only if the management of the FSC during the year takes place outside the United States. These management activities include:

**a.** Meeting of the board of directors and of shareholders.

**b.** Disbursement of cash, dividends, legal and accounting fees, salaries of officers, and salaries or fees of directors out of the principal bank account.

**c.** Maintaining the principal bank account at all times during the tax year.

**Meetings of directors and of shareholders.**—All meetings of the board of directors of the FSC and all meetings of the shareholders of the FSC that take place during the tax year must take place outside the United States. Only meetings that are formally convened as meetings of the board of directors or as shareholders' meetings are taken into account. If the participants in a meeting are not all physically present in the same location, the location of the meeting is determined by the location of the person exercising a majority of the voting power participating in the meeting. In addition, all such meetings must comply with the local laws of the foreign country or U.S. possession in which the FSC was created or organized. The local laws determine whether a meeting must be held, when and where it must be held, who must be present, quorum requirements, use of proxies, and so on.

**Principal bank account(s).**—The bank account(s) that is regarded as the principal bank account of a FSC is the bank account from which disbursement of cash, dividends, legal and accounting fees, salaries of officers, and salaries or fees of directors are made. The bank account(s) regarded as the principal bank account must be maintained in a country which satisfies the exchange of information requirements of section 927(e)(3), or in any possession of the U.S. as defined in section 927(d)(5) and it generally must be so maintained for each day of the tax year. The principal bank account(s) must be maintained in an institution that is engaged in the conduct of banking, financing, or similar business.

The principal bank account(s) must be designated on Form 1120-FSC.

For more details, see regulations under section 1.924(c)-1(c).

**3. Economic Processes Requirements.**—A FSC (other than a small FSC) has foreign trading gross receipts from any transaction only if economic processes for such transaction takes place outside the U.S. The regulations set forth the rules for determining whether a sufficient amount of the economic processes of a transaction takes place outside the U.S. Generally, a transaction will qualify if the FSC satisfies two different requirements: participation outside the U.S. in the sales portion of the transaction, and satisfaction of either the 50% or the 85% foreign direct cost test. The activities comprising these economic processes may be performed by the FSC or by any other person acting under contract with the FSC.

The FSC (or other person) may act upon standing instructions from another person in the performance of any activity, whether a sales activity or an activity relating to the disposition of export property.

**Participation outside the U.S. in the sales portion of the transaction.**—The requirement is met for the gross receipts of a FSC derived from any transaction if the FSC (or other person) has participated outside the United States in the following sales activities relating to such transaction:

**a.** Solicitation (other than advertising),

**b.** Negotiation, and

**c.** Making of the contract.

If any sales activity occurs with respect to a single contract for more than one transaction (or for items grouped separately for other purposes), that sales activity will apply to each transaction (or item), regardless of the fact that the transactions (or items) are grouped separately for other purposes (such as satisfying the foreign direct cost tests).



The FSC may elect on an annual basis to group transactions for purposes of satisfying the economic process requirements. Providing the necessary documentation and other rules of regulations section 1.924(d)-1(e) are met, transactions may be grouped on the basis of product or product line, customer, contract, or product or product line within customer or contract groupings. For more details, see regulations section 1.924(d)-1(e).

Solicitation (other than advertising) refers to any communication (by any method including, but not limited to, telephone, telegraph, mail, or in person) by the FSC (or other person), at any time during the 12-month period immediately preceding the execution of a contract relating to the transaction, to a specific, targeted customer or potential customer, that specifically addresses the customer's attention to the product or service covered by the transaction. Activities that would otherwise constitute advertising (such as sending sales literature to a customer or potential customer) will be considered solicitation (other than advertising) if the activities are not taken into account as advertising under the foreign direct costs tests. An exception to this rule is provided for second mailings in regulations section 1.924(e)-1(a)(1)(iv).

Negotiation refers to any communication by the FSC (or other person) to a customer or potential customer of one or more of the terms of a transaction including, but not limited to, price, credit terms, quantity, or time or manner of delivery. Negotiation does not include the mere receipt of a communication from a customer (such as an order) that includes terms of a sale.

Making of a contract refers to performance by the FSC (or other person) of any of the elements necessary to complete a sale, such as making an offer or accepting an offer. Acceptance of an unsolicited bid or order is considered the "making of a contract" even if no solicitation or negotiation occurred with respect to the transaction.

The written confirmation by the FSC (or other person) to the customer of an oral or written agreement which confirms variable contract terms or specifies (directly or by cross reference) additional contract terms, will be considered the making of a contract. A written confirmation is any confirmation expressed in writing, including a telegram, telex, or other similar written communication.

**Exception for military property.**—The requirement that the FSC participate outside the U.S. in the sales portion of the transaction does not apply in connection with foreign military sales. (The activities described in section 924(e), however, must be satisfied with respect to foreign military sales.) The FSC is deemed to have satisfied the requirements of section 924(d)(1)(A). See regulations section 1.924(d)-1(f) for details.

**Satisfaction of either the 50% or the 85% foreign direct cost test.**—For the gross receipts of a transaction to qualify as foreign trading gross receipts, the foreign direct costs incurred by the FSC attributable to the transaction must equal or exceed 50% of the total direct costs incurred by the FSC attributable to the transaction. Direct costs are those costs described in the five categories of section 924(e). Instead of satisfying the 50% foreign direct cost test described above, the FSC may incur foreign direct costs attributable to activities described in each of two of the section 924(e) categories that equal or exceed 85% of the total direct costs attributable to the activity described in that category. If no direct costs are incurred by the FSC in a particular category, that category is not taken into account for purposes of determining whether the FSC has met either the 50% or the 85% foreign direct cost test.

Direct costs are those costs that are incidental to and necessary for the performance of any activity described in section 924(e). Direct costs include the cost of materials which are consumed in the performance of the activity, and the cost of labor which can be identified or associated directly with the performance of the activity (but only to the extent of wages, salaries, fees for professional services, and other amounts paid for personal services actually rendered, such as bonuses or compensation paid for services on the basis of a percentage of profits). Direct costs also include the cost of equipment or facilities (or the use thereof) that can be specifically identified or associated with the activity, as well as the contract price of an activity performed on behalf of the FSC by a contractor.

"Total direct costs" means all of the direct costs of any transaction attributable to any of the activities described in section 924(e). For the 50% foreign direct cost test, total direct costs are determined based on the direct costs of all activities described in all of the paragraphs of section 924(e). For the 85% foreign direct cost test, however, the total direct costs are determined separately for each paragraph of section 924(e).

"Foreign direct costs" means the portion of the total direct costs of any transaction that is attributable to activities performed outside of the U.S. For the 50% foreign direct cost test, foreign direct costs are determined based on the direct costs of all activities described in all of the paragraphs of section 924(e). For the 85% foreign direct cost test, however, foreign direct costs are determined separately for each paragraph of section 924(e).

For more details, see regulations under section 1.924(d)-1.

**4. Section 925(c) Requirement.**—In order to use the administrative pricing rules to determine the FSC's (or small FSC's) profit on a transaction or group of transactions, the FSC must perform (or have another person acting under contract to it perform) all of the economic process activities relating to the transaction or group of transactions. All of the direct and indirect expenses relating to the performance of those activities must be reflected on the books of the FSC and on Form 1120-FSC. Under Regulations section 1.925(a)-1T(b)(2)(ii), an election may be made to include on the FSC's books all expenses, other than cost of goods sold, that are necessary to compute combined taxable income for the transaction or group of transactions.

### G. Penalties

The corporation may have to pay the following penalties unless it can show that not filing or not paying was due to reasonable cause and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate established under section 6621.)

A corporation that does not file its tax return when due (including any extension of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due.) The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or $100.

A corporation that does not pay the tax when due may generally be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due.)

A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the amount of estimated tax payments required to be made by a corporation is 90%. See section 6655.

If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets.

If there is a tax due on line 4, page 1, include the penalty in the total. If there is a refund due, subtract the penalty from the overpayment on line 5, page 1.

**Penalty for Overstated Tax Deposits.**—If deposits are overstated, the corporation may be subject to a penalty. See section 6656(b).

**Other Penalties**

The FSC may have to pay the following section 6686 penalties unless it can show that it had reasonable cause for not giving information or not filing a return:

- $100 for each instance of not giving information, up to $25,000 during the calendar year.
- $1,000 for not filing a return.

### H. Cooperatives

Special rules may apply when cooperatives described in section 1381 are shareholders in a FSC. These special rules apply to the nonexempt portion of foreign trade income from the sale or other dispositions of agricultural or horticultural products by the FSC. The FSC may distribute its nonexempt foreign trade income to the cooperative and thereby not be taxed on this amount. The cooperative must include this amount in income for its tax year that includes the last day of the FSC's tax year, even though the FSC does not have to distribute the income until the due date of its income tax return.

### I. Foreign Personal Holding Company

If the corporation is a foreign personal holding company as defined in section 552, certain officers, directors, and shareholders of the corporation must file Form 5471. See section 552 and Form 5471 for details. If the corporation is a personal holding company, but not a foreign personal holding company, it must file Schedule PH (Form



1120) with Form 1120-FSC. See section 542 and Schedule PH (Form 1120) for details.

### J. Tax Treaty Benefits

A FSC may not claim any benefits under any income tax treaty between the U.S. and any foreign country.

**K. Section 263A Uniform Capitalization Rules.**—The uniform capitalization rules of section 263A are discussed in general at the beginning of the instructions for Schedule G. See these instructions before completing Schedules A, F and G.

FSCs subject to section 263A will be required to make adjustments to the cost of goods sold (COGS) computation in Schedule A, and in any COGS worksheets prepared for lines 5 and 18 of Schedule F. To the extent that section 263A costs were not included in inventory in prior years, FSCs must revalue their beginning inventory. FSCs may elect one of the simplified methods of accounting for section 263A costs provided in the regulations. Absent the election of a simplified method, taxpayers are required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required of inventory costs under prior law.

## Specific Instructions

**Accounting methods.**—Compute taxable income by the accounting method regularly used to keep the FSC's books and records. The method used must clearly reflect taxable income. (See section 446.)

A member of a controlled group must avoid using an accounting method that would distort any group member's income, including its own. For example, a FSC acts as a commission agent for property sales by a related corporation that uses the accrual method and pays the FSC its commission more than 2 months after the sale. The FSC, then, should not use the cash method of accounting, because it materially distorts the income of the FSC.

Unless the law specifically permits otherwise, the FSC may change from the accounting method it used to report taxable income in earlier years (for income as a whole or for any material item) only after obtaining consent by filing **Form 3115**, Application for Change in Accounting Method.

**Rounding Off.**—You may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Attachments.**—If you need more space, attach separate sheets to the back of Form 1120-FSC. Attach **Form 4136**, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 6, Form 1120-FSC. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136. Be sure to put the FSC's name and employer identification number (EIN) on each sheet.

To assist us in processing the return, we ask that you complete every applicable entry space on Form 1120-FSC. Please do not attach statements and write "See attached" in lieu of completing the entry space on Form 1120-FSC.

**Page 1**

**Address.**—The address used on the return should be the location of the books and records in the U.S. (as required by section 6001).

**Employer Identification Number.**—Enter the FSC's employer identification number (EIN). If the FSC does not have an EIN, it should apply for one on **Form SS-4**, Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the Internal Revenue Service Center, Philadelphia, PA 19255. If you have not received the EIN by the time for filing Form 1120-FSC, write "Applied for" in the space for the EIN.

**Item C. Country or U.S. Possession of Incorporation.**—Enter the name of the foreign country or U.S. possession in which the FSC was incorporated. See sections 927(d)(5) and 927(e)(3).

**Item G.**—Enter the total assets of the FSC from line 14, column (d), Schedule L. If there are no assets at the end of the tax year, enter the assets as of the beginning of the tax year.

**Item H.**—Items (8), (9), and (10) of item H are completed if the FSC is a member of a controlled group of corporations and the principal shareholder of the FSC that completes items H(1) through (7) is not the group member that is the common parent of the group. For purposes of items (8), (9), and (10), the common parent of the group is the member that is the common parent of the controlled group as defined in section 927(d)(4). If the controlled group does file a consolidated tax return, enter the consolidated assets of the group in item (10); otherwise, only enter the common parent's assets.

**Page 2**

**Item N.**—All FSCs (except small FSCs) must complete questions (1) and (2) under item N. For more information, see "Foreign Management Requirements" in General Instruction F2.

**Item U.**—A FSC (other than a small FSC) must complete item U to show that it satisfied the foreign economic process requirements of section 924(d) for all transactions for which foreign trading gross receipts were reported on lines 1 through 5 of Schedule B. While these rules are generally applied on a transaction by transaction basis, the FSC may make an annual election to group the transactions (regulations section 1.924(d)-1(e)).

A FSC meets the foreign economic process tests for any transaction, if on an aggregate basis, the foreign direct costs attributable to the transaction are 50% or more of the total direct costs attributable to the transaction for the following activities: 1) advertising and sales promotion, 2) processing of customer orders and arranging for delivery, 3) transportation of property from the time of acquisition by the FSC (or in the case of a commission relationship, from the beginning of such relationship for such transaction) to delivery to the customer, 4) determination and transmittal of final invoice or statement of account and receipt of payment, and 5) assumption of credit risk. Alternatively, the FSC meets the foreign economic process test for any transaction if the foreign direct costs attributable to the activities described in at least two of the above categories is 85% or more of the total direct costs attributable to the activities described in those categories.

In item U indicate which test(s) apply to the transactions that gave rise to the gross receipts entered on lines 1 through 5, Schedule B. If only one test applies, check the appropriate box. If both tests apply, check both boxes.

In addition to completing item U, the FSC must keep sufficient records to show it met the requirements for each transaction (or group of transactions). These records must be made available on examination of the FSC return.

**Item V.**—Complete item V to make the election allowed by Temporary Regulations 1.925(a)-1T(b)(2)(ii) for the FSC and related supplier to meet the requirements of section 925(c).

## Schedule A—Cost of Goods Sold and/or Operations Relating to Foreign Trading Gross Receipts

Complete Schedule A only for the cost of goods sold deduction related to foreign trading gross receipts reported on lines 1 through 5 of Schedule B.

If the FSC acts as another person's commission agent on a sale, do not enter any amount in Schedule A for the sale.

A small FSC will have to make two separate computations for cost of goods sold if its foreign trading gross receipts exceed the limitation amount on line 5e of Schedule B. In this case, a deduction for cost of goods sold will be figured separately for the income on line 6b of Schedule B, and separately for the income on line 7 of Schedule F. Attach the computation for the cost of goods sold deduction entered on line 18 of Schedule F to Form 1120-FSC.

Also, complete a separate computation for cost of goods sold and other expenses attributable to income reported on line 4 of Schedule F. Attach this schedule to Form 1120-FSC.

Complete lines 1 through 7, column (a) of Schedule A, to show the cost of goods sold for inventory acquired in transactions using the administrative pricing rules. Complete lines 1 through 7, column (b), to show the cost of goods sold for inventory acquired in transactions in which the administrative pricing rules were not used. For details on administrative or nonadministrative pricing rules, see separate **Schedule P (Form 1120-FSC)**, Computation of Transfer Price or Commission.

**Section 263A Uniform Capitalization Rules.**—The uniform capitalization rules of section 263A are discussed in general in General Instruction K and the instructions for Schedule G. See those instructions before proceeding.

FSCs subject to section 263A will be required to make adjustments to the cost of goods sold computation(s) for Schedules A, F, and G where applicable. To the extent that section 263A costs would have been included in inventory in prior years, FSCs must revalue their beginning inventory. FSCs may elect one of the simplified methods of accounting for section 263A costs provided in Temporary Regulations section 1.263A-1T for purposes both of revaluing their inventory and to account for costs in subsequent years. Absent the election of a simplified method, FSCs are required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required of inventoriable costs under prior law.

**Line 1.**—For tax years beginning after 1986, beginning inventory must be revalued as if the section 263A rules had been in effect for all prior periods. For inventory that when sold results in foreign trade income, enter the revalued beginning inventory on line 1 of Schedule A. For inventory that when sold results in nonexempt foreign trade income or nonforeign trade income, enter the revalued beginning inventory on the computation schedule for lines 5 and 18 of Schedule F.

In addition to the revaluation, an adjustment to income is required under section 481(a). The section 481 adjustment is taken into account over a period not to exceed 4 years. Also, since the application of section 263A is considered to be a change in accounting method, the FSC is required to complete Form 3115 to show the computation of the section 481(a) adjustment. Attach Form 3115 to Form 1120-FSC. Be sure to use the 1987 revision of Form 3115. See the regulations for more information on revaluing beginning inventory.

The section 481(a) income adjustment relating to schedule A is entered in columns (a) and (b), between lines 5 and 6, of Schedule B. Also write to the left of the column (a) amount "481/263A income." Allocate the section 481(a) income to columns (a) and (b) of Schedule B in the same way as the beginning inventory was allocated to columns (a) and (b) of Schedule A. Enter the section 481(a) income attributable to beginning inventory for the computation of the cost of goods sold for line 5 of Schedule F in the total for line 4, columns (a) and (b), of Schedule F. Write to the left of column (a) of line 4 "481/263A income" and the amounts of the 481(a) income entered in columns (a) and (b). Enter the section 481(a) income attributable to beginning inventory for the computation of cost of goods sold for line 18 of Schedule F in line 16 of Schedule F. Write to the left of the line 16 amount "481/263A income" and the amount of the 481(a) income.

**Line 4a.**—An entry is required on this line only for FSCs electing a simplified method of accounting. In the case of FSCs electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in inventory costs under the corporation's method of accounting immediately prior to the effective date in Regulations section 1.263A-1T but that are now required to be capitalized under section 263A. In the case of taxpayers electing the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories: off site storage or warehousing, purchasing, handling, processing, assembly, and repackaging; and general administrative costs (mixed service costs). Enter on line 4a the balance of section 263A costs paid or incurred during the tax year that were not included on lines 2 and 3. See Regulations section 1.263A-1T for more information.

**Line 4b.**—Enter on line 4b any costs paid or incurred during the tax year not entered on lines 2 through 4a.

**Line 6.**— See Regulations section 1.263A-1T for more information on figuring the amount of additional section 263A costs to be capitalized and added to ending inventory.

**Note:** *The instructions for lines 1, 4a, 4b, and 6 also apply to the computation of the cost of goods sold for purposes of lines 5 and 18 of Schedule F.*

**Line 8a. Valuation methods.**—Inventories can be valued at: (a) cost, (b) cost or market value, whichever is lower, or (c) any other method approved by the Commissioner of Internal Revenue, that conforms to the applicable regulations cited below.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for Federal income tax purposes. For further details, see regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B. 738.

In line 8a, check the method(s) used for valuing inventories. Under lower of cost or market, market generally applies to normal market conditions when a current bid price prevails at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) if such a price can be established. See regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach **Form 970**, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8b. Enter the amount or percent of total closing inventories covered under section 472 in line 8c. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "write up" opening inventory to cost in the year of election, report the effect of this writeup as income (as appropriate in Schedule F, line 16) proportionately over a 3-year period that begins in the tax year the election was first made. See section 472(d).

## Schedule B—Taxable Income

Schedule B provides for the computation of taxable income from all sources.

### Changes for Tax Years Beginning after 1986

**a.** The installment method is no longer available for any sale of personal property under a revolving credit plan.

**b.** The use of the installment method is limited by the proportionate disallowance rules of section 453C. Additional tax is generated by the application of the proportionate disallowance rules of section 453C for sale of personal property by a dealer after February 28, 1986. The tax is taken into account or treated as imposed ratably over a period of 3 years. The additional tax is included in the tax entered on line 3 of Schedule J of Form 1120-FSC. See section 811(c)(7) of the Tax Reform Act of 1986, and the instructions for line 3 of Schedule J for more information. This rule may be applicable to both Schedule B and Schedule F income.

**c.** Passive activity limitations may apply to FSCs that are closely held corporations. See instructions for line 20 of Schedule B.

### Part I

Part I provides for the computation of income attributable to foreign trade income. Income and expenses on lines 1 through 15 are reported in column (a) or (b) based on the method of pricing (administrative or nonadministrative) used in the transaction that produced the income.

Report in column (b) all foreign trade income from all transactions in which the administrative pricing rules were not used. This income may or may not be effectively connected with a U.S. trade or business. Attach a schedule showing the computation of the taxable amount. (Only the taxable portion is included in line 16 of Schedule B.) Such income would be effectively connected and taxable more often for a small FSC, as it normally has a place of business in the U.S.

**Lines 1 through 5**—Enter foreign trading gross receipts as defined in section 924(a).

Report commission income on lines 1 or 2 based on the sale, lease, or rental of property on which such commission arose.

**Line 5**—Gross receipts from the performance of managerial services for an unrelated FSC or IC-DISC are foreign trading gross receipts if two conditions are met. These conditions are:

1. The managerial services must be performed with respect to activities that result in the sale, exchange, or other disposition of export property, the rental or lease by the lessee of export property outside the U.S., or that are related to and subsidiary to the activities described above, AND

2. At least 50% of the FSC's gross receipts for the tax year must be derived from the sale, exchange, or other disposition of export property, the lease or rental of export property outside the U.S., and services that are related or subsidiary to these activities. Gross receipts are defined in section 927(b).

For example, if receipts reported on lines 1, 2, and 3 of Schedule B are less than 50% of gross receipts for the year, managerial services would not qualify as foreign trading



gross receipts for the year. In this case, these receipts would be reported on line 16 of Schedule F.

**Lines 6b through 6h**—Determination of limit on foreign trading gross receipts for the small FSC. See General Instruction F1 and section 924(b)(2) before completing this part.

**Line 6f**—If commission income is reported on lines 1 or 2 of Schedule B, total receipts for purposes of line 6f are figured as follows:

1. Enter total of columns (a) and (b), line 6a, Schedule B . . . ________
2. Enter total commission income reported on line 1 or 2, Schedule B . . . ________
3. Line 1 less line 2 . . . ________
4. For the commissions reported on line 2 above, enter total gross receipts for the sale, lease, or rental of property on which the commissions arose (Section 927(b)(2)) . . . ________
5. Add lines 3 and 4. Enter on line 6f, Schedule B . . . ________

**Line 6h**—When making the line 6h allocation, only allocate the commission income attributable to the gross receipts on line 4 above. If the foreign trading gross receipts of the FSC exceed the line 6g, Schedule B, limitation, the FSC may select the gross receipts to which the limitation is allocated. See regulations section 1.921-2(b) Q-4.

**Line 7**—Enter the deduction for cost of goods sold from line 7, Schedule A, page 2.

**Line 10**—Provides for exclusion of exempt foreign trade income based on exemption percentages on lines 9a and 9b.

**Line 14**—Enter deductions from Schedule G that are attributable to nonexempt foreign trade income.

### Part II

Part II is a summary of taxable foreign trade income and taxable income from Schedule F.

**Line 16**—Combine the income on line 15, column (a), with any taxable amount in line 15, column (b). See instruction for Part I, column (b) above, regarding taxable income in column (b). Attach a schedule showing the computation of the taxable amount.

**Line 19a. Net operating loss deductions.**—The net operating loss (NOL) deduction is the amount of the NOL carryovers and carrybacks that can be deducted in the tax year. Generally, a FSC may carry a NOL back to each of the 3 tax years **preceding** the year of the loss and carry it over to each of the 15 tax years following the year of the loss. See section 172 and related regulations for special rules, limitations, and definitions pertaining to NOL carrybacks and carryovers. Also, see **Publication 536**, Net Operating Losses, for more information.

**Line 19b. Special Deductions.**—A FSC may be entitled to a dividends-received deduction for dividends it receives from other corporations. Complete a dividend worksheet similar to that on page 6 to determine the total amount of dividends received by the FSC and to figure the dividends-received deduction. Attach your worksheet to Form 1120-FSC.

**Line 20. Taxable Income (loss).**—If the FSC is a closely held corporation and has a section 469(d) passive activity loss or credit, section 469 loss limitations apply to the FSC for tax years beginning after 1986. Generally, a passive activity loss or credit would be attributable to FSC operations that generate nonforeign trade income or loss. If the FSC has passive activity loss or credit for 1987, the loss is limited in figuring line 20 taxable income or loss, and any passive activity credit entered on Schedule J of Form 1120-FSC is limited.

For information on passive activity limitations, see **Publication 925**, Passive Activity and At-Risk Rules; **Form 8582**, Passive Activity Loss Limitations; **Form 8582-CR**, Passive Activity Credit Limitations; and section 469. If the limitations apply to a loss or credit, complete Form 8582 or Form 8582-CR, as applicable, to determine the limitations. Attach the forms to Form 1120-FSC. **Note:** *The instructions for line 28 of page 1, Form 1120, U.S. Corporation Income Tax Return, give a brief explanation of how Form 8582 is completed by a closely held U.S. corporation.*

## Schedule E—Percentages To Be Used In Figuring Exempt Trade Income, etc.

Schedule E is used to figure the exemption percentages that are used in figuring exempt foreign trade income (Schedule B, line 10) as well as deductions attributable to exempt foreign trade income (Schedule G, line 17).

A C corporation means a corporation other than an S corporation. Shareholders other than C corporations are individuals, partnerships, S corporations, trusts, and estates.

Use lines 2a through 2d to figure the exemption percentage for foreign trade income that was determined without regard to the administrative pricing rules of section 923(a)(2).

Use lines 3a through 3d to figure the exemption percentage for foreign trade income that was determined by using the administrative pricing rules of section 923(a)(3).

## Schedule F—Nonexempt Foreign Trade Income and Nonforeign Trade Income

### Changes for Tax Years Beginning after 1986

**a.** Before completing Schedule F, see Changes for Tax Years Beginning after 1986 in the instructions for Schedules B and G for changes that also affect Schedule F income and expenses.

**b.** The use of the installment method is limited by the proportionate disallowance rules of section 453C. Additional income is generated by the application of the proportionate disallowance rules of section 453C for sale of real property held for sale to customers by a FSC that is a dealer. The income is taken into account ratably over a period of 3 years. The income is reported on line 16 of Schedule F. See section 811(c)(6) of the Tax Reform Act of 1986 for more information. Dealers in the sale of personal property that produces Schedule F income should see the Schedule B instructions referenced in item a above.

**c.** Schedule F was expanded for 1987 to include nonexempt foreign trade income (line 1 of Schedule F) that was previously reported directly on Schedule B.

**Schedule F—Part I.**—Enter nonexempt foreign trade income and related expenses in Part I.

**Line 1.**—Enter 50% of total receipts attributable to the sale, exchange, or other disposition of military property and related services. (**Note:** *The other 50% of this income is reported on lines 1 and 3 of Schedule B.*)

**Line 2.**—Enter FSC income that resulted from the FSC's cooperation with an international boycott. See Form 5713 for reporting requirements for any FSC with operations in or related to a boycotting country. See section 927(e)(2).

**Line 3.**—Enter any amount of illegal payments, bribes, or kickbacks that the FSC paid directly or indirectly to government officials, employees, or agents. See section 927(e)(2).

**Schedule F—Part II.**—Enter the taxable portion of gross income of the FSC that is not derived from foreign trade gross receipts. This type of income includes amounts specifically excluded from foreign trade income by law (line 7); investment type income (lines 8 through 12); income from property that is subsidized, deemed in short supply, or destined for use in the U.S. (lines 13 and 14); amounts from transactions that did not meet the foreign economic process tests (line 15); and other nonforeign trade income (line 16). For more details, see sections 924(f) and 927(a)(2) and (3).

**Line 9**—See instructions for the dividend worksheet below to figure the dividend income to report on line 9. Attach the dividend worksheet you prepare to Form 1120-FSC.

## Instructions for Dividend Worksheet on Page 7

### Column (a) Instructions

**Line 1.** Enter dividends received from domestic corporations subject to income tax and the deduction under section 243(a)(1) and certain dividends received from Federal Home Loan Banks (section 246(a)(2)). For dividends received from a regulated investment company, see section 854 for the amount subject to deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest. Do not treat them as dividends.

Do not enter on line 1 any dividends received on "debt-financed" stock acquired after July 18, 1984. See section 246A and line 2, column (a), instruction below.

**Line 2.** Enter dividends that would have been eligible for the section 243(a)(1) or section 245 deduction except that they are from "debt financed" stock acquired after July 18, 1984. "Debt-financed" stock is stock that the corporation incurred a debt in acquiring.

**Line 3.** Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.



**Line 4.** *Enter dividends that are received from foreign corporations and that qualify for the deduction provided in section 245(a).* Also enter dividends received from other FSCs that are attributable to qualified interest and carrying charges and that qualify for the deduction provided in section 245(c)(1)(B).

**Line 6.** Enter all other dividends received from foreign corporations that do not qualify for a dividends-received deduction.

**Line 7.** If the FSC claims the foreign tax credit, the tax that is deemed paid under section 902(a) (relating to credit for a corporate stockholder in a foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

**Line 8.** Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the dividend-received deduction; dividends (other than capital gain dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above (including distributions under section 936(h)(4)).

### Line 1, Columns (b) and (c)

The dividends-received deduction percentage for dividends received after December 31, 1986, is 80%. Multiply the dividends received by 80% to determine the dividends-received deduction.

A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax (Section 243(a)(2).)

### Line 2, Columns (b) and (c)

The dividends-received deduction for dividends received on debt-financed stock is explained in section 246A. This section applies both to dividends received from debt-financed stock of domestic and foreign corporations acquired after July 18, 1984.

Dividends received on debt financed stock are not entitled to the full 80% dividends-received deduction. The 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also see section 245(a) before making the computation for an additional limitation which applies to dividends received from foreign corporations. A schedule showing the computation of the amount on line 2, column (c), of the worksheet must be attached to Form 1120-FSC along with the dividend worksheet.

### Line 3, Columns (b) and (c)

For dividends on certain preferred stock of public utilities received after December 31, 1986, but before July 1, 1987, the dividends received deduction percentage is 55.652%. For these dividends received after June 30, 1987, the dividends received deduction percentage is 47.059%.

Multiply the dividends received in each period by the proper percentage to determine the correct dividends-received deduction.

### Line 4, Columns (b) and (c)

The dividends-received deduction percentage for dividends received from foreign corporations entitled to the dividends-received deduction under section 245(a) is 80% for dividends received after December 31, 1986. The corporation must have at least a 10% interest in the foreign corporation.

### Column (c) Instructions

**Exclusion of certain dividends.**—In general, no dividends-received deduction will be allowed on any share of stock (a) if the corporation held the stock 45 days or less (see section 245(c)(1)(A)) or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or other securities.

**Line 5. Limitation on dividends-received deduction.**—Line 5 may not be more than 80% of line 18, Schedule B. For this purpose compute line 18, Schedule B, without regard to any adjustment under section 1059 and any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 80% limit does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

**Line 18**—Enter on line 18 of Schedule F the deductions allocated or apportioned to income on lines 7 through 16. Make a separate computation for any cost of goods sold deduction included in the line 18 amount. Attach the computation to Form 1120-FSC.

## Schedule G—Deductions Relating to Foreign Trade Income

### Changes for Tax Years Beginning after 1986

**a. Section 263A Uniform Capitalization Rules.**—Many items that were deductible under prior law must now be capitalized or included in inventory under the new uniform capitalization rules of section 263A. The new rules require FSCs to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpayer includes a film, sound recording, video, tape, book, or similar property. The rules also apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to the rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that benefit the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is

| Dividend Worksheet | (a) Dividends received | (b) Deduction | (c) Special deductions (Multiply (a) by (b)) |
|---|---|---|---|
| 1. Domestic corporations subject to the section 243(a) deduction | | See Inst | |
| 2. Debt-financed stock of domestic and foreign corporations (246A) | | See Inst | |
| 3. Certain preferred stock of public utilities | | See Inst | |
| 4. Foreign corporations subject to the section 245 deduction | | See Inst | |
| 5. Total dividends-received deduction—Add lines 1 through 4, Column (c). Enter here and on line 19b, Schedule B | | | |
| 6. Other dividends from foreign corporations | | | |
| 7. Foreign dividend gross-up (section 78) | | | |
| 8. Other dividends | | | |
| 9. Total dividends—Add amounts on lines 1 through 8, Column (a). Enter here and on line 9, Schedule F | | | |



governed by special rules. The uniform capitalization rules also apply to the production of property constructed by a taxpayer for use in trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are $10,000,000 or less. It does not apply to timber or to property produced under a long term contract. Special rules apply for farmers. The rules do not apply to property which is produced for use by the taxpayer if substantial construction occurred before March 1, 1986.

The uniform capitalization rules are generally effective for costs and interest paid or incurred after December 31, 1986. The uniform capitalization rules relating to inventory apply to tax years beginning after 1986. Transitional rules are contained in section 803 of the Tax Reform Act of 1986.

In the case of inventory, some of the indirect costs which may not have been capitalized before 1987 which now must be capitalized are: administration expenses, taxes, depreciation, insurance costs, compensation paid to officers attributable to services, rework labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Current deductions may still be claimed for research and experimental costs under section 174, and mining and exploration and development costs. Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see section 263A, Uniform Capitalization Rules in the instructions for Schedule A and Regulations section 1.263A-1T.

**b. Deduction for Bad Debts.**—Before 1987, the FSC could treat bad debts in either of two ways: (1) as a deduction for specific debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. For 1987, the FSC can only use the specific charge-off method of figuring its bad debt deduction. If the reserve method was used in prior years, see the instruction for line 11 of Schedule G for rules on changing to the specific charge-off method.

**c. Meals and entertainment expenses.**—For tax years beginning after 1986, the amount a FSC is allowed as a deduction for food and entertainment expenses is limited to 80% of the amount that would otherwise be allowable. The 80% limitation of section 274(n) is applied after determining the otherwise allowable deduction under section 162 and other provisions of section 274. Section 162 permits a deduction for ordinary and necessary expenses of a trade or business, however, section 274(l) limits the deduction for certain entertainment expenses, and section 274(k) does not allow a deduction for any expenses of any food or beverages to the extent they are lavish or extravagant. See section 274 for more information.

### Line Instructions

**Line 1.** Only enter foreign direct costs in lines 1a through 1e. See section 924(e) and regulations section 1.924(e)-1T(a) through (e) for definitions and rules on direct activity costs relating to foreign trade income. If you take a deduction for bad debts on line 1e, and you use the reserve method to figure the deduction, attach a schedule as explained in the line 11 instruction below.

**Line 4.**—Besides depreciation, include in line 4 the part of the cost that the FSC elects to expense under section 179. See the instructions for Form 4562. For property placed in service after 1986, the section 179 expense is limited to $10,000.

**Line 11. Bad debts.**—Generally, for tax years beginning after 1986, the FSC can only use the specific charge-off method of figuring its bad debt deduction. See section 166 for more information.

When changing to the specific charge off method for 1987, the following rules apply:

a. The change is treated as a change in the FSC's accounting method that is initiated by the FSC.

b. The change shall be considered as approved by the Commissioner, and

c. The net amount of adjustments required by section 481 because of the change in accounting method must be reported as income as explained below.

The adjustment referred to in item c above is the amount of the balance of the FSC's reserve for bad debts at the close of its 1986 tax year. The balance of the reserve is reported ratably in each of the first 4 tax years beginning after 1986. Report each year's ratable portion of the income in Schedule B and Schedule F based on the percentage of each type of sales income to total sales income for the tax years the reserve was established. For more information see section 805(d)(2) of the Tax Reform Act of 1986.

## Schedule J—Tax Computation

### Lines 1 and 2

Members of a controlled group, as defined in section 927(d)(4), with tax years that began before July 1, 1987, are entitled to only one $25,000 amount in each taxable income bracket on line 2a. Members of a controlled group that have tax years that end after June 30, 1987, are entitled to one $50,000 amount and one $25,000 amount (in that order) in each taxable income bracket on line 2b.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See regulations section 1.1561-3(b) for these requirements and for the time and manner of making the consent.

**Equal Apportionment Plan.**—If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B, both corporations with tax years which include July 1, 1987. They do not elect an unequal apportionment plan. Therefore, corporation A is entitled to $12,500 (one-half of $25,000) in each taxable income bracket on line 2a. Corporation B is also entitled to $12,500 in each taxable income bracket. Each income bracket on line 2b of Schedule J is also equally divided.

**Unequal Apportionment Plan.**—Members of a controlled group may elect an unequal apportionment plan and divide the amount in each taxable income bracket as they wish. There is no need for consistency among taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the amount in a taxable income bracket. (However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.) Each member of a controlled group must complete item T on page 2 of Form 1120-FSC.

**Note:** *Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional 5% tax. If the additional tax applies, each member of the group must attach to its tax return a schedule that shows the taxable income of the entire group as well as how its portion of the additional tax was figured.*

### Tax Computation

**Line 3.**—The FSC figures the tax on its taxable income by using Schedules A and B of the Tax Computation Worksheet on page 10 of the instructions. Members of a controlled group, see the instructions below for lines 1 and 2 of Schedule J before proceeding to page 10. If the FSC is a dealer in personal property and is using the installment method for 1987, it should see section 811(c)(7) of the Tax Reform Act of 1986 to figure the ratable portion of the tax attributable to section 453C to be included in line 3 of Schedule J. Write in the space to the left of line 3 "Sec. 453C tax computation." Attach your schedule showing the computation to Form 1120-FSC.

**Additional Tax.**—The Tax Computation Worksheet includes the computation for an additional 5% tax on the excess of the FSC's taxable income over a specified amount. The "specified amount" was changed, effective July 1, 1987, from $1,000,000 to $100,000. The maximum amount of the additional tax (previously $20,250) has been changed to $11,750 effective July 1, 1987.

**Alternative Tax.**—If the tax year of the FSC begins before July 1, 1987, and the corporation has a net capital gain on line 10, Schedule D (Form 1120), the alternative tax computation may apply. To compute the alternative tax, complete Schedules A and B of the Tax Computation Worksheet on page 10 as instructed and enter the amount from line 34 of the worksheet on line 12, Part IV, Schedule D (Form 1120). Complete the rest of Part IV, Schedule D (Form 1120), and enter the lesser of the alternative tax or the tax figured by the regular method on line 3, Schedule J, Form 1120-FSC.

**Line 4. Foreign tax credit.**—Generally, neither a FSC nor its shareholders may claim a foreign tax credit. The FSC may, however, claim a foreign tax credit for any foreign taxes imposed on foreign source nonforeign trade income that is effectively connected with a U.S. trade or business. This income is subject to a separate limitation when computing the foreign tax credit.

A shareholder of a FSC may be entitled to a foreign tax credit on certain distributions from a FSC. These distributions are from foreign-sourced foreign trade income that was determined without using administrative pricing. See Regulations section 1.921-3T(d).

**Line 6. Alternative minimum tax (and environmental tax).**—Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and the tax preference items of the FSC exceeds $40,000. See Form 4626 for more information. Attach Form 4626 to Form 1120-FSC.

Also, if the FSC is liable for the section 59A environmental tax figured on Form 4626, enter this tax on line 6. Write to the left of line 6 "Sec. 59A tax" and the amount of the tax. See Form 4626 for more information. Attach Form 4626 to Form 1120-FSC.

**Line 7. Personal holding company tax.**—If the FSC is a personal holding company described in section 542 but not a foreign personal holding company described in section 552, it may be liable for the personal holding company tax. Use **Schedule PH (Form 1120)**, Computation of U.S. Personal Holding Company Tax, to figure this tax. Enter the tax on line 7 and attach Schedule PH (Form 1120) to Form 1120-FSC.

**Schedule P (Form 1120-FSC).**—Complete and attach a separate Schedule P (Form 1120-FSC) for each transaction or group of transactions to which you apply the transfer pricing rules of section 925. See Schedule P (Form 1120-FSC) for details on completing the schedule.



## Schedules A and B—Tax Computation Worksheet

**Effective July 1, 1987, the tax rates for corporations were reduced. The new rates of tax are:**

15% on the first $50,000 of income;
25% on the next $25,000 of income; and
34% on any amount over $75,000.
Also, an additional tax of 5% is applied against income in excess of $100,000. The maximum amount of this additional tax is $11,750.

**Corporations with tax years beginning after June 30, 1987, should complete Schedule B (below) only.**

**Schedule A — Tax Computed for Period Before July 1, 1987**

| | | |
|---|---|---|
| 1 | Taxable income (line 20, Schedule B, page 3, Form 1120-FSC) | |
| 2 | Net capital gain (If the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.) | |
| 3 | Subtract line 2 from line 1 | |
| 4 | Enter the lesser of line 3 or $25,000 (members of a controlled group, see instructions) | |
| 5 | Subtract line 4 from line 3 | |
| 6 | Enter the lesser of line 5 or $25,000 (members of a controlled group, see instructions) | |
| 7 | Subtract line 6 from line 5 | |
| 8 | Enter the lesser of line 7 or $25,000 (members of a controlled group, see instructions) | |
| 9 | Subtract line 8 from line 7 | |
| 10 | Enter the lesser of line 9 or $25,000 (members of a controlled group, see instructions) | |
| 11 | Subtract line 10 from line 9 | |
| 12 | Multiply line 4 times 15% | |
| 13 | Multiply line 6 times 18% | |
| 14 | Multiply line 8 times 30% | |
| 15 | Multiply line 10 times 40% | |
| 16 | Multiply line 11 times 46% | |
| 17 | If line 3 is more than $1,000,000, enter the lesser of: (a) 5% of the excess of line 3 over $1,000,000 or (b) $20,250 (members of a controlled group, see instructions) | |
| 18 | Add amounts on lines 12 through 17 | |

**Schedule B — Tax Computed for Period After June 30, 1987**

| | | |
|---|---|---|
| 19 | Enter amount from line 3, Schedule A, above | |
| 20 | Net capital gain (If the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.) | |
| 21 | Subtract line 20 from line 19 | |
| 22 | Enter the lesser of line 24 or $50,000 (members of a controlled group, see instructions) | |
| 23 | Subtract line 22 from line 21 | |
| 24 | Enter the lesser of line 23 or $25,000 (members of a controlled group, see instructions) | |
| 25 | Subtract line 24 from line 23 | |
| 26 | Multiply line 22 times 15% | |
| 27 | Multiply line 24 times 25% | |
| 28 | Multiply line 25 times 34% | |
| 29 | Additional tax. If line 21 is more than $100,000, enter the lesser of: (a) 5% of the excess of line 21 over $100,000 or (b) $11,750 (members of a controlled group, see instructions) | |
| 30 | Add lines 26 through 29 (If only Schedule B was completed, skip lines 31 through 34. Enter the amount from line 30 on line 3, Schedule J, Form 1120-FSC.) | |
| 31 | Enter amount from line 18, Schedule A, above | |
| 32 | Line 31 × $\frac{\text{number of days in tax year before 7-1-87}}{\text{number of days in tax year}}$ | |
| 33 | Line 30 × $\frac{\text{number of days in tax year after 6-30-87}}{\text{number of days in tax year}}$ | |
| 34 | Tax liability before credits. Add amounts on lines 32 and 33. Enter here and on line 3, Schedule J, Form 1120-FSC. If the alternative tax applies, enter on line 12, Schedule D (Form 1120) | |



## Codes for Principal Business Activity

*These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should not be used as SIC codes.*

Using the list below, enter on page 1, under D, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means the total of receipts on line 6a, Schedule B, and lines 4 and 17 of Schedule F.

On page 2, under O, state the principal business activity and principal product or service that accounts for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

### Agriculture, Forestry, and Fishing

| Code | |
|---|---|
| 0400 | Agricultural production |
| 0600 | Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping |

### Mining

| Code | |
|---|---|
| **Metal mining:** | |
| 1010 | Iron ores |
| 1070 | Copper, lead and zinc, gold and silver ores |
| 1098 | Other metal mining |
| 1150 | Coal mining |
| **Oil and gas extraction:** | |
| 1330 | Crude petroleum, natural gas, and natural gas liquids |
| 1380 | Oil and gas field services |
| **Nonmetallic minerals, except fuels:** | |
| 1430 | Dimension, crushed and broken stone; sand and gravel |
| 1498 | Other nonmetallic minerals, except fuels |

### Construction

| Code | |
|---|---|
| **General building contractors and operative builders:** | |
| 1510 | General building contractors |
| 1531 | Operative builders |
| 1600 | **Heavy construction contractors** |
| **Special trade contractors:** | |
| 1711 | Plumbing, heating, and air conditioning |
| 1731 | Electrical work |
| 1798 | Other special trade contractors |

### Manufacturing

| Code | |
|---|---|
| **Food and kindred products:** | |
| 2010 | Meat products |
| 2020 | Dairy products |
| 2030 | Preserved fruits and vegetables |
| 2040 | Grain mill products |
| 2050 | Bakery products |
| 2060 | Sugar and confectionery products |
| 2081 | Malt liquors and malt |
| 2088 | Alcoholic beverages, except malt liquors and malt |
| 2089 | Bottled soft drinks, and flavorings |
| 2096 | Other food and kindred products |
| 2100 | **Tobacco manufacturers** |
| **Textile mill products:** | |
| 2228 | Weaving mills and textile finishing |
| 2250 | Knitting mills |
| 2298 | Other textile mill products |
| **Apparel and other textile products:** | |
| 2315 | Men's and boys' clothing |
| 2345 | Women's and children's clothing |
| 2388 | Other apparel and accessories |
| 2390 | Miscellaneous fabricated textile products |
| **Lumber and wood products:** | |
| 2415 | Logging, sawmills, and planing mills |
| 2430 | Millwork, plywood, and related products |
| 2498 | Other wood products, including wood buildings and mobile homes |
| 2500 | **Furniture and fixtures** |
| **Paper and allied products:** | |
| 2625 | Pulp, paper, and board mills |
| 2699 | Other paper products |
| **Printing and publishing:** | |
| 2710 | Newspapers |
| 2720 | Periodicals |
| 2735 | Books, greeting cards, and miscellaneous publishing |
| 2799 | Commercial and other printing, and printing trade services |
| **Chemicals and allied products:** | |
| 2815 | Industrial chemicals, plastics materials and synthetics |
| 2830 | Drugs |
| 2840 | Soap, cleaners, and toilet goods |
| 2850 | Paints and allied products |
| 2898 | Agricultural and other chemical products |
| **Petroleum refining and related industries (including those integrated with extraction):** | |
| 2910 | Petroleum refining (including integrated) |
| 2998 | Other petroleum and coal products |
| **Rubber and misc. plastics products:** | |
| 3050 | Rubber products; plastics footwear, hose and belting |
| 3070 | Miscellaneous plastics products |
| **Leather and leather products:** | |
| 3140 | Footwear, except rubber |
| 3198 | Other leather and leather products |
| **Stone, clay, and glass products:** | |
| 3225 | Glass products |
| 3240 | Cement, hydraulic |
| 3270 | Concrete, gypsum, and plaster products |
| 3298 | Other nonmetallic mineral products |
| **Primary metal industries:** | |
| 3370 | Ferrous metal industries; misc. primary metal products |
| 3380 | Nonferrous metal industries |
| **Fabricated metal products:** | |
| 3410 | Metal cans and shipping containers |
| 3428 | Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products |
| 3430 | Plumbing and heating, except electric and warm air |
| 3440 | Fabricated structural metal products |
| 3460 | Metal forgings and stampings |
| 3470 | Coating, engraving, and allied services |
| 3480 | Ordnance and accessories, except vehicles and guided missiles |
| 3490 | Misc. fabricated metal products |
| **Machinery, except electrical:** | |
| 3520 | Farm machinery |
| 3530 | Construction and related machinery |
| 3540 | Metalworking machinery |
| 3550 | Special industry machinery |
| 3560 | General industrial machinery |
| 3570 | Office, computing, and accounting machines |
| 3598 | Other machinery except electrical |
| **Electrical and electronic equipment:** | |
| 3630 | Household appliances |
| 3665 | Radio, television, and communication equipment |
| 3670 | Electronic components and accessories |
| 3698 | Other electrical equipment |
| 3710 | **Motor vehicles and equipment** |
| **Transportation equipment, except motor vehicles:** | |
| 3725 | Aircraft, guided missiles and parts |
| 3730 | Ship and boat building and repairing |
| 3798 | Other transportation equipment, except motor vehicles |
| **Instruments and related products:** | |
| 3815 | Scientific instruments and measuring devices; watches and clocks |
| 3845 | Optical, medical, and ophthalmic goods |
| 3860 | Photographic equipment and supplies |
| 3998 | **Other manufacturing products** |

### Transportation and Public Utilities

| Code | |
|---|---|
| **Transportation:** | |
| 4000 | Railroad transportation |
| 4100 | Local and interurban passenger transit |
| 4200 | Trucking and warehousing |
| 4400 | Water transportation |
| 4500 | Transportation by air |
| 4600 | Pipe lines, except natural gas |
| 4700 | Miscellaneous transportation services |
| **Communication:** | |
| 4825 | Telephone, telegraph, and other communication services |
| 4830 | Radio and television broadcasting |
| **Electric, gas, and sanitary services:** | |
| 4910 | Electric services |
| 4920 | Gas production and distribution |
| 4930 | Combination utility services |
| 4990 | Water supply and other sanitary services |

### Wholesale Trade

| Code | |
|---|---|
| **Durable:** | |
| 5008 | Machinery, equipment, and supplies |
| 5010 | Motor vehicles and automotive equipment |
| 5020 | Furniture and home furnishings |
| 5030 | Lumber and construction materials |
| 5040 | Sporting, recreational, photographic, and hobby goods, toys and supplies |
| 5050 | Metals and minerals, except petroleum and scrap |
| 5060 | Electrical goods |
| 5070 | Hardware, plumbing and heating equipment and supplies |
| 5098 | Other durable goods |
| **Nondurable:** | |
| 5110 | Paper and paper products |
| 5129 | Drugs, drug proprietaries, and druggists' sundries |
| 5130 | Apparel, piece goods, and notions |
| 5140 | Groceries and related products |
| 5150 | Farm product raw materials |
| 5160 | Chemicals and allied products |
| 5170 | Petroleum and petroleum products |
| 5180 | Alcoholic beverages |
| 5190 | Miscellaneous nondurable goods |

### Retail Trade

| Code | |
|---|---|
| **Building materials, garden supplies, and mobile home dealers:** | |
| 5220 | Building materials dealers |
| 5251 | Hardware stores |
| 5265 | Garden supplies and mobile home dealers |
| 5300 | **General merchandise stores** |
| **Food stores:** | |
| 5410 | Grocery stores |
| 5490 | Other food stores |
| **Automotive dealers and service stations:** | |
| 5515 | Motor vehicle dealers |
| 5541 | Gasoline service stations |
| 5598 | Other automotive dealers |
| 5600 | **Apparel and accessory stores** |
| 5700 | **Furniture and home furnishings stores** |
| 5800 | **Eating and drinking places** |
| **Miscellaneous retail stores:** | |
| 5912 | Drug stores and proprietary stores |
| 5921 | Liquor stores |
| 5995 | Other retail stores |

### Finance, Insurance, and Real Estate

| Code | |
|---|---|
| **Banking:** | |
| 6030 | Mutual savings banks |
| 6060 | Bank holding companies |
| 6090 | Banks, except mutual savings banks and bank holding companies |
| **Credit agencies other than banks:** | |
| 6120 | Savings and loan associations |
| 6140 | Personal credit institutions |
| 6150 | Business credit institutions |
| 6199 | Other credit agencies |
| **Security, commodity brokers and services:** | |
| 6210 | Security brokers, dealers and flotation companies |
| 6299 | Commodity contracts brokers and dealers; security and commodity exchanges; and allied services |
| **Insurance:** | |
| 6355 | Life insurance |
| 6356 | Mutual insurance, except life or marine and certain fire or flood insurance companies |
| 6359 | Other insurance companies |
| 6411 | Insurance agents, brokers and service |
| **Real estate:** | |
| 6511 | Real estate operators and lessors of buildings |
| 6516 | Lessors of mining, oil, and similar property |
| 6518 | Lessors of railroad property and other real property |
| 6530 | Condominium management and cooperative housing associations |
| 6550 | Subdividers and developers |
| 6599 | Other real estate |
| **Holding and other investment companies, except bank holding companies:** | |
| 6744 | Small business investment companies |
| 6749 | Other holding and investment companies except bank holding companies |

### Services

| Code | |
|---|---|
| 7000 | **Hotels and other lodging places** |
| 7200 | **Personal services** |
| **Business services:** | |
| 7310 | Advertising |
| 7389 | Business services, except advertising |
| **Auto repair; miscellaneous repair services:** | |
| 7500 | Auto repair and services |
| 7600 | Miscellaneous repair services |
| **Amusement and recreation services:** | |
| 7812 | Motion picture production, distribution, and services |
| 7830 | Motion picture theaters |
| 7900 | Amusement and recreation services, except motion pictures |
| **Other services:** | |
| 8015 | Offices of physicians, including osteopathic physicians |
| 8021 | Offices of dentists |
| 8040 | Offices of other health practitioners |
| 8050 | Nursing and personal care facilities |
| 8060 | Hospitals |
| 8071 | Medical laboratories |
| 8099 | Other medical services |
| 8111 | Legal services |
| 8200 | Educational services |
| 8300 | Social services |
| 8600 | Membership organizations |
| 8911 | Architectural and engineering services |
| 8930 | Accounting, auditing, and bookkeeping |
| 8980 | Miscellaneous services (including veterinarians) |

Form **1120-IC-DISC**

Department of the Treasury
Internal Revenue Service

# Interest Charge Domestic International Sales Corporation Return

(Please Type or Print)

OMB No. 1545-0938

**1987**

For calendar year 1987 or other tax year beginning , 1987, and ending , 19

| | | |
|---|---|---|
| A Date of IC-DISC election | Name | C Employer identification number |
| | Number and street | D Date incorporated |
| B Business code number (See page 11 of Instructions) | City or town, state, and ZIP code | E Enter total assets from line 3, column (b), Schedule L (See specific instructions) $ |

F (1) Did any corporation, individual, partnership, trust or estate at the end of your tax year own, directly or indirectly, 50% or more of your voting stock? (see instructions) . . . Yes / No
If "Yes," complete the following schedule (see instructions)

| Name | Identifying number | Address | Percentage of voting stock owned | Total assets (Corporations only) | Foreign owner Yes | No |
|---|---|---|---|---|---|---|
| | | | | | | |

(2) Enter the following for any corporation listed in F(1) that will report the IC-DISC's income:

| | |
|---|---|
| Tax year of first corporation | IRS Service Center where return will be filed |
| Tax year of second corporation | IRS Service Center where return will be filed |

G (1) Check the appropriate box(es) to indicate any intercompany pricing rules that were applied to 25% or more of total receipts (line 1 below).
☐ 50-50 combined taxable income method ☐ 4% gross receipts method ☐ Section 482 method ("arm's length pricing")
(2) Check here ☐ if the marginal costing rules under section 994(b)(2) were applied in figuring the combined taxable income for any transactions

**All Computations Must Reflect Intercompany Pricing Rules If Used (Section 994) (See Separate Schedule P (Form 1120-IC-DISC).)**

### Taxable Income

| | | | |
|---|---|---|---|
| 1 | Enter amount from Schedule B, line 4, column (e) | 1 | |
| 2 | Cost of goods sold and/or operations (Schedule A, line 7) | 2 | |
| 3 | Total income (subtract line 2 from line 1) | 3 | |
| 4 | Enter amount from Schedule E, line 3 | 4 | |
| 5 | Taxable income before net operating loss deduction and dividends received deduction (subtract line 4 from line 3) | 5 | |
| 6a | Net operating loss deduction (see instructions—attach schedule) 6a | | |
| b | Dividends-received deduction from line 6, Schedule C 6b | | |
| c | Add lines 6a and 6b | 6c | |
| 7 | Taxable income (subtract line 6c from line 5) | 7 | |
| 8 | Refund of U.S. tax on gasoline and special fuels (attach Form 4136) (see instructions) | 8 | |

**Please Sign Here** — Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer / Date / Title

**Paid Preparer's Use Only** — Preparer's signature / Date / Check if self-employed ☐ / Preparer's social security no. / Firm's name (or yours if self-employed) and address / E.I. No. / ZIP code

For Paperwork Reduction Act Notice, see page 1 of the Instructions. Form **1120-IC-DISC** (1987)



## SCHEDULE A.—Cost of Goods Sold and/or Operations (See pages 4 and 5 of Instructions.)

Reflect ACTUAL purchases from a related supplier at the transfer price determined under the intercompany pricing rules of section 994, if used. See separate Schedule P (Form 1120-IC-DISC).

| | | | |
|---|---|---|---|
| 1 | Inventory at the beginning of the year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4a | Additional section 263A costs (attach schedule) | 4a | |
| b | Other costs (attach schedule) | 4b | |
| 5 | Total (add lines 1 through 4b) | 5 | |
| 6 | Inventory at the end of the year | 6 | |
| 7 | Cost of goods sold and/or operations (subtract line 6 from line 5)—Enter here and on line 2, page 1 | 7 | |

8a Check all methods used for valuing closing inventory:
(i) ☐ Cost (ii) ☐ Lower of cost or market as described in regulations section 1.471-4 (see instructions)
(iii) ☐ Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)
(iv) ☐ Other (Specify method used and attach explanation) ▶
b Check if the LIFO inventory method was adopted this tax year for any goods. (If checked, attach Form 970.) ☐
c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . 8c
d Was there any change (other than for section 263A purposes) in determining quantities, costs, or valuations between the opening and closing inventory? (If "Yes," attach explanation.) ☐ Yes ☐ No
e Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☐ No

## SCHEDULE B.—Gross Income (See page 5 of Instructions.)

| (a) Type of receipts | Commission sales (b) Gross receipts | (c) Commission | (d) Other receipts | (e) Total (add columns (c) and (d)) |
|---|---|---|---|---|
| 1 Qualified export receipts from the sale of export property: | | | | |
| a To unrelated purchasers: | | | | |
| (i) Direct foreign sales | | | | |
| (ii) Foreign sales through a related foreign entity | | | | |
| (iii) To persons in the U.S. (other than an unrelated IC-DISC) | | | | |
| (iv) To an unrelated IC-DISC | | | | |
| b To related purchasers: | | | | |
| (i) Direct foreign sales | | | | |
| (ii) To persons in the U.S. | | | | |
| c Total | | | | |
| 2 Other qualified export receipts: | | | | |
| a Leasing or renting of export property | | | | |
| b Services related and subsidiary to a qualified export sale or lease | | | | |
| c Engineering and architectural services | | | | |
| d Export management services | | | | |
| e Qualified dividends (line 12, Schedule C) | | | | |
| f Interest on producer's loans | | | | |
| g Other interest (attach schedule) | | | | |
| h Capital gain net income (attach Schedule D (Form 1120)) | | | | |
| i Net gain (or loss) from Part II, Form 4797 (attach Form 4797; see instructions) | | | | |
| j Other (see instructions—attach schedule) | | | | |
| k Total | | | | |
| 3 Nonqualified gross receipts: | | | | |
| a Ultimate use in U.S. | | | | |
| b Exports subsidized by the U.S. Government (see instructions) | | | | |
| c Certain direct or indirect sales or leases for use by the U.S. Government | | | | |
| d Sales to other IC-DISCs in the same controlled group | | | | |
| e Nonqualified dividends (line 13, Schedule C) | | | | |
| f Other (see instructions—attach schedule) | | | | |
| g Total | | | | |
| 4 Total—Enter amount in column (e) on line 1, page 1 | | | | |



## SCHEDULE C.—Dividends and Special Deductions (See page 6 of Instructions.)

| | | (a) Dividends received | (b) % | (c) Special deductions (multiply (a) × (b)) |
|---|---|---|---|---|
| 1 | Domestic corporations subject to section 243(a) deduction (other than debt-financed stock) | | see instructions | |
| 2 | Debt-financed stock of domestic and foreign corporations (section 246A) | | see instructions | |
| 3 | Certain preferred stock of public utilities (section 244) | | see instructions | |
| 4 | Foreign corporations and certain FSCs subject to section 245 deduction | | see instructions | |
| 5 | Wholly owned foreign subsidiaries subject to 100% deduction (section 245(b)) | | 100 | |
| 6 | Total—Add lines 1 through 5, column (c). See instructions for limitation. Enter here and on line 6b, page 1 | | | |
| 7 | Other dividends from foreign corporations not included in lines 4 and 5 | | | |
| 8 | Income from controlled foreign corporations under subpart F (attach Form 5471) | | | |
| 9 | IC-DISC or former DISC dividends not included in line 1 and/or 2 (section 246(d)) | | | |
| 10 | Other dividends | | | |
| 11 | Total dividends (add lines 1 through 10, column (a)) | | | |
| 12 | Qualified dividends—Enter here and on line 2e, column (d), Schedule B | | | |
| 13 | Nonqualified dividends (subtract line 12 from line 11)—Enter here and on line 3e, column (d), Schedule B | | | |

## SCHEDULE E.—Deductions (See page 7 of the Instructions for Limitations on Deductions before completing Schedule E.)

| | | |
|---|---|---|
| 1 | Export promotion expenses: | |
| a | Market studies | |
| b | Advertising | |
| c | Depreciation (attach Form 4562) | |
| d | Salaries and wages | |
| e | Rents | |
| f | Sales commissions | |
| g | Warehousing | |
| h | Freight (excluding insurance—see instructions) | |
| i | Compensation of officers | |
| j | Repairs (see instructions) | |
| k | Pension, profit sharing, etc., plans (see instructions) | |
| l | Employee benefit programs | |
| m | Other (list): | |
| n | Total (add lines 1a through 1m) | |
| 2 | Other expenses not deducted on line 1: | |
| a | Bad debts (see instructions) | |
| b | Taxes | |
| c | Interest | |
| d | Contributions (not over 10% of line 7, page 1, adjusted per instructions) | |
| e | Freight (see instructions) | |
| f | Freight insurance | |
| g | Other (list) | |
| h | Total (add lines 2a through 2g) | |
| 3 | Total deductions (add lines 1n and 2h)—Enter here and on line 4, page 1 | |



## SCHEDULE J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 8 of Instructions.)

### Part I.—Deemed Distributions Under Section 995(b)(1)

| | | | |
|---|---|---|---|
| 1 | Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A)) | 1 | |
| 2 | Gain recognized on the sale or exchange of section 995(b)(1)(B) property (attach schedule) | 2 | |
| 3 | Gain recognized on the sale or exchange of section 995(b)(1)(C) property (attach schedule) | 3 | |
| 4 | 50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule) | 4 | |
| 5 | Taxable income from line 7, Part II | 5 | |
| 6 | Taxable income of the IC-DISC (from line 7, page 1) | 6 | |
| 7 | Add lines 1, 2, 3, 4 and 5 | 7 | |
| 8 | Subtract line 7 from line 6 | 8 | |
| 9 | If you have shareholders that are C corporations, enter one-seventeenth of line 8 (.0588235 times line 8) | 9 | |
| 10 | International boycott income (see instructions) | 10 | |
| 11 | Illegal bribes and other payments (see instructions) | 11 | |

Note: *Separate computations are required for shareholders that are C corporations and shareholders other than C corporations for lines 12-23. Complete lines 12, 14, 15, 17a, 18, 20, and 22 for shareholders other than C corporations. Complete lines 13, 14, 16, 17b, 19, 21, and 23 for shareholders that are C corporations.*

| | | | |
|---|---|---|---|
| 12 | Total of lines 7, 10, and 11 | 12 | |
| 13 | Total of lines 7, 9, 10, and 11 | 13 | |
| 14 | Earnings and profits for the tax year (see instructions—attach schedule) | 14 | |
| 15 | Enter smaller of line 12 or 14 | 15 | |
| 16 | Enter smaller of line 13 or 14 | 16 | |
| 17 | Foreign investment attributable to producer's loans (see instructions—attach schedule): | | |
| a | Computation of amount for shareholders other than C corporations | 17a | |
| b | Computation of amount for shareholders that are C corporations | 17b | |
| 18 | Add lines 15 and 17a | 18 | |
| 19 | Add lines 16 and 17b | 19 | |
| 20 | Enter percentage of stock owned by shareholders other than C corporations | 20 | % |
| 21 | Enter percentage of stock owned by shareholders that are C corporations | 21 | % |
| 22 | Multiply line 18 by line 20 (see instructions) | 22 | |
| 23 | Multiply line 19 by line 21 (see instructions) | 23 | |
| 24 | Total deemed distributions under section 995(b)(1) for all shareholders—Add lines 22 and 23 | 24 | |

### Part II.—Section 995(b)(1)(E) Computation

| | | | |
|---|---|---|---|
| 1 | Total qualified export receipts (see instructions) | 1 | |
| 2 | Statutory maximum | 2 | $10,000,000 |
| 3 | Controlled group member's portion of the statutory maximum (see instructions) | 3 | |
| 4 | Enter smaller of (a) number of days in tax year divided by 365, or (b) 1 (one) (see instructions) | 4 | |
| 5 | Proration—Line 2 or 3, whichever is applicable, times line 4 | 5 | |
| 6 | Excess qualified export receipts—Line 1 less line 5 (If line 5 exceeds line 1, enter zero here and on line 7 below.) | 6 | |
| 7 | Taxable income attributable to line 6 receipts—Enter here and on line 5 of Part I (see instructions) | 7 | |

### Part III.—Deemed Distributions Under Section 995(b)(2)

| | | | |
|---|---|---|---|
| 1 | Annual installment of distribution attributable to revocation of election in an earlier year | 1 | |
| 2 | Annual installment of distribution attributable to not qualifying as a DISC or IC-DISC in an earlier year | 2 | |
| 3 | Total deemed distributions under section 995(b)(2) (add lines 1 and 2) | 3 | |

### Part IV.—Actual Distributions

| | | | |
|---|---|---|---|
| 1 | Distributions to meet qualification requirements under section 992(c) (attach computation) | 1 | |
| 2 | Other actual distributions | 2 | |
| 3 | Total (add lines 1 and 2) | 3 | |
| 4 | Amount on line 3 treated as distributed from: | | |
| a | Previously taxed income (see instructions) | 4a | |
| b | Accumulated IC-DISC income (including IC-DISC income of the current year) | 4b | |
| c | Other earnings and profits | 4c | |
| d | Other | 4d | |

### Part V.—Deferred DISC Income Under Section 995(f)(3)

| | | | |
|---|---|---|---|
| 1 | Accumulated IC-DISC income (for periods after 1984) at end of computation year | 1 | |
| 2 | Distributions in excess of income for the tax year following the computation year to which line 1 applies | 2 | |
| 3 | Deferred DISC income—Subtract line 2 from line 1 | 3 | |

**SCHEDULE N.—Export Gross Receipts of the IC-DISC and Related U.S. Persons (See page 9 of Instructions.)**

1 Enter product code and percentage of total export gross receipts for **a** the largest and **b** 2nd largest product or service sold or provided by the IC-DISC: **a** Code .......... Percentage of total .......... % **b** Code .......... Percentage of total .......... %

2 Export gross receipts for 1987

| (a) Export gross receipts of the IC-DISC | Export gross receipts of related U.S. persons: (b) Related IC-DISCs | (c) All other related U.S. persons |
|---|---|---|
| | | |

3 If item 2(b) or 2(c) is completed, complete the following (if more space is needed, attach a schedule using the format as shown below).

**Related U.S. Persons, Except IC-DISCs, in Your Controlled Group**

| Name | Address | Identifying number |
|---|---|---|
| | | |
| | | |
| | | |

**IC-DISCs in Your Controlled Group**

| Name | Address | Identifying number |
|---|---|---|
| | | |
| | | |
| | | |

**Additional Information** — Yes / No

**H** Did you claim a deduction for expenses connected with:
- (1) Entertainment facility (boat, resort, ranch, etc.)?
- (2) Living accommodations (except employees on business)?
- (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)
- (4) Employees' families at conventions or meetings?
  If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)
- (5) Employee or family vacations not reported on Form W-2?

**I** Refer to page 11 of the instructions and state the main: Business activity ▶ .......... Product or service ▶ ..........

**J** Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each corporation

**K** (1) Did 95% or more of your gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?
(2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the end of the tax year equal or exceed 95% of the sum of the adjusted basis of all your assets at the end of the tax year?
(3) If the answer to K(1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?

**L** Did you have more than one class of stock at any time during the tax year?

**M** Was the par or stated value of your stock at least $2,500 on each day of the tax year (for a new corporation, on the last day for making an election and for each later day)?

**N** Did you have your own bank account?

**O** Did you keep separate books and records?

**P** At any time during the tax year, did you have an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.)
If "Yes," write the name of the foreign country ▶ ..........

**Q** Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926

**R** During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?

**S** (1) Do you or any member of your controlled group (as defined in section 993(a)(3)) have operations in or related to any country (or with the government, a company, or a national of that country) associated with carrying out the boycott of Israel that is on the list kept by the Secretary of the Treasury under section 999(a)(3)?
(2) Did you or any member of the controlled group of which you are a member have operations in any unlisted country that you know or have reason to know requires participation in or cooperation with an international boycott against Israel?
(3) Did you or any member of the controlled group of which you are a member have operations in any country that you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel?
If you answered "Yes" to any of the questions in S, see instructions and Form 5713, International Boycott Report

**T** Enter the amount of tax-exempt interest income received or accrued during the tax year ▶



**SCHEDULE L.—Balance Sheets**

| | | (a) Beginning of the tax year | (b) End of the tax year |
|---|---|---|---|
| Assets | 1 Qualified assets: | | |
| | a Working capital (cash and necessary temporary investments) | | |
| | b Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets) | | |
| | c Export-Import Bank obligations | | |
| | d Trade receivables (accounts and notes receivable) | | |
| | (i) Subtract allowance for bad debts | ( ) | ( ) |
| | e Export property (net) (including inventory and qualified property held for lease) | | |
| | f Producer's loans | | |
| | g Investment in related foreign export corporations | | |
| | h Depreciable assets | | |
| | (i) Subtract accumulated depreciation | ( ) | ( ) |
| | i Other (attach schedule) | | |
| | 2 Nonqualified assets (net) (list) | | |
| | 3 Total assets | | |
| Liabilities and Stockholders' Equity | 4 Accounts payable | | |
| | 5 Other current liabilities (attach schedule) | | |
| | 6 Mortgages, notes, bonds payable in 1 year or more | | |
| | 7 Other liabilities (attach schedule) | | |
| | 8 Capital stock | | |
| | 9 Paid-in or capital surplus | | |
| | 10 Other earnings and profits | | |
| | 11 Previously taxed income (section 996(f)(2)) | | |
| | 12 Accumulated pre-1985 DISC income (see instructions) | | |
| | 13 Accumulated IC-DISC income (see instructions) | | |
| | 14 Subtract cost of treasury stock | ( ) | ( ) |
| | 15 Total liabilities and stockholders' equity | | |

**SCHEDULE M-1.—Reconciliation of Income per Books With Income per Return**

| | | | |
|---|---|---|---|
| 1 Net income on books | | 6 Income recorded on books this year and not included in this return (itemize) | |
| 2 Excess of capital losses over capital gains | | | |
| 3 Taxable income not recorded on books this year (itemize) | | 7 Deductions in this return not charged against book income this year (itemize) | |
| 4 Expenses recorded on books this year and not deducted in this return (itemize) | | 8 Add lines 6 and 7 | |
| 5 Add lines 1 through 4 | | 9 Income (line 7, page 1) (line 5 less line 8) | |

**SCHEDULE M-2.—Analysis of Other Earnings and Profits (Line 10 above)**

| | | | |
|---|---|---|---|
| 1 Balance at the beginning of the year | | 5 Distributions to qualify under section 992(c) | |
| 2 Increases (itemize) | | 6 Other decreases (itemize) | |
| 3 Add lines 1 and 2 | | 7 Add lines 4, 5, and 6 | |
| 4 Deficit in earnings and profits | | 8 Balance at end of year (line 3 less line 7) | |

**SCHEDULE M-3.—Analysis of Previously Taxed Income (Line 11 above)**

| | | | |
|---|---|---|---|
| 1 Balance at the beginning of the year | | 5 Deficit in earnings and profits | |
| 2 Deemed distributions under section 995(b) | | 6 Distributions to qualify under section 992(c) | |
| 3 Other increases (itemize) | | 7 Other decreases (itemize) | |
| | | 8 Add lines 5, 6, and 7 | |
| 4 Add lines 1, 2, and 3 | | 9 Balance at end of year (line 4 less line 8) | |

**SCHEDULE M-4.—Analysis of Accumulated IC-DISC Income (Line 13 above)**

| | | | |
|---|---|---|---|
| 1 Balance at the beginning of the year | | 6 Distributions to qualify under section 992(c) | |
| 2 Increases (itemize) | | 7 Distributions upon disqualification (sec. 995(b)(2)) | |
| | | 8 Other decreases (itemize) | |
| 3 Add lines 1 and 2 | | | |
| 4 Deficit in earnings and profits | | 9 Add lines 4 through 8 | |
| 5 Redemptions under section 996(d) | | 10 Balance at end of year (line 3 less line 9) | |

*U.S. GOVERNMENT PRINTING OFFICE: 1987-183-1575

# 1987 Instructions for Form 1120-IC-DISC

Department of the Treasury
Internal Revenue Service

## Interest Charge Domestic International Sales Corporation Return

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### Voluntary Contributions To Reduce the Public Debt

Quite often, inquiries are received about how voluntary contributions to reduce the public debt may be made. A domestic international sales corporation may contribute by enclosing a separate check payable to "Bureau of the Public Debt," with Form 1120-IC-DISC. These amounts are tax deductible, subject to the rules and limitations for charitable contributions.

## Changes You Should Note

### Tax Reform Act of 1986 (Act)

The Act made many changes to the Internal Revenue Code that affect the IC-DISC and its shareholders. Many of these changes are contained in the instructions. For information on other changes, see **Publication 921**, Explanation of the Tax Reform Act of 1986 for Business.

## General Instructions

### A. Purpose of Form

Form 1120-IC-DISC is an information return filed by interest charge domestic international sales corporations (IC-DISCs), former DISCs, and former IC-DISCs.

### B. What Is an IC-DISC

An IC-DISC is a domestic corporation that has elected to be an IC-DISC and its election is still in effect. The IC-DISC election is made by filing **Form 4876A**, Election To Be Treated as an Interest Charge DISC.

Generally, an IC-DISC is not taxed on its income. Shareholders of an IC-DISC are taxed on its income when the income is actually or deemed distributed. In addition, section 995(f) imposes an interest charge on shareholders for their share of DISC-related deferred tax liability. See **Form 8404**, Computation of Interest Charge on DISC-Related Deferred Tax Liability, for details.

To be an IC-DISC, a corporation must be organized under the laws of a state or the District of Columbia and meet the following tests:

- Its tax year must conform to the tax year of the principal shareholder who at the beginning of the tax year has the highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the IC-DISC must elect a tax year that conforms to that of any one of the principal shareholders. (See section 441(h) and the regulations thereunder for additional information.)
- Its election to be treated as an IC-DISC is in effect for the tax year.
- At least 95% of its gross receipts during the tax year are qualified export receipts.
- At the end of the tax year, the adjusted basis of its qualified export assets is at least 95% of the sum of the adjusted basis of all its assets.
- It has only one class of stock, and its outstanding stock has a par or stated value of at least $2,500 on each day of the tax year (or, for a new corporation, on the last day to elect IC-DISC status for the year and on each later day).
- On each day of the tax year, it has its own bank account and keeps separate books and records.
- It is not a member of any controlled group of which a foreign sales corporation (FSC) is a member.

See section 992 and related regulations for details and Instruction D for definitions.

**Distribution to meet qualification requirements.**—An IC-DISC that does not meet the gross receipts test or qualified export asset test during the tax year will still be considered to have met them if, after the tax year ends, the IC-DISC makes a pro rata property distribution to its shareholders and specifies at the time that this is a distribution to meet the qualification requirements.

If the IC-DISC did not meet the gross receipts test, the distribution equals the part of its taxable income attributable to gross receipts that are not qualified export gross receipts. If it did not meet the qualified export asset test, the distribution equals the fair market value of the assets that are not qualified export assets on the last day of the tax year. If the IC-DISC did not meet either test, the distribution equals the sum of both amounts. Regulations section 1.992-3 explains how to figure the distribution.

**"Interest" on late distribution.**—If the IC-DISC makes this distribution after the date Form 1120-IC-DISC is due, interest must be paid to the Internal Revenue Service Center where you filed the form. The charge is 4½% of the distribution times the number of tax years that begin after the tax year to which the distribution relates until the date the IC-DISC made the distribution.

If you must pay this interest, send the payment to the service center within 30 days of making the distribution. On the payment write the IC-DISC's name, address, and employer identification number; the tax year involved; and a statement that the payment represents the interest charge under regulations section 1.992-3(c)(4).

**Ineligible organizations.**—The following organizations are not eligible for IC-DISC status. File the return indicated instead of Form 1120-IC-DISC:

- Tax-exempt organizations (section 501). File the appropriate return in the Form 990 series.
- Personal holding companies (section 542): File Form 1120 and Schedule PH (Form 1120).
- Financial institutions affected by section 581 or 593: File Form 1120.
- Insurance companies (subchapter L): File Form 1120L or 1120-PC.
- Regulated investment companies (section 851(a)). File Form 1120-RIC.
- Real estate investment trusts (section 856). File Form 1120-REIT.
- S corporations (section 1361(a)): File Form 1120S.

### C. Filing Form 1120-IC-DISC

**1. Who Files Form 1120-IC-DISC.**— You must file Form 1120-IC-DISC if your corporation elected, by filing Form 4876A, to be treated as an IC-DISC.

If the corporation is a former DISC or former IC-DISC, you must file Form 1120-IC-DISC for it, in addition to any other return required. A former DISC is a corporation that was a DISC on or before December 31, 1984, but failed to qualify as a DISC sometime prior to December 31, 1984, or did not elect to be an IC-DISC after 1984; and at the beginning of the year, it had undistributed income that was previously taxed or accumulated DISC income. A former IC-DISC is a corporation that was an IC-DISC in an earlier year but did not qualify as an IC-DISC at the end of its 1986 tax year; and at the beginning of the year, it had undistributed income that was previously taxed or accumulated IC-DISC income. (See section 992 and related regulations.)

A former DISC or former IC-DISC need not complete page 1 and the Schedules for figuring taxable income, but must complete Schedules J, L, and M of Form 1120-IC-DISC and Schedule K (Form 1120-IC-DISC). Write "Former DISC" or "Former IC-DISC" across the top of the return.

**2. When To File.**—File Form 1120-IC-DISC by the 15th day of the 9th month after the tax year ends. No extensions are allowed for time to file.

*Period covered.*—File the 1987 return for calendar year 1987 and fiscal years that begin in 1987. If the return is for a fiscal year, fill in the tax year space at the top of the form.

*Amended return.*—To correct any error in a Form 1120-IC-DISC already filed, file an amended Form 1120-IC-DISC and write "Amended" across the top.

*Change in tax year.*—To change your tax year, file **Form 1128**, Application for Change in Accounting Period.

*Final return.*—If the corporation ceased to exist during 1986, write "Final return" across the top of the form.

**3. Where To File.**—

| If the main business, office, or agency is located in | Use the following Internal Revenue Service Center address |
|---|---|
| New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester) | Holtsville, NY 00501 |
| New York (all other counties), Connecticut, Maine, Massachusetts, Minnesota, New Hampshire, Rhode Island, Vermont | Andover, MA 05501 |
| Alabama, Florida, Georgia, Mississippi, South Carolina | Atlanta, GA 39901 |
| Kentucky, Michigan, Ohio, West Virginia | Cincinnati, OH 45999 |
| Kansas, Louisiana, New Mexico, Oklahoma, Texas | Austin, TX 73301 |
| Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming | Ogden, UT 84201 |
| California (all other counties), Hawaii | Fresno, CA 93888 |
| Illinois, Iowa, Missouri, Wisconsin | Kansas City, MO 64999 |
| Arkansas, Indiana, North Carolina, Tennessee, Virginia | Memphis, TN 37501 |
| Delaware, District of Columbia, Maryland, Pennsylvania | Philadelphia, PA 19255 |

If the IC-DISC is one of a group of IC-DISCs controlled by a common parent, file with the service center where the common parent files.

A group of corporations in several service center regions may file their separate returns with the service center for the principal office of the managing corporation that keeps all the books and records.

**4. Signature.**—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120-IC-DISC, the Paid Preparer's space under Signature of Officer should remain blank. If someone prepares Form 1120-IC-DISC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-IC-DISC should not sign. For example, a regular, full time employee of the corporation such as a clerk or secretary does not have to sign. (This list is not all-inclusive.)

Generally, anyone who is paid to prepare Form 1120-IC-DISC must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.
- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120-IC-DISC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication 1045**, Information for Tax Practitioners, for more details.

**5. Other Returns and Statements That May Be Required.**—

**a. Financial statements.**

The balance sheets must agree with your books and records. Reconcile any differences.

**b. Stock in foreign corporation.**

If, on the last day of your tax year, you owned at least 5% in value of a foreign personal holding company's outstanding stock and the corporation was required to include in its gross income any undistributed foreign personal holding company income, attach a statement showing the foreign company's gross income, deductions, credits, taxable income, and undistributed foreign personal holding company income. See section 551(c).

If you controlled a foreign corporation or owned at least 10% of the shares in a controlled foreign corporation, you may have to file **Form 5471**, Information Return With Respect to a Foreign Corporation.

**c. Forms**

The IC-DISC may have to file any of the following:

**Forms W-2 and W-3.** Wage and Tax Statement, and Transmittal of Income and Tax Statements.

**Form W-2P.** Statement for Recipients of Annuities, Pensions, Retired Pay, or IRA Payments.

**Form 966.** Corporate Dissolution or Liquidation.

**Form 1096.** Annual Summary and Transmittal of U.S. Information Returns.

**Form 1098.** Mortgage Interest Statement. This form is used to report the receipt from any individual of $600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year.

**Forms 1099-A, B, DIV, INT, MISC, OID, PATR, and R.** Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers, barter exchange, and real estate transactions, certain dividends and distributions, interest payments, payments for certain fishing boat crew members, medical and dental health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit sharing plans, retirement plans, and individual retirement arrangements. Also use these returns to report amounts that were received as a nominee on behalf of another person.

For more information, see **Publication 916**, Information Returns.

**Note:** *Every corporation must file information returns if, in the course of its trade or business, it makes payments or rents, commissions, or other fixed or determinable income (see section 6041) totaling $600 or more to any one person during the calendar year.*

**Form 5452.** Corporate Report of Nontaxable Dividends.

**Form 5498.** Individual Retirement Arrangement Information. It is to be used to provide IRS with contribution information on individual retirement arrangements, simplified employee pensions, and deductible voluntary employee contributions.

**Form 5713.** International Boycott Report, for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, IC-DISC benefits, and FSC benefits.

**Form 8264.** Application for Registration of a Tax Shelter. It is used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

**Form 8271.** Investor Reporting of Tax Shelter Registration Number. It is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number.

Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended Form 1120-IC-DISC) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is reported.

**Form 8281.** Information return for Publicly Offered Original Issue Discount Instruments. This form is generally required to be filed by issuers of public offerings of debt instruments within 30 days of the issuance of the debt instrument.

**Form 8300.** Report of Cash Payments Over $10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than $10,000 in cash or foreign currency in one transaction (or a series of related transactions).

**Forms 1042 and 1042S.**—File Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding, to report tax withheld from amounts paid to nonresident aliens and foreign corporations (sections 1441 through 1443 and 1461). In addition, please inform your shareholders who are nonresident alien individuals or foreign corporations, trusts, or estates that if they have gains from disposing of stock in the IC-DISC, former DISC, or former IC-DISC, or distributions from accumulated IC-DISC income, including deemed distributions, they must treat these amounts as effectively connected with the conduct of a trade or business conducted through a permanent establishment in the U.S., and derived from sources within the U.S.

### D. Definitions

**1. The following definitions are based on section 993.**

**a. Qualified export receipts**, in general, are any of the following:

(1) Gross receipts from selling, exchanging, or otherwise disposing of export property.

(2) Gross receipts from renting export property that the lessee uses outside the U.S.

(3) Gross receipts from supporting services related to any qualified sale, exchange, rental, or other disposition of export property by the corporation.

(4) Gross receipts, if there is a gain, from selling, exchanging, or otherwise disposing of qualified export assets that are not export property.

(5) Dividends or amounts includible in gross income under section 951 regarding stock of a related foreign export corporation.

(6) Interest on any obligation that is a qualified export asset.

(7) Gross receipts for engineering or architectural services on construction projects outside the U.S.

(8) Gross receipts for managerial services performed for an unrelated IC-DISC.

For more information, see regulations section 1.993-1.

**b. Qualified export assets** are any of the following:

(1) Export property.

(2) Assets used mainly in performing the engineering or architectural services listed under qualified export receipts, item (7), or managerial services that further the production of qualified export receipts, items (1), (2), (3), and (7) above, or assets used mainly in assembling, servicing, handling, selling, leasing, packaging, transporting, or storing of export property.

(3) Accounts receivable produced by transactions listed under qualified export receipts, items (1)-(4), (7), or (8).

(4) Temporary investments, such as money and bank deposits, in an amount reasonable to meet the corporation's needs for working capital.

(5) Obligations related to a producer's loan.

(6) A related foreign export corporation's stock or securities that the IC-DISC holds.

(7) Certain obligations that are issued or insured by the U.S. Export-Import Bank or the Foreign Credit Insurance Association and that the IC-DISC acquires from the bank, the association, or the person who sold or bought the goods from which the obligations arose.

(8) Certain obligations, held by the IC-DISC that were issued by a domestic corporation organized to finance export property sales under an agreement with the Export-Import Bank, by which the corporation makes export loans that the bank guarantees.

(9) Other deposits in the U.S. used to acquire qualified export assets within the time provided by regulations section 1.993-2(j).

Regulations section 1.993-2 gives more information.

**c. Export property** must meet all the following terms. It is:

(1) Made, grown, or extracted in the U.S. by someone other than an IC-DISC.

(2) Neither excluded under section 993(c)(2) nor declared in short supply under section 993(c)(3).

(3) Held mainly for sale or rent in the ordinary course of trade or business, by or to an IC-DISC for direct use, consumption, or disposition outside the U.S.

(4) Property not more than 50% of the fair market value of which is attributable to articles imported into the U.S.

(5) Neither sold nor leased by or to another IC-DISC that, immediately before or after the transaction, either belongs to the same controlled group (defined in section 993(a)(3)) as your IC-DISC or is related to your IC-DISC in a way that would result in losses being denied under section 267.

See regulations section 1.993-3 for details.

**d. A producer's loan** must meet all the following terms:

(1) Satisfy sections 993(d)(2) and (3) limiting loans the IC-DISC makes to any one borrower.

(2) Not raise the unpaid balance due the IC-DISC on all its producer's loans above the level of accumulated IC-DISC income it had at the start of the month in which it made the loan.

(3) Be indicated by written evidence of debt, such as a note, that has a stated maturity date no more than 5 years after the date of the loan.

(4) Be made to a person in the U.S. in the trade or business of making, growing, or extracting export property.

(5) Be designated as a producer's loan when made.

For more information, see Schedule Q (Form 1120-IC-DISC), Borrower's Certificate of Compliance with the Rules for Producer's Loans, and regulations section 1.993-4.

**e. A related foreign export corporation** of any of the following kinds can pay dividends and interest to the IC-DISC without loss of IC-DISC status. The IC-DISC's investment must be related to exports from the U.S.

(1) A *foreign international sales corporation* is a related foreign export corporation if:

(i) The IC-DISC directly owns more than 50% of the total voting power of the foreign corporation's stock,

(ii) For the tax year that ends with your IC-DISC's tax year or ends within it, at least 95% of the foreign corporation's gross receipts consists of the qualified export receipts described in items (1)-(4) of definition a above and interest on the qualified export assets listed in items (3) and (4) of definition b above, and

(iii) The adjusted basis of the qualified export assets that are listed in items (1)-(4) of b above and that the foreign corporation held at the end of the tax year is at least 95% of the adjusted basis of all assets it held then.

(2) A *real property holding company* is a related foreign export corporation if:

(i) The IC-DISC directly owns more than 50% of the total voting power of the foreign corporation's stock, and

(ii) Applicable foreign law forbids the IC-DISC to hold title to real property, the foreign corporation's sole function is to hold the title; and only the IC-DISC uses the property, under lease or otherwise.

(3) An *associated foreign corporation* is a related foreign export corporation if:

(i) The IC-DISC or a controlled group of corporations to which the IC-DISC belongs owns less than 10% of the total voting power of the foreign corporation's stock (section 1563 defines a controlled group in this sense, and sections 1563(d) and (e) define ownership), and

(ii) The IC-DISC's ownership of the foreign corporation's stock or securities reasonably furthers transactions that lead to qualified export receipts for the IC-DISC.

See regulations section 1.993-5 for more information about related foreign export corporations.

**f. Gross receipts** are the IC-DISC's total receipts from (1) selling or renting property that the corporation holds for sale or rental in the course of its trade or business and (2) all other sources. For commissions on selling or renting property, include gross receipts from selling or renting the property on which the commissions arose. Regulations section 1.993-6 gives more information.

**g. United States**, as used in these instructions, includes Puerto Rico and U.S. possessions, as well as the 50 states and the District of Columbia.

**2. Inter-company pricing rules (section 994).**—If a related person described in section 482 sells export property to the IC-DISC, use the inter-company pricing rules to figure taxable income for the IC-DISC and the seller. These rules generally do not permit the related person to price at a loss. Under inter-company pricing, the IC-DISC's taxable income from the sale (regardless of the price actually charged) may not exceed the greatest of:

(a) 4% of qualified export receipts on the IC-DISC's sale of the property plus 10% of the IC-DISC's export promotion expenses attributable to the receipts,



(b) 50% of the IC-DISC's and the seller's combined taxable income from qualified export receipts on the property, derived from the IC-DISC's sale of the property plus 10% of the IC-DISC's export promotion expenses attributable to the receipts, or

(c) taxable income based on the sale price actually charged, provided that under section 482 the price actually charged clearly reflects the taxable income of the IC-DISC and the related person.

**Schedule P (Form 1120-IC-DISC)**, Computation of Inter-company Transfer Price or Commission, explains the inter-company pricing rules in more detail.

**3. Export promotion expenses (section 994(c)).**—These expenses are incurred to help distribute or sell export property for use or distribution outside the U.S. These expenses do not include income tax, but do include 50% of the cost of shipping the export property on U.S.-owned and -operated aircraft or ships if U.S. law or regulations do not require that it be shipped on them.

### E. Penalties

The IC-DISC may have to pay the following penalties unless it can show that it had reasonable cause for not giving information or not filing a return:

- $100 for each instance of not giving required information, up to $25,000 during the calendar year.
- $1,000 for not filing a return.

See section 6686 for other details.

## Specific Instructions

### File a Complete Return

To assist us in processing the return, we ask that you complete every applicable entry space on Form 1120-IC-DISC. Please do not attach statements and write "See attached" in lieu of completing the entry space on Form 1120-IC-DISC.

**Accounting methods.**—Compute taxable income by the accounting method regularly used to keep the IC-DISC's books and records. The method used must clearly reflect taxable income. See section 446.

A member of a controlled group must avoid using an accounting method that would distort any group member's income, including its own. For example, an IC-DISC acts as a commission agent for property sales by a related corporation that uses the accrual method and pays the IC-DISC its commission more than 2 months after the sale. The IC-DISC, then, should not use the cash method of accounting, because it materially distorts the income of the IC-DISC.

Unless the law specifically permits otherwise, the IC-DISC may change from the accounting method it used to report taxable income in earlier years (for income as a whole or for any material item) only by first getting consent on **Form 3115**, Application for Change in Accounting Method.

**Rounding off.**—You may show the money items on the return and accompanying schedules as whole dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

**Attachments.**—If you need more space, attach separate sheets to the back of Form 1120-IC-DISC. Attach **Form 4136**, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 6, Form 1120-IC-DISC. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136. Be sure to put the IC-DISC's name and employer identification number (EIN) on each sheet.

### Page 1

**Employer Identification Number.**— Enter the IC-DISC's employer identification number (EIN). If the IC-DISC does not have an EIN, it should apply for one on **Form SS-4**, Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120-IC-DISC. If you have not received the EIN by the time for filing Form 1120-IC-DISC, write "Applied for" in the space for the EIN.

**Question E.**—Total assets.—Enter the total assets of the IC-DISC. If there are no assets at the end of the tax year, enter the assets as of the beginning of the tax year.

**Question F.**—For rules of stock attribution, see section 267(c). If the owner of the voting stock of the IC-DISC was an alien individual or a foreign corporation, partnership, trust, or estate, check the "Yes" box in the "Foreign Owner" column and enter the name of the owner's country, in parentheses, in the address column. "Owner's country" for individuals is their country of residence; for other foreign entities, it is the country in which organized or otherwise created, or in which administered.

### Lines 1 through 8

An IC-DISC must figure its taxable income although it does not pay most taxes. Of the taxes imposed by sections 1 through 1564, an IC-DISC is subject only to the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax. An IC-DISC is exempt from corporate income tax, minimum tax on tax preference items, and accumulated earnings tax.

An IC-DISC and its shareholders are not entitled to the possessions corporation tax credit (section 936). Also, an IC-DISC cannot claim the investment tax credit, the jobs credit, research credit, alcohol fuel credit, general business credit, and credit for fuel produced from a nonconventional source. In addition, these credits do not pass through to shareholders of an IC-DISC.

**2. Cost of goods sold and/or operations.**—See Instructions for Schedule A.

**6a. Net operating loss deduction.**—The "net operating loss deduction" is the amount of the net operating loss carryovers and carrybacks that can be deducted in the tax year. See section 172 and **Publication 536**, Net Operating Losses, for details.

**6b. Dividends-received deduction.**—See the instructions for Schedule C, line 6, Column (c) for details.

A deficit in earnings and profits is chargeable in the following order:

(1) First, to any earnings and profits other than accumulated IC-DISC income or previously taxed income;

(2) Second, to any accumulated IC-DISC income; and

(3) Finally, to previously taxed income. Do not apply any deficit in earnings and profits against accumulated IC-DISC income that, as a result of the corporation's revoking its election to be treated as an IC-DISC (or other disqualification), is deemed distributed to the shareholders. (See section 995(b)(2)(A).)

**7. Taxable income.**—If you use either the gross receipts method or combined taxable income method to compute the IC-DISC's taxable income attributable to any transactions involving products or product lines, attach Schedule P (Form 1120-IC-DISC). Show in detail the IC-DISC's taxable income attributable to each such transaction or group of transactions.

**8. Refund of U.S. tax on gasoline and special fuels.**—Enter the credit from Form 4136. Also, if the IC-DISC is a producer of domestic crude oil and overpaid the windfall profit tax, include the overpayment from **Form 6249**, Computation of Overpaid Windfall Profit Tax, in the total on line 8. Also enter the overpayment separately in the margin beside line 8 and identify it as "Overpaid windfall profit tax." Attach Form 6249 to Form 1120-IC-DISC.

## Schedule A.—Cost of Goods Sold and/or Operations

If you use inter-company pricing rules, reflect in Schedule A actual purchases from a related supplier. See General Instruction D2 and use the transfer price you compute in Part II of Schedule P (Form 1120-IC-DISC).

If the IC-DISC acts as another person's commission agent on a sale, do not enter any amount in Schedule A for the sale. See Schedule P (Form 1120-IC-DISC).

**Cost of operations.**—If the entry on line 2, page 1, of Form 1120-IC-DISC is for the cost of operations, complete Schedule A even if inventories are not used.

**Valuation methods.**—Your inventories can be valued at: (1) cost; (2) cost or market value (whichever is lower); or (3) any other method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such changes should be made by filing Form 3115. For more information about the change, see regulations section 1.446-1(e)(3) and Rev. Proc. 84-74, 1984-2 C.B. 738.

In line 8a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more requirements, see Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is (1) unsalable at normal prices, or (2) unusable in the normal



...because the goods are subnormal ...because of damage, imperfections, ...shop wear, etc.) within the meaning of ...regulations section 1.471-2(c). Such goods ...may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if you can establish such a price. See regulations section 1.471-2(c) for more requirements.

In (v) of 8a, indicate whether you used a method of inventory valuation other than those described in 8a (i) through (iii). Attach a statement describing the method used.

If this is the first year the "last-in first-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach **Form 970**, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8b. In line 8c, enter the amount or percent of total closing inventories valued using the LIFO method. Estimates are acceptable.

If the IC-DISC changed or extended its inventory method to LIFO and had to write up its opening inventory to cost in the year of election, report the effect of this writeup as income (line 3f, Schedule B) proportionately over the 3-year period that begins in the tax year the corporation made its LIFO election. (See section 472(d).)

**Section 263A Uniform Capitalization Rules.**—The uniform capitalization rules of section 263A are discussed in general in the instructions for Limitations on Deductions in the Schedule E instructions. See those instructions before completing Schedule A.

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A. To the extent section 263A costs were not included in inventory in prior years, corporations must revalue their beginning inventory. Corporations may elect one of the simplified methods of accounting for section 263A costs provided in Temporary Regulations section 1.263A-1T for purposes of both revaluing their inventory and accounting for costs in subsequent years. See the instruction for line 4a below. Absent the election of a simplified method, the corporation is required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required of inventoriable costs under prior law.

**Line 1.**—For tax years beginning after 1986, beginning inventory must be revalued as if section 263A rules had been in effect for all prior tax years. Enter the revalued beginning inventory on line 1. An adjustment to income is required under section 481(a). This adjustment should be included in income on line 2j (or 3f if applicable) of Schedule B, Form 1120-IC-DISC and separately identified on an attached schedule. The section 481 adjustment is taken into account over a period not to exceed 4 years. In addition, since the application of section 263A is considered to be a change in accounting method, the corporation is required to complete Form 3115 to show its computation of the section 481(a) adjustment. Attach Form 3115 to Form 1120-IC-DISC. Be sure to use the 1987 revision of Form 3115. See section 803(d) of the *Tax Reform Act of 1986* and regulations under section 263A for more information on revaluing beginning inventory.

**Line 4a.**—An entry is required on this line only for corporations electing a simplified method of accounting. For corporations electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or included in inventory costs under the corporation's method of accounting immediately prior to the effective date in Temporary Regulations section 1.263A-1T that are now required to be capitalized under section 263A. For corporations electing the simplified resale method, additional sections 263A costs are generally those costs incurred with respect to the following categories: off-site storage or warehousing; purchasing; handling, processing, assembly and repackaging; and general and administrative costs (mixed service costs). Enter on line 4a the balance of section 263A costs paid or incurred during the tax year not included on lines 2 and 3. See Temporary Regulations section 1.263A-1T for more information.

**Line 4b.**—Enter on line 4b any other inventoriable costs paid or incurred during the tax year not entered on lines 2 through 4a.

**Line 6.**—See section 263A and Temporary Reglations section 1.263A-1T for details on figuring the amount of additional section 263A costs to be capitalized and added to ending inventory.

## Schedule B.—Gross Income

If an income item falls into two or more categories, report each part on the applicable line. For example, if interest income consists of qualified interest from a foreign international sales corporation and nonqualified interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2g and the nonqualified interest on an attached schedule for line 3f.

For gain from selling qualified export assets, you will need to attach a separate schedule in addition to the forms required for lines 2h and 2i.

If you use the installment method of reporting, attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

For tax years beginning after 1986, corporations that sell personal property on a revolving credit plan are not permitted to account for such sales on the installment method.

Also, use of the installment method is limited by the proportionate disallowance rules of new section 453C for sale to customers of personal property. See section 453C and section 811(c)(7) of the Tax Reform Act of 1986 for details.

**Commissions: special rule.**—If the IC-DISC received commissions on selling or renting property or furnishing services, list in column (b) the gross receipts from the sales, rentals, or services on which the commissions arose, and in column (c), list the commissions earned. In column (d) report receipts from noncommissioned sales or rentals of property or furnishing of services, as well as all other receipts.

For purposes of completing line 1a and line 1b, related purchasers are members of the same controlled group (as defined in section 993(a)(3)) as the IC-DISC. All other purchasers are unrelated.

A qualified export sale or lease must meet a use test and a destination test in order to qualify.

The **use test** applies at the time of the sale or lease. If the property is used predominantly outside the U.S., and the sale or lease is not for ultimate use in the U.S., it is a qualified export sale or lease. Otherwise, if a reasonable person would believe that the property will be used in the U.S., the sale or lease is not a qualified export sale or lease.

For example, if property is sold to a foreign wholesaler and it is known in trade circles that the wholesaler, to a substantial extent, supplies the U.S. retail market, the sale would not be a qualified export sale, and the receipts would not be qualified export receipts.

**Destination test.**—Regardless of where title or risk of loss shifts from the seller or lessor, the property must be delivered under one of the following conditions.

(a) Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a buyer or lessee.

(b) Within the U.S. to a buyer or lessee who, within 1 year of the sale or lease, delivers it outside the U.S. or delivers it to another person for ultimate delivery outside the U.S.

(c) Within or outside the U.S. to an IC-DISC that is not a member of the same controlled group (as defined in section 993(a)(3)) as the IC-DISC that is making the sale or lease.

(d) Outside the U.S. by means of the seller's delivery vehicle (ship, plane, etc.)

(e) Outside the U.S. to a buyer or lessee at a storage or assembly site if the property was previously shipped from the U.S. by the IC-DISC.

(f) Outside the U.S. to a purchaser or lessee if the property was previously shipped by the seller or lessor from the U.S. and if the property is located outside the U.S. pursuant to a prior lease by the seller or lessor, and either (a) the prior lease terminated at the expiration of its term (or by the action of the prior lessee acting alone), (b) the sale occurred or the term of the subsequent lease began after the time at which the term of the prior lease would have expired, or (c) the lessee under the subsequent lease is not a related person (a member of the same controlled group as defined in section 993(a)(3) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after the lease with respect to the lessor and the prior lease was terminated by the action of the lessor (acting alone or together with the lessee).



### Line-by-Line Instructions

Qualified export receipts to be entered in line 1 are received from the sale of property, such as inventory, that is produced in the U.S. for direct use, consumption, or disposition outside the U.S. These sales are qualified export sales.

**1a.** Enter the IC-DISC's qualified export receipts from export property sold to foreign, unrelated buyers for delivery outside the U.S. Do not include amounts entered on line 1b.

**1b.** Enter the IC-DISC's qualified export receipts from export property sold for delivery outside the U.S. to (i) a related foreign entity for resale to a foreign, unrelated buyer or (ii) an unrelated buyer when a related foreign entity acts as commission agent.

**2a.** Enter the gross amount received from leasing or subleasing export property to unrelated persons for use outside the U.S.

Receipts from leasing export property may qualify in some years and not in others, depending on where the lessee uses the property. Enter only receipts that qualify during the tax year. (Use Schedule E to deduct expenses such as repairs, interest, taxes, and depreciation.)

**2b.** A service connected to a sale or lease is related to it if the service is usually furnished with that type of sale or lease in the trade or business where it took place. A service is subsidiary if it is less important than the sale or lease.

**2c.** Include receipts from engineering or architectural services on foreign construction projects abroad or proposed for location abroad. These services include feasibility studies, design and engineering, and general supervision of construction, but do not include services connected with exploring for minerals.

**2d.** Include receipts for export management services provided to unrelated IC-DISCs.

**2f.** Include interest received on any loan that qualifies as a producer's loan.

**2g.** Enter interest on any qualified export asset other than interest on producer's loans.

For example, include interest on accounts receivable from sales in which the IC-DISC acted as a principal or agent and interest on certain obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

**2h.** On Schedule D (Form 1120) report in detail every sale or exchange of a capital asset, even if there is no gain or loss.

In addition to Schedule D (Form 1120), attach a separate schedule computing gain from the sale of qualified export assets.

**2i.** Enter the net gain or loss from line 18, Part II, Form 4797.

In addition to Form 4797, attach a separate schedule computing gain from the sale of qualified export assets.

**2j.** Enter any other qualified export receipts for the tax year not reported on lines 2a through 2i. Such receipts include the IC-DISC's allocable portion of an adjustment to income required under section 481(a) because of a change in accounting method. For example, section 481(a) income must be reported if the IC-DISC has to revalue its beginning inventory as a result of the uniform capitalization rules of new section 263A. See the instruction for line 1 of Schedule A for details.

**3b.** Enter receipts from selling products subsidized under a U.S. program if they have been designated as excluded receipts.

**3c.** Enter receipts from selling or leasing property or services for use by any part of the U.S. Government if law or regulations require U.S. products or services to be used.

**3d.** Enter receipts from any IC-DISC that belongs to the same controlled group (as defined in section 993(a)(3)).

**3f.** Include in an attached schedule any nonqualified gross receipts not reported on lines 3a through 3e. Do not offset an income item against a similar expense item.

## Schedule C.—Dividends and Special Deductions

*(Numbered to correspond to line numbers in Schedule C.)*

### Column (a)

**1.** Enter dividends received (except those received on debt-financed stock—see line 2 instruction below) from domestic corporations that are subject to the deduction under section 243(a)(1).

Include taxable distributions from an IC-DISC, former DISC, or former IC-DISC only if such distributions are eligible for this deduction. See line 9 instruction below for distributions not eligible for this deduction.

For dividends from a regulated investment company, see section 854 for the amount subject to the section 243(a)(1) deduction.

So-called dividends or earnings from mutual savings banks, etc., are really interest. Report them on Schedule B, not on Schedule C.

**2.** Enter dividends on debt-financed stock (acquired after July 18, 1984) that are received from domestic corporations subject to income tax and that would otherwise be subject to the dividends-received deduction under section 243(a)(1). Also enter dividends on debt-financed stock of foreign corporations acquired after July 18, 1984. Generally, debt-financed stock is stock that the corporation acquired, and in doing so, incurred a debt (for example, it borrowed money to buy the stock).

See section 246A for more information.

**3.** Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

**4.** Enter dividends received from foreign corporations and certain FSCs that qualify for the deduction under section 245(a), and dividends received from certain FSCs that qualify for the deduction under section 245(c).

**5.** Enter dividends you can deduct that you received from wholly owned foreign subsidiaries. See section 245(b).

**7.** Enter foreign dividends that are not reportable on lines 4 and 5. Exclude distributions of amounts constructively taxed under subpart F for your 1986 tax year or in earlier years.

**8.** Enter amount required to be included in gross income from controlled foreign corporations under subpart F (sections 951-964). This amount should equal the total of amounts reported on Schedule J of Form 5471. If a controlled foreign corporation is a related foreign export corporation, enter subpart F inclusions on line 12 of Schedule C.

**9.** Enter taxable distributions from an IC-DISC or former DISC or former IC-DISC that are not eligible for the dividends-received deduction. See sections 246(d), 995(b), and 996(a)(3).

No deduction is allowed for dividends received from another IC-DISC or former DISC or former IC-DISC if the dividend is paid from accumulated IC-DISC income or previously taxed income or if it is a deemed distribution under section 995(b)(1).

**10.** Include: dividends, except capital gain dividends, from regulated investment companies that do not qualify for the section 243(a) deduction; dividends from tax-exempt organizations; dividends, except capital gain dividends, from a real estate investment trust that, for the trust's tax year in which the dividends are paid, qualifies under sections 856 through 860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments for similar stock; and other taxable dividend income not reported above.

Two situations in which the dividends-received deduction will not be allowed on any share of stock are:

(1) If the corporation held it 45 days or less (see section 246(c)(1)(A)), or

(2) To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

**12.** Enter qualified dividends from the IC-DISC's investment in a related foreign export corporation (defined in General Instruction **D1e**). Include income from controlled foreign corporations under subpart F. Generally, the investment will be in stock or securities of the IC-DISC's foreign selling subsidiary that qualifies as a foreign international sales corporation.

### Columns (b) and (c)

**1.** The dividends-received deduction percentage for dividends received after December 31, 1986, is 80%.

**2.** The dividends-received deduction for dividends received on debt-financed stock is explained in section 246A. This section applies to dividends received on debt-financed portfolio stock acquired after July 18, 1984.

Dividends received on debt-financed stock are not entitled to the full 80% dividends received deduction. The 80% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. Also see section 245(a) before making this computation for an additional limitation which applies to dividends received from foreign corporations. A schedule showing how the amount on line 2, column (c) was figured must be attached to Form 1120-IC-DISC.

**3.** For dividends on certain preferred stock of public utilities received after December 31, 1986, but before July 1, 1987, the dividends-received deduction percentage is 55.652%. For dividends received after June 30, 1987, the dividends-received deduction percentage is 47.059%.

Multiply the dividends received in each period by the proper percentage to determine the correct dividends-received deduction

**4.** The dividends received deduction percentage(s) for line 4 is: (1) 80% for dividends from foreign corporations for which the deduction is allowed under section 245(a), and (2) 85% for dividends from certain FSCs for which the deduction is allowed under section 245(c)(1)(B).

**Note:** *The 85% will be reduced to 80% if pending technical corrections legislation is enacted.*

**6.** Line 6 of Schedule C may not exceed 80% of line 5, page 1. For this purpose, figure line 5, page 1, without any net operating loss deduction under section 172 and without any dividends received deductions, without regard to any adjustment under section 1059, and to any capital loss carryover to the tax year under section 1212(a)(1).

In a year when a net operating loss occurs, this 80% limit does not apply even if the dividends-received deduction creates the loss.

## Schedule E.—Deductions

*(Numbered to correspond to line numbers in Schedule E.)*

### Limitations on deductions

**a. Section 263A Uniform Capitalization Rules.**—Many items that were deductible under prior law must now be capitalized or included in inventory under the new uniform capitalization rules of section 263A. The new rules require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property produced by a taxpayer includes a film, sound recording, video, tape, book, or similar property. The rules also apply to personal property (tangible and intangible) acquired for resale. Taxpayers subject to the rules are required to capitalize not only direct costs but an allocable portion of most indirect costs (including taxes) that benefit the assets produced or acquired for resale. Interest expense paid or incurred in the course of production must be capitalized and is governed by special rules. The uniform capitalization rules also apply to the production of property constructed by a taxpayer for use in its trade or business or in an activity engaged in for profit.

Section 263A does not apply to personal property acquired for resale if the taxpayer's annual average gross receipts are $10,000,000 or less. It does not apply to timber or to property produced under a long term contract. The rules do not apply to property which is produced for use by the taxpayer if substantial construction occurred before March 1, 1986.

The uniform capitalization rules are generally effective for costs and interest paid or incurred after 1986. With respect to inventory, the uniform capitalization rules apply to tax years beginning after 1986. Transitional rules are contained in section 803 of the Tax Reform Act of 1986.

In the case of inventory, some of the indirect costs which may not have been capitalized before 1987, which must now be capitalized, are administration expenses, taxes, insurance costs, compensation paid to officers attributable to services, rework labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Current deductions may be claimed for research and experimental costs under section 174. Intangible drilling costs for oil and gas and geothermal property, and mining and exploration and development costs are still separately reported to shareholders for purpose of determinations under sections 59(e) and 613A(c)(13). Temporary Regulations section 1.263A-1T specifies other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see the instructions for Schedule A on pages 4 and 5 and Temporary Regulations section 1.263A-1T.

**b. Meals and Entertainment Expense.**—For tax years beginning after 1986, the amount deductible for business meals and entertainment expense is generally limited to 80% of the amount otherwise allowable. For more information on the 80% limitation and other limitations, see section 274.

**c. Transactions between related taxpayers.**—Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitations on deductions for unpaid expenses and interest.

### Line-by-Line Instructions

**1.** Enter export promotion expenses on lines 1a through 1m. Export promotion expenses are an IC-DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts. Do not include income taxes. Any part of an expense not incurred to obtain qualified export receipts should be entered on lines 2a through 2g.

**1c. Attach Form 4562.** Depreciation, if you deduct depreciation. Enter on line 1c the depreciation not claimed on Schedule A or elsewhere on the return.

Besides depreciation, include in line 1c the part of the cost that the corporation elected to expense for certain recovery property placed in service during the 1987 tax year. Generally, for property placed in service after December 31, 1986, the amount the IC-DISC may expense under section 179 has been raised from $5,000 to $10,000. See the instructions for Form 4562 for other limitations.

**1h.** Enter half the freight expenses (except insurance) for shipping export property aboard U.S. flagships and U.S.-owned and -operated aircraft, unless by law or regulations you are required to use U.S. ships or aircraft.

**1i.** Attach a schedule showing the name, social security number, and amount of compensation paid to all officers.

An officer is a person, such as a regular officer or chairman of the board, who is elected or appointed to office or is designated as an officer in the corporation's charter or bylaws.

**1j.** Enter the cost of incidental repairs, such as labor and supplies, that do not add to the property's value or appreciably prolong its life.

**1k.** If the IC-DISC has any kind of funded deferred compensation plan, such as a pension or profit-sharing plan, file one of the forms described below.

There are penalties for failure to file these forms on time.

**Form 5500.**—Complete this form for each plan with 100 or more participants.

**Form 5500-C or 5500-R.**—Complete the applicable form for each plan with fewer than 100 participants.

**Form 5500EZ.**—Complete this form for a one participant plan.

**1l.** Enter your contributions to employee benefit programs, such as insurance or health and welfare programs, that are not an incidental part of a plan included on line 1k. Also include contributions to a qualified group legal services plan. Section 120 gives certain rules that the IC-DISC must follow for its employees (including spouses and dependents) to be able to exclude from their income the IC-DISC's contributions to the legal services plan.

**1m.** Enter any other deduction not claimed above. Include amortization expense from Form 4562.

**Note:** *The deduction for amortization of trademark and trade name expenses has been repealed for expenses paid or incurred after 1986.*

**2a.** You may take a deduction for specific debts that become worthless, in whole or in part. (See section 166.)

For tax years beginning before 1987, an IC-DISC could treat bad debts in either of two ways: (1) as a deduction for specific debts that become worthless, in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. For tax years beginning after 1986, the IC-DISC can only use the specific charge off method for figuring its bad-debt deduction. See section 166.

When changing to the specific charge off method, the following rules apply:

a. The change is treated as a change in the IC-DISC's accounting method that is initiated by the IC-DISC;

b. The change shall be considered as approved by the Commissioner; and

c. The net amount of adjustments required by section 481 because of the change in accounting method must be reported as income as explained below.

The amount of the adjustment referred to in item c above is the balance of the bad-debt reserve at the close of the IC-DISC's 1986 tax year (column (g), Schedule F, page 3, Form 1120-IC-DISC). The adjustment is reported as income ratably in each of the first 4 tax years beginning after 1986. Report each year's ratable portion of the income on line 2j, Schedule B, Form 1120-IC-DISC if the amount reported related to a class of receivables that are qualified export asset, otherwise report the amount on line 3f of Schedule B. For more information, see section 805(d)(2) of the Tax Reform Act of 1986.

**2b.** Enter taxes paid or accrued during the tax year.



Do not include state or local sales taxes that are paid or incurred in connection with an acquisition or disposition of property. Such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

**2c.** Do not deduct interest on debts incurred or continued to buy or carry obligations on which the interest is wholly exempt from income tax. (See section 265.)

Section 267 limits deductions for unpaid expenses and interest in transactions between related taxpayers. Section 461(g) limits a cash basis taxpayer's deduction for prepaid interest.

**2d.** Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c).

The IC-DISC may claim up to 10% of modified adjusted taxable income as contributions. The limit is 10% of the amount on line 7, page 1, figured without the deduction for contributions, and before taking the dividends-received deduction (line 6b, page 1), premiums paid on bond repurchases (section 249), or payments made to the National Railroad Passenger Corporation (section 250); and before figuring carrybacks to the 1987 tax year for net operating loss (section 172) or capital loss (section 1212(a)(1)). Do not deduct charitable contributions above the 10% limit for the 1987 tax year. The amount of contributions made in the 1987 tax year in excess of the 10% limitation, however, may be carried over in order of time to the next 5 succeeding tax years until deducted against the 10% limitation of one of the 5 succeeding tax years.

A corporation on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the tax year ends if the board of directors authorized the contributions during the tax year. Attach both of the following to the return, a declaration, signed by an officer, stating that the board of directors adopted the resolution authorizing the contributions during the tax year, and a copy of the resolution.

If a contribution is made in property other than money, attach a schedule describing the kind contributed and what method was used to determine the fair market value.

**Special rules for contributions of certain property.**—For a charitable contribution of property, the corporation must reduce the contribution by the sum of:

1. The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value; and

2. For contributions made in tax years beginning after 1986, all of the long-term capital gain that would have resulted if the property were sold at its fair market value.

The reduction for the long-term capital gain applies to:

1. Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption; and

2. Contributions of any property (except stock for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

**2e.** Enter the freight expense not deducted on line 1h as an export promotion expense.

**2g.** Do not deduct any amount allocable to exempt income. Items directly attributable to wholly exempt income must be allocated to that income, and items directly attributable to any class of taxable income must be allocated to that income. If an item is indirectly attributable to both taxable and exempt income, allocate a reasonable proportion to each.

Attach a statement showing: (1) the amount of each class of exempt income, and (2) the amount of expense items allocated to each class. Show apportioned amounts separately.

## Schedule J.—Parts I Through V

*(Numbered to correspond to line numbers in Schedule J.)*

### Part I.—Deemed Distributions Under Section 995(b)(1)

**1.** Enter gross interest derived during the tax year from producer's loans (section 995(b)(1)(A)).

**2.** Enter gain recognized during the tax year on the sale or exchange of property which in the hands of the IC-DISC was not a qualified export asset and which was previously transferred to the IC-DISC in a transaction in which the transferor realized gain but did not recognize the gain in whole or part. See section 995(b)(1)(B). Show the computation of the gain on a separate schedule. Include no more of the IC-DISC's gain than the amount of gain the transferor did not recognize on the earlier transfer.

**3.** Enter gain recognized on the sale or exchange of property described in section 995(b)(1)(C). Show the computation of the gain. Do not include any gain included in the computation of line 2. Include only the amount of the IC-DISC's gain that the transferor did not recognize on the earlier transfer and that would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the IC-DISC. Do not include gain on sale or exchange of the IC-DISC's stock in trade or other property that either would be included in inventory if on hand at the end of the tax year or is held primarily for sale in the normal course of business.

**4.** Enter 50 percent of taxable income attributable to military property (section 995(b)(1)(D)). Show the computation of this income. To figure taxable income attributable to military property, use the gross income attributable to military property for the year and the deductions properly allocated to that income. See Regulations section 1.995-6. Military property is defined in section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and related regulations (22 CFR 121.01).

**6.** Enter the taxable income from line 7, page 1, of Form 1120-IC-DISC.

**9.** Line 9 provides for the computation of the one-seventeenth deemed distribution of section 995(b)(1)(F)(i). Line 9 only applies to shareholders of the IC-DISC that are C corporations. It does not apply to shareholders of the IC-DISC that are other than C corporations.

**10.** An IC-DISC is deemed to distribute any income that resulted from cooperating with an international boycott (section 995(b)(1)(F)(ii)). See **Form 5713**, International Boycott Report, to compute this deemed distribution and for reporting requirements for any IC-DISC with operations related to a boycotting country.

**11.** An IC-DISC is deemed to distribute the amount of any illegal payments, such as bribes or kickbacks, that it pays, directly or indirectly, to government officials, employees, or agents (section 995(b)(1)(F)(iii)).

**14.** Attach a computation showing the earnings and profits for the tax year.

Generally, the allowance for depreciation (and any amortization) is the amount that would be allowable if the IC-DISC had used the straight-line method of depreciation for each tax year. See section 312(k)(2) for exceptions.

See section 312(n) for certain adjustments to earnings and profits that are required to be made to more accurately reflect economic income and loss (including adjustments for construction period carrying charges, organizational expenditures, LIFO inventories, installment sales, and the completed contract accounting method).

**Line 17a.** To figure the amount for line 17a, attach a computation showing: (1) the IC-DISC's foreign investment in producer's loans during the tax year; (2) accumulated earnings and profits (including earnings and profits for the 1987 tax year) less the amount on line 15, Part I; and (3) accumulated IC-DISC income. Enter the least of these amounts (but not less than zero) on line 17a.

**Line 17b.** To figure the amount for line 17b, attach a computation showing: (1) the IC-DISC's foreign investment in producer's loans during the year; (2) accumulated earnings and profits (including earnings and profits for the 1987 tax year) less the amount on line 16, Part I; and (3) accumulated IC-DISC income. Enter the least of these amounts (but not less than zero) on line 17b.

For purposes of lines 17a and 17b, foreign investment in producer's loans is the least of:

(1) The net increase in foreign assets by members of the controlled group (defined in section 993(a)(3)) to which the IC-DISC belongs.

(2) The actual foreign investment by the group's domestic members.

(3) The IC-DISC's outstanding producer's loans to members of the controlled group.

"Net increase in foreign assets" and "actual foreign investment" are defined in sections 995(d)(2) and (3).

See Regulations section 1.995-5 for additional information on computing foreign investment attributable to producer's loans.

**20 and 21.** The percentages on lines 20 and 21 must add up to 100 percent.



**22 and 23.** Allocate the line 22 amount to shareholders that are individuals, partnerships, S corporations, trusts, and estates. Allocate the line 23 amount to shareholders that are C corporations.

### Part II.—Deemed Distribution Under Section 995(b)(1)(E)

Generally, any taxable income of the IC-DISC attributable to qualified export receipts that exceed $10 million will be deemed distributed.

**1.** If there were no commission sales, leases, rentals or services for tax year, enter on line 1, Part II, the total of lines 1c and 2k, column (e), Schedule B.

**2.** If there were commission sales, leases, rentals or services for the tax year, the total qualified export receipts to be entered on line 1, Part II, is figured as follows (section 993(f)):

1 Enter total of lines 1c and 2k, column (b), Schedule B ______

2 Enter total of lines 1c and 2k, column (d), Schedule B ______

3 Add lines 1 and 2. Enter on line 1, Part II, Schedule J ______

**3.** If the IC-DISC is a member of a controlled group (as defined in section 993(a)(3)) that includes more than one IC-DISC, only one $10 million limit is allowed to the group. If an allocation is required, a statement showing each member's portion of the $10 million limit must be attached to Form 1120-IC-DISC. See proposed Regulations section 1.995-8(f) for details.

**4 and 5.** The $10 million limit (or the controlled group member's share) is prorated on a daily basis. Thus, for example, if for its 1987 tax year an IC-DISC has a short tax year of 73 days, the limit that would be entered on line 5 of Part II is $2 million (73/365 times $10 million).

**Note:** *Use 366 days instead of 365 days as the denominator if the IC-DISC's tax year includes February 29, 1988, and it is filing for a 12 month tax year.*

**7.** Enter the taxable income attributable to line 6 qualified export receipts. The IC-DISC may select the qualified export receipts to which the line 5 limitation is allocated.

See Proposed Regulations section 1.995-8 for details on determining the IC-DISC's taxable income attributable to qualified export receipts in excess of the $10 million amount. Special rules are provided in Proposed Regulations section 1.995-8 for allocating the taxable income attributable to any related and subsidiary services, and for the ratable allocation of the taxable income attributable to the first transaction selected by the IC-DISC which exceeds the $10 million amount. Deductions must be allocated and apportioned according to the rules of Regulations section 1.861-8. The selection of the excess receipts by the IC-DISC is intended to permit the IC-DISC to allocate the $10 million limitation to the qualified export receipts of those transactions occurring during the tax year which permit the greatest amount of taxable income to be allocated to the IC-DISC under the inter-company pricing rules of section 994.

To avoid double counting of the deemed distribution, if an amount of taxable income for the tax year attributable to excess qualified export receipts is also deemed distributed under either line 1, 2, 3, or 4 of Part I, such amount of taxable income is only includable on that line of Part I, and must be subtracted from the amount otherwise reportable on line 7 of Part II and carried to line 5 of Part I. See Proposed Regulations section 1.995-8(d).

After filing the IC-DISC's 1987 tax return, the allocation of the $10 million limitation and the computation of the line 7, Part II deemed distribution may be changed by filing an amended Form 1120-IC-DISC return only under the conditions specified in Regulations section 1.995-8(b)(1).

### Part III.—Deemed Distributions Under Section 995(b)(2)

If the corporation is a former DISC or a former IC-DISC that revoked IC-DISC status or lost IC-DISC status for failure to satisfy one or more of the conditions specified in section 992(a)(1) for 1987, each shareholder is deemed to have received a distribution taxable as a dividend on the last day of the 1987 tax year. The deemed distribution equals the shareholder's prorated share of the DISC's or IC-DISC's income accumulated during the years just before DISC or IC-DISC status ended. The shareholder will be deemed to receive the distribution in equal parts on the last day of each of the 10 tax years of the corporation following the year of the termination or disqualification of the IC-DISC (but in no case over more than twice the number of years the corporation was a DISC or IC-DISC).

### Part IV.—Actual Distributions

**1.** If the corporation is required to pay interest under section 992(c)(2)(B) on the amount of a distribution to meet the qualification requirements of section 992(c), report this interest on line 2c, Schedule E. Also include the amount on line 1, Part IV of Schedule J and show the computation of the interest on an attached schedule.

**4a.** Include in line 4a any distributions of pre-1985 accumulated DISC income that is nontaxable. Also, in the space to the left of the line 4a amount, enter the dollar amount of the distribution and identify it as "nontaxable pre-1985 DISC income." Do not include distributions of pre-1985 DISC income that are made under section 995(b)(2) because of prior year revocations or disqualifications.

### Part V.—Deferred DISC Income

In general, deferred DISC income is:

(1) Accumulated IC-DISC income (for periods after 1984) of the IC-DISC as of the close of the computation year, over

(2) The amount of distributions in excess of income for the tax year of the IC-DISC following the computation year.

Generally, the computation year is the IC-DISC's last tax year beginning in 1985.

For purposes of item (2) above, distributions in excess of income means the excess (if any) of

(1) Actual distributions to shareholders out of accumulated IC-DISC income, over

(2) The amount of IC-DISC income (as defined in section 996(f)(1)) for the tax year following the computation year.

See section 995(f) and Proposed Regulation section 1.995(f)-1 for more information on figuring deferred DISC income.

The amount on line 3, Part V, is allocated to each shareholder on line 2, Part III, of Schedule K (Form 1120-IC-DISC).

## Separate Schedule K.—Shareholder's Statement of IC-DISC Distributions

Attach a separate Copy A, Schedule K (Form 1120-IC-DISC) to Form 1120-IC-DISC for each shareholder who had an actual or deemed distribution or to whom you reported deferred DISC income during the IC-DISC's tax year.

## Schedule N.—Export Gross Receipts of the IC-DISC and Related U.S. Persons

**1. Product Code and Percentage.**—Enter in **1a** the code number and percentage of total receipts for the product or service that accounts for the largest portion of the IC-DISC's gross receipts. The product codes are located on page 12 of these instructions. On line **1b** enter the same information for the IC-DISC's next largest product or service.

**Example:** An IC-DISC has export gross receipts of $10 million; selling agricultural chemicals accounts for $4.5 million (45%) of that amount, which is the IC-DISC's largest product or service. The IC-DISC should enter "287" (the product code for agricultural chemicals) and "45%" in line 1a.

Selling industrial chemicals accounts for $2 million (20% of the $10 million total), and is the IC-DISC's second largest product or service. The IC-DISC should enter "281" (the product code for industrial chemicals) and "20%" in line 1b.

**2. Columns (a), (b), and (c)**

**Export Gross Receipts.**—These are receipts from any of the following:

(a) Selling for direct use, consumption, or disposition outside the U.S. property (such as inventory) produced in the U.S.,

(b) Renting this property to unrelated persons for use outside the U.S.,

(c) Providing services involved in such a sale or rental,

(d) Providing engineering or architectural services for construction projects located outside the U.S., and

(e) Providing export management services.

For commission sales, "export gross receipts" include the total receipts on which the IC-DISC earned the commission.

For purposes of item 2, Schedule N only, no reduction is to be made for receipts attributable to military property. Therefore, an IC-DISC's "export gross receipts" for purposes of item 2 is the total of the amounts from page 2, Schedule B, columns (b) and (d), lines 1c, 2a, 2b, 2c, and 2d.

**Related Persons.**—The following are "related persons":

(a) An individual, partnership, trust, or estate that controls the IC-DISC,

(b) A corporation that controls the IC-DISC or is controlled by it, and



(c) A corporation controlled by the same person or persons who control the IC-DISC.

"Control" means direct or indirect ownership of more than 50% of the total voting power of all classes of stock entitled to vote. (See section 993(a)(3).)

**U.S. Person.**—A "U.S. person" is:

(a) A citizen or resident of the U.S.,

(b) A domestic corporation or partnership, or

(c) An estate or trust (other than a foreign estate or trust as defined in section 7701(a)(31)).

**U.S.**—U.S. includes the Commonwealth of Puerto Rico and possessions of the U.S. (See section 993(g).)

**Export Gross Receipts for 1987**

**Column (a).**—All IC-DISCs should complete column (a) in item 2. If two or more IC-DISCs are related persons, only the IC-DISC with the largest export gross receipts should complete columns (b) and (c). If an IC-DISC acts as a commission agent for a related person, attribute the total amount of the transaction to the IC-DISC.

Complete column (a) to report the IC-DISC's export gross receipts from all sources (including the U.S.) for the 1987 tax year.

**Column (b).—Export gross receipts of related IC-DISCs.**—Complete column (b) to report related IC-DISCs' export gross receipts from all sources (including the U.S.).

**Column (c).—Export gross receipts of all other related U.S. persons.**—Complete column (c) to report other related U.S. persons' export gross receipts from all sources except the U.S.

**3. Related U.S. Persons.**—Report the name, address, and identifying number of related U.S. persons in your controlled group.

If items 2(b) and 2(c) are completed, show first in item 3(b) the name, address, and identifying number of the IC-DISC that completed 2(b) and 2(c).

### Additional Information

**Question P.**—Check the "Yes" box if either (1) or (2) below applies to you; otherwise check the "No" box:

(1) At any time during the year you had an interest in or signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account); AND

• The combined value of the accounts was more than $10,000 at any time during the year; AND

• The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

(2) The IC-DISC owns more than 50% of the stock in any corporation that would answer the question "Yes" based on item (1) above.

Get form **TD F 90-22.1**, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If question P, is checked "Yes," file form TD F 90-22.1 by June 30, 1987, with the Department of the Treasury at the address shown on the form. **Form TD F 90-22.1 is not a tax return, so do not file it with the IRS.**

You can get form TD F 90-22.1 from many IRS offices.

Also, if question P is checked "Yes," enter the name of the foreign country or countries. Attach a separate sheet if you need more space.

**Question S.**—File Form 5713 if the IC-DISC or any member of its controlled group (defined in section 993(a)) has operations in or related to a boycotting country (or with the government, a company, or a national of that country). An IC-DISC that cooperates with an international boycott is also deemed to distribute part of its income. See Form 5713 for more information.

**Question T.**—Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

## Schedule L.—Balance Sheets

**12.** If the corporation was a qualified DISC as of December 31, 1984, the accumulated pre-1985 DISC income will generally be treated as previously taxed income (exempt from tax) when distributed to DISC shareholders after December 31, 1984.

**Exception:** The exemption does not apply to distributions of accumulated pre-1985 DISC income of an IC-DISC or former DISC that was made taxable under section 995(b)(2) because of a prior revocation of the DISC election or disqualification of the DISC. For more details on these distributions, see Regulations section 1.921-1T(a)(6).

**13.** Accumulated IC-DISC income (for periods after 1984) is accounted for on line 13 of Schedule L. The balance of this account is used in figuring deferred DISC income in Part V of Schedule J.

## Separate Schedule P.—Computation of Inter-company Transfer Price or Commission

Complete and attach a separate Schedule P (Form 1120-IC-DISC) for each transaction or group of transactions to which you apply the inter-company pricing rules of section 994(a)(1) and (2). (Please see General Instruction D2.)



493

# Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should not be used for SIC codes. Also, certain activities such as manufacturing do not apply to an IC-DISC.

Using the list below, enter on page 1, under B, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 1, page 1). On page 5, under question I, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

**TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES**

Code

**Transportation:**

4400 Water transportation
4700 Other transportation services

**Electric, gas, and sanitary services:**

4910 Electric services
4920 Gas production and distribution
4930 Combination utility services

**WHOLESALE TRADE**

**Durable**

5008 Machinery, equipment, and supplies
5010 Motor vehicles and automotive equipment
5020 Furniture and home furnishings
5030 Lumber and construction materials
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies
5050 Metals and minerals, except petroleum and scrap
5060 Electrical goods
5070 Hardware, plumbing, and heating equipment
5098 Other durable goods

Code

**Nondurable**

5110 Paper and paper products
5129 Drugs, drug proprietaries, and druggists' sundries
5130 Apparel, piece goods, and notions
5140 Groceries and related products
5150 Farm product raw materials
5160 Chemicals and allied products
5170 Petroleum and petroleum products
5180 Alcoholic beverages
5190 Miscellaneous nondurable goods

**RETAIL TRADE**

**Building materials, hardware, garden supply, and mobile home dealers:**

5220 Building materials dealers
5251 Hardware stores
5265 Garden supplies and mobile home dealers

5300 **General merchandise stores**
5410 Grocery stores
5490 Other food stores

**Automotive dealers and service stations.**

5515 Motor vehicle dealers
5541 Gasoline service stations
5598 Other automotive dealers

Code

5600 Apparel and accessory stores
5700 Furniture and home furnishings stores
5800 Eating and drinking places

**Miscellaneous retail stores:**

5912 Drugstores and proprietary stores
5921 Liquor stores
5995 Other miscellaneous retail stores

**FINANCE, INSURANCE, AND REAL ESTATE**

**Credit agencies other than banks.**

6199 Other credit agencies

**SERVICES**

**Business services:**

7389 Export management services

**Auto repair and services; miscellaneous repair services.**

7500 Lease or rental of motor vehicles

**Amusement and recreation services:**

7812 Motion picture production, distribution, and services

**Other services:**

8911 Architectural and engineering services
8930 Accounting, auditing, and bookkeeping
8980 Miscellaneous services



# Schedule N Product Code System

**(These codes are to be used only with Schedule N, page 5, Form 1120-IC-DISC.)**

Using the list below, enter on line 1 of Schedule N the product code number and percent of export gross receipts as explained in the Specific Instructions.

This product code system is divided into two categories—(1) nonmanufactured product groups and services, and (2) manufactured product groups.

**NONMANUFACTURED PRODUCT GROUPS AND SERVICES**

Code

011 Grains and soybeans
013 Cotton
019 Crops, except cotton, grains, and soybeans
021 Livestock and livestock products
070 Agricultural services
090 Fishery products and services
100 Metal mining, except iron ores, products and services
101 Iron ores
110 Coal mining (anthracite, bituminous and lignite) products and services
130 Crude petroleum and natural gas products and services
147 Chemical and fertilizer mineral products and services
149 Other nonmetallic mineral products and services
400 Transportation services (land, air and water)
490 Electric, gas, and sanitary services
600 Finance, insurance, and real estate services
730 Export management services
780 Motion picture distribution
850 Engineering and architectural services
990 Miscellaneous nonmanufactured products and services

**MANUFACTURED PRODUCT GROUPS**

**Ordnance and accessories.**

191 Guns, howitzers, mortars, and related equipment
192 Ammunition, except for small arms
193 Tanks and tank components
194 Sighting and fire control equipment
195 Small arms
196 Small arms ammunition
199 Ordnance and accessories, not elsewhere classified

**Food and kindred products:**

201 Meat products
202 Dairy products
203 Canned and preserved fruits, vegetables and seafoods
204 Grain mill products
205 Bakery products
206 Sugar
207 Confectionery and related products
208 Beverages
209 Miscellaneous food preparations and kindred products

**Tobacco manufactures.**

211 Cigarettes
212 Cigars
213 Tobacco (chewing and smoking) and snuff
214 Tobacco stemming and redrying

**Textile mill products:**

221 Broad woven fabric mills, cotton
222 Broad woven fabric mills, man made fiber and silk
223 Broad woven fabric mills, wool (including dyeing and finishing)
224 Narrow fabrics and other smallwares mills, cotton, wool, silk, and man made fiber
225 Knitting mills
226 Dyeing and finishing textiles, except wool fabrics and knit goods
227 Floor covering mills
228 Yarn and thread mills
229 Miscellaneous textile goods

**Apparel and other finished products made from fabrics and similar materials.**

231 Men's, youths', and boys' suits, coats, and overcoats
232 Men's, youths', and boys' furnishings, work clothing, and allied garments.
233 Women's, misses', and juniors' outerwear
234 Women's, misses', children's, and infants' undergarments
235 Hats, caps, and millinery
236 Girls', children's, and infants' outerwear
237 Fur goods
238 Miscellaneous apparel and accessories.
239 Miscellaneous fabricated textile products

Code

**Lumber and wood products, except furniture**

241 Logging camps and logging contractors
242 Sawmills and planing mills
243 Millwork, veneer, plywood, and prefabricated structural wood products
244 Wooden containers
249 Miscellaneous wood products

**Furniture and fixtures.**

251 Household furniture
252 Office furniture
253 Public building and related furniture
254 Partitions, shelving, lockers, and office and store fixtures
259 Miscellaneous furniture and fixtures

**Paper and allied products:**

261 Pulp mills
262 Paper mills, except building paper mills
263 Paperboard mills
264 Converted paper and paperboard products, except containers and boxes.
265 Paperboard containers and boxes.
266 Building paper and building board mills

**Printing, publishing, and allied products.**

271 Newspapers: publishing, publishing and printing
272 Periodicals: publishing, publishing and printing
273 Books
274 Miscellaneous publishing
275 Commercial printing
276 Manifold business forms
277 Greeting card publishing
278 Blankbooks, looseleaf binders, and bookbinding and related work
279 Service industries for the printing trade

**Chemicals and allied products:**

281 Industrial inorganic and organic chemicals
282 Plastics materials and synthetic resins, synthetic rubber, synthetic and other man-made fibers, except glass
283 Drugs
284 Soap, detergents, and cleaning preparations, perfumes, cosmetics, and other toilet preparations
285 Paints, varnishes, lacquers, enamels, and allied products
286 Gum and wood chemicals
287 Agricultural chemicals
289 Miscellaneous chemical products

**Petroleum refining and related products:**

291 Petroleum refining
295 Paving and roofing materials
299 Miscellaneous products of petroleum and coal

**Rubber and miscellaneous plastics products:**

301 Tires and inner tubes
302 Rubber footwear
303 Reclaimed rubber
306 Fabricated rubber products, not elsewhere classified
307 Miscellaneous plastics products

**Leather and leather products:**

311 Leather tanning and finishing
312 Industrial leather belting and packing
313 Boot and shoe cut stock and findings
314 Footwear, except rubber
315 Leather gloves and mittens
316 Luggage
317 Handbags and other personal leather goods
319 Leather goods, not elsewhere classified

**Stone, clay, glass, and concrete products.**

321 Flat glass
322 Glass and glassware, pressed or blown.
323 Glass products, made of purchased glass
324 Cement, hydraulic.
325 Structural clay products
326 Pottery and related products
327 Concrete, gypsum, and plaster products

Code

328 Cut stone and stone products
329 Abrasive, asbestos, and miscellaneous nonmetallic mineral products

**Primary metal products:**

331 Blast furnaces, steel works, and rolling and finishing mills
332 Iron and steel foundries
333 Primary smelting and refining of nonferrous metals
334 Secondary smelting and refining of nonferrous metals
335 Rolling, drawing, and extruding of nonferrous metals
336 Nonferrous foundries
339 Miscellaneous primary metal products

**Fabricated metal products, other than ordnance, machinery, and transportation equipment:**

341 Metal cans
342 Cutlery, hand tools, and general hardware
343 Heating apparatus (except electric) and plumbing fixtures
344 Fabricated structural metal products.
345 Screw machine products, and bolts, nuts, screws, rivets and washers
346 Metal stampings
347 Coating, engraving, and allied services
348 Miscellaneous fabricated wire products
349 Miscellaneous fabricated metal products

**Machinery other than electrical:**

351 Engines and turbines
352 Farm machinery and equipment
353 Construction, mining, and materials handling machinery and equipment
354 Metalworking machinery and equipment
355 Special industry machinery, except metalworking machinery
356 General industrial machinery and equipment
357 Office, computing, and accounting machines
358 Service industry machines
359 Miscellaneous machinery, except electrical

**Electrical machinery, equipment, and supplies:**

361 Electric transmission and distribution equipment
362 Electrical industrial apparatus.
363 Household appliances
364 Electric lighting and wiring equipment
365 Radio and television receiving sets, except communication types
366 Communication equipment
367 Electronic components and accessories
369 Miscellaneous electrical machinery, equipment and supplies

**Transportation equipment.**

371 Motor vehicles and motor vehicle equipment
372 Aircraft and parts
373 Ship and boat building and repairing
374 Railroad equipment
375 Motorcycles, bicycles, and parts
379 Miscellaneous transportation equipment

**Professional, scientific, and controlling instruments, photographic and optical goods, watches and clocks:**

381 Engineering, laboratory, and scientific and research instruments and associated equipment
382 Instruments for measuring, controlling, and indicating physical characteristics
383 Optical instruments and lenses
384 Surgical, medical, and dental instruments and supplies
385 Ophthalmic goods
386 Photographic equipment and supplies
387 Watches and clocks

**Miscellaneous manufactured products:**

391 Jewelry, silverware, and plated ware
393 Musical instruments
394 Toys, amusement, sporting and athletic goods
395 Pens, pencils, and other office and artists' materials
396 Costume jewelry, costume novelties, buttons, and miscellaneous notions, except precious metal.
399 Miscellaneous manufactured products



U.S. GOVERNMENT PRINTING OFFICE : 1987 - 181-193

Form **2555**

Department of the Treasury
Internal Revenue Service

# Foreign Earned Income

▶ See separate Instructions ▶ Attach to Form 1040.

OMB No. 1545-0067

**1987**

Attachment Sequence No. 34

**For Use by United States Citizens and Resident Aliens Only**

Name of taxpayer | Your social security number

Foreign address (including country) | Your occupation

Name of employer ▶

Employer's address: U.S. ▶ / Foreign ▶

Employer is (check any that apply) ▶ ☐ A foreign entity ☐ A foreign affiliate of a U.S. company ☐ A U.S. company ☐ Self ☐ Other (specify) ▶

Enter earlier years (after 1981) that you filed Form 2555 to claim either of the exclusions ▶

If you chose to claim an exclusion in an earlier year (after 1981), have you revoked your choice? ☐ Yes ☐ No
If "Yes," give the type of exclusion and the tax year for which the revocation was effective ▶

Test under which you qualify to claim the exclusion(s) and/or deduction ▶ ☐ Bona fide residence test (Part I) ☐ Physical presence test (Part II) | Are you a U.S. citizen? ☐ Yes ☐ No

Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? ☐ Yes ☐ No

If "Yes," give city and country of the separate foreign residence. Also show the number of days during your tax year that you maintained a second household at that address

List your tax home(s) during your tax year and date(s) established

**Complete either Part I or Part II. If an item does not apply, write "NA." If you do not provide the information asked for, any exclusion or deduction you claim may be disallowed.**

**Part I Taxpayers Qualifying Under Bona Fide Residence Test. (See Instructions.)**

1 Date bona fide residence began ........ ended ........
2 Kind of living quarters in foreign country ▶ ☐ Purchased house ☐ Rented house or apartment ☐ Rented room ☐ Quarters furnished by employer
3 Did any of your family live with you abroad during any part of the tax year? ☐ Yes ☐ No
If "Yes," who and for what period? ▶
4a Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? (See Instructions.) ☐ Yes ☐ No
b Are you required to pay income tax to the country where you claim bona fide residence? (See Instructions.) ☐ Yes ☐ No
**If "Yes" to 4a and "No" to 4b, you do not qualify as a bona fide resident. Do not complete the rest of Part I.**
5 Complete the following for days present in the United States or its possessions during the tax year. (Do not include this income in Part III, but report it on Form 1040.)

| Date arrived in U.S. | Date left U.S. | Number of days in U.S. on business | Income earned in U.S. on business (attach computation) | Date arrived in U.S. | Date left U.S. | Number of days in U.S. on business | Income earned in U.S. on business (attach computation) |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

6a State any contractual terms or other conditions relating to the length of your employment abroad
b State the type of visa under which you entered the foreign country
c Did your visa limit the length of your stay or employment in a foreign country? ☐ Yes ☐ No
If "Yes," attach explanation
d Did you maintain a home in the United States while living abroad? ☐ Yes ☐ No
If "Yes," show address of your home, whether it was rented, and the names and relationships of the occupants

**For Paperwork Reduction Act Notice, see page 1 of separate Instructions.** Form 2555 (1987)

Form 2555 (1987) Page 2

**Part II Taxpayers Qualifying Under Physical Presence Test. (See Instructions.)**

7 The physical presence test is based on the 12-month period from ........ through ........
8 Enter your principal country of employment during your tax year ▶
9 Enter all travel abroad during the 12-month period shown on line 7, except travel between foreign countries that did not involve travel on, or over, international waters, or in, or over, the United States, for 24 hours or more. If the last entry is an arrival in a foreign country, enter the number of full days to the end of the 12 month period. If you have no travel to report during the period, write in the schedule below that you were physically present in a foreign country or countries during the entire 12-month period. (Do not include in Part III the income that you list here, but report it on Form 1040.)

| Name of country (including U.S.) | Date arrived | Date left | Full days present in country | Number of days in U.S. on business | Income earned in U.S. on business (attach computation) |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Part III All Taxpayers**

**Note:** *On lines 10 through 14 enter all income, including noncash income, that you earned and actually or constructively received during your 1987 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the Instructions. Do not include income from Part I, line 5, or Part II, line 9. Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.*

**If you are a cash basis taxpayer, report on Form 1040 all income you received during 1987 no matter when you performed the service.**

**1987 Foreign Earned Income** — Amount (in U.S. dollars)

10 Total wages, salaries, bonuses, commissions, etc. — 10
11 Allowable share of income for personal services performed (see Instructions for Part III, line 11):
a In a business (including farming) or profession — 11a
b In a partnership (give name, address, and nature of income) — 11b
12 Noncash income (market value of property or facilities furnished by employer—attach statement showing how determined)
a Home (lodging) — 12a
b Meals — 12b
c Car — 12c
d Other property or facilities (specify) — 12d
13 Allowances, reimbursements, or expenses paid on your behalf for services you performed
a Cost of living and overseas differential — 13a
b Family — 13b
c Education — 13c
d Home leave — 13d
e Quarters — 13e
f For any other purpose (specify) — 13f
g Add the amounts on lines 13a through 13f and enter the total — 13g
14 Other foreign earned income (specify) — 14
15 Add the amounts on lines 10 through 12d, line 13g, and line 14 and enter the total — 15
16 Total amount of meals and lodging included on line 15 that is excludable. (See Instructions.) — 16
17 Subtract line 16 from line 15 and enter the result. This is your foreign earned income ▶ 17

**Complete Part IV next if you choose to claim the housing exclusion or are claiming the housing deduction. Otherwise, skip to Part V.**

**Part IV For Taxpayers Claiming Housing Exclusion AND/OR Deduction**

18 Qualified housing expenses for the tax year (See Instructions.) — 18

19 Number of days in your qualifying period that fall within your 1987 tax year (See Instructions.) — 19

20 Multiply $19.48 by the number of days on line 19. Enter the result, but do not enter more than $7,109.00 — 20

21 Subtract the amount on line 20 from the amount on line 18. (If zero or less, do not complete the rest of Part IV or any of Part VII.) — 21

22 Enter employer-provided amounts. (See Instructions.) — 22

23 Enter the amount from line 17 — 23

24 Divide the amount on line 22 by the amount on line 23 and enter the result as a decimal (to two places) (Limited to 1.00.) — 24 × .

25 **Housing exclusion.** Multiply the amount on line 21 by the decimal amount on line 24, but do not enter more than the amount on line 22. Also enter this amount on line 35, Part VI ▶ 25

**Note:** *If the amount on line 21 is more than the amount on line 25, complete line 26. Otherwise, skip to Part V if you choose to claim the foreign earned income exclusion.*

26 Subtract the amount on line 25 from the amount on line 21. Enter the result here and on line 40, Part VII. (Complete Part V before Part VII if you choose to claim the foreign earned income exclusion.) ▶ 26

**Part V For Taxpayers Claiming Foreign Earned Income Exclusion**

27 Maximum foreign earned income exclusion — 27 $70,000 00

28 Number of days in your qualifying period that fall within your 1987 tax year (See Instructions for line 19.) — 28

29 Divide the number of days on line 28 by the number of days in your tax year (usually 365) and enter the result as a decimal (to two places) — 29 × .

30 Multiply the amount on line 27 by the decimal amount on line 29 — 30

31 Enter the amount from line 17 — 31

32 Enter the amount from line 25 — 32

33 Subtract the amount on line 32 from the amount on line 31. Enter the result — 33

34 **Foreign earned income exclusion.** Enter here and on line 36, Part VI, the amount from line 30 or line 33, whichever is less ▶ 34

**Part VI For Taxpayers Claiming Housing Exclusion, Foreign Earned Income Exclusion, or Both**

35 Housing exclusion from line 25 — 35

36 Foreign earned income exclusion from line 34 — 36

37 Add the amounts on lines 35 and 36 and enter the total — 37

38 Deductions allowed in figuring your adjusted gross income (Form 1040, line 30) that are allocable to the excluded income. (See Instructions and attach computation.) — 38

39 Subtract line 38 from line 37. Enter the result here and in parentheses on Form 1040, line 21. Next to the amount write "Exclusion(s) from Form 2555." On Form 1040 subtract the amount from your income to arrive at total income on Form 1040, line 22 ▶ 39

**Part VII For Taxpayers Claiming Housing Deduction**

**Note:** *Complete this part only if (1) you entered an amount on line 26, and (2) the amount on line 17 is more than the amount on line 37.*

40 Enter the amount from line 26 — 40

41 Enter the amount from line 17 — 41

42 Enter the amount from line 37 — 42

43 Subtract the amount on line 42 from the amount on line 41 and enter the result — 43

44 Enter the amount from line 40 or line 43, whichever is less — 44

**Note:** *If the amount on line 43 is more than the amount on line 44 and you could not deduct all of your 1986 housing deduction because of the 1986 limitation, complete the worksheet on page 4 of the Instructions to figure how much of your 1986 housing deduction may be carried over to 1987. Otherwise, enter a zero (-0-) on line 45.*

45 Housing deduction carryover from 1986 (from worksheet on page 4 of the Instructions) — 45

46 Add the amounts on lines 44 and 45. Enter here and on Form 1040 to the left of line 29. Next to the amount on Form 1040 write "Deduction from Form 2555." Add it to the total adjustments reported on that line ▶ 46

U.S. GPO 1987 0-183-231

# 1987 Instructions for Form 2555

Department of the Treasury
Internal Revenue Service

## Foreign Earned Income

*(Section references are to the Internal Revenue Code.)*

## General Instructions

**Paperwork Reduction Act Notice.** We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Changes You Should Note.** The following changes are a result of the Tax Reform Act of 1986. They apply to tax years beginning after 1986.

- Reduced foreign earned income exclusion. The maximum amount of foreign earned income that may be excluded under section 911(a)(1) has been reduced from $80,000 to $70,000.
- Violation of travel restrictions. Generally, if you were in a foreign country in violation of U.S. travel restrictions, the following rules apply: (1) any time spent in that country may not be counted in determining if you qualify under the bona fide residence or physical presence test; (2) any income earned in that country is not considered foreign earned income; and (3) any housing expenses in that country (or housing expenses for your spouse or dependents in another country while you were in that country) are not considered qualified housing expenses. U.S. travel restrictions currently apply to Cuba, Kampuchea (Cambodia), Libya, North Korea, and Vietnam.

**Purpose of Form.** If you are a U.S. citizen or a U.S. resident alien living in a foreign country, you are subject to the same U.S. income tax laws that apply to citizens and resident aliens living in the United States. However, if you qualify, use Form 2555 to exclude a limited amount of your foreign earned income. Also use it to claim the housing exclusion or deduction. You may not, however, exclude or deduct more than your foreign earned income for the tax year.

**Note:** *Specific rules apply to determine whether you are a resident or nonresident alien of the United States. Get **Publication 519**, U.S. Tax Guide for Aliens, for details.*

**Who Qualifies.** You qualify for the tax benefits available to taxpayers who have foreign earned income if you meet the **tax home test** (defined below) **and** you are either:

- A U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes a complete tax year (**bona fide residence test**); or
- A U.S. citizen or a U.S. resident alien who is physically present in a foreign country, or countries, for at least 330 full days during any period of 12 months in a row (**physical presence test**).

**Note:** *If your only earned income from work abroad is pay you received from the U.S. Government as its employee, you do not qualify for either of the exclusions or the housing deduction. **Do not** file Form 2555.*

**Tax Home Test.** Your **tax home** must be in a foreign country, or countries, throughout your period of bona fide residence or physical presence, whichever applies. (For this purpose, your period of physical presence is the 330 full days during which you were present in a foreign country, not the 12 consecutive months during which those days occurred.)

**Tax Home.** Your tax home is your regular or principal place of business, employment, or post of duty, regardless of where you maintain your family residence. If you do not have a regular or principal place of business because of the nature of your trade or business, your tax home is the place where you regularly live.

**Foreign Country.** A foreign country is any territory (including the air space, territorial waters, seabed, and subsoil) under the sovereignty of a government other than the United States. It does not include U.S. possessions or territories.

**Additional Information.**
**Publication 54**, Tax Guide for U.S. Citizens and Resident Aliens Abroad, contains more information about the bona fide residence test, the physical presence test, the foreign earned income exclusion, and the housing exclusion and deduction. You can get the publication from most U.S. Embassies and consulates, or by writing to:

Forms Distribution Center
P.O. Box 25866
Richmond, VA 23260

**Waiver of Time Requirements.** If your tax home was in a foreign country and you were a bona fide resident of, or physically present in, a foreign country and had to leave because of war, civil unrest, or similar adverse conditions, the minimum time requirements specified under the bona fide residence and physical presence tests may be waived. You must be able to show that you reasonably could have expected to meet the minimum time requirements if you had not been required to leave. If you left one of the countries listed on page 4 during the period indicated, you qualify to claim the tax benefits on Form 2555, but only for the number of days you were a bona fide resident of, or physically present in, the foreign country.

If you qualify to claim either of the exclusions or the housing deduction because of the waiver of time requirements, attach a statement to your return explaining that you expected to meet the applicable time requirement, but that the conditions in the foreign country prevented you from the normal conduct of business. Also write "Claiming Waiver" in the top margin on page 1 of your 1987 Form 2555.

**Where To File.** Attach Form 2555 to the front of your Form 1040 and file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

**When To File.** A 1987 calendar year Form 1040 is generally due April 15, 1988. However, whether you file on a calendar year or fiscal year basis, you are automatically granted a 2-month extension of time to file (to June 15, 1988, for a 1987 calendar year return) if you are living or traveling outside the United States and Puerto Rico on the date your return is due. If you take this extension, you must attach a statement to your return explaining that you were living or traveling outside the United States and Puerto Rico on the due date of your return.

The automatic 2-month extension also applies to paying the tax. However, interest is charged on the unpaid tax from the regular due date (April 15 for a calendar year return) until it is paid.

**Special Extension of Time.** If you plan to take the foreign earned income exclusion and/or the housing exclusion or deduction, but do not expect to qualify until after the end of the automatic 2-month extension period described above, you may apply for an extension to a date after you expect to qualify.

To apply for this extension, complete and file **Form 2350**, Application for Extension of Time To File U.S. Income Tax Return, with the Internal Revenue Service Center, Philadelphia, PA 19255, before the due date of your return. Interest is charged on the tax not paid by the regular due date as explained above.

**Choosing the Exclusion(s).** To choose the housing exclusion (Part IV) or the foreign earned income exclusion (Part V), complete the appropriate parts of Form 2555 and file it with your Form 1040 or **Form 1040X**, Amended U.S. Individual Income Tax Return.

Once you choose to claim an exclusion, that choice remains in effect for that year and all future years unless it is revoked. If you revoke your choice, however, you may not claim the exclusion(s) for your next 5 tax years without the approval of the Internal Revenue Service. See Publication 54 for more information.

**Earned Income Credit.** You will not qualify for the earned income credit if you claim either of the exclusions or the housing deduction.

## Specific Instructions

**Which Parts To Complete.** If you qualify for the tax benefits of Form 2555, complete Part I or II, whichever applies, and Part III.

Complete Part IV if you choose to claim the housing exclusion or are claiming the housing deduction.

Complete Part V if you choose to claim the foreign earned income exclusion.

Complete Part VI if you are claiming the housing exclusion, the foreign earned income exclusion, or both.

Complete Part VII if you are claiming the housing deduction. You must complete Part IV first, however, to see if you qualify for the housing deduction.

### Part I

**Bona Fide Residence Test.** To qualify under this test you must be a U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes a **complete tax year** (January 1–December 31, if you file a calendar year return).

No specific rule determines whether you are a bona fide resident of a foreign country, because the determination involves your intention about the length and nature of your stay. Evidence of your intention may be your words and acts. If these conflict, your acts carry more weight than your words. Generally, if you go to a foreign country for a definite, temporary purpose and return to the United States after you accomplish it, you are not a bona fide resident of the foreign country. If accomplishing the purpose requires an extended, indefinite stay, and you make your home in the foreign country, you may be a bona fide resident. See Publication 54 for more information and examples.

**Lines 4a and b.** If you submit a statement to the authorities of a foreign country in which you earned income that you are not a resident of the country, and the authorities hold that you are not subject to their income tax laws as a resident, you are not considered a bona fide resident of that country.

If you submit such a statement and the authorities have not made an adverse determination of your nonresident status, you are not considered a bona fide resident of that country.

### Part II

**Physical Presence Test.** To qualify under this test, you must be a U.S. citizen or resident alien who is physically present in a foreign country, or countries, for at least 330 full **days** during any period of 12 months in a row.

To figure the minimum of 330 full days' presence, add all separate periods you were present in a foreign country during the 12-month period shown on line 7. The 330 full days may be interrupted by periods when you are traveling over international waters or are otherwise not in a foreign country. See Publication 54 for more information and examples.

**Full Day.** A full day means the 24-hour period that starts at midnight.

**Note:** *A nonresident alien who, with a U.S. citizen or U.S. resident alien spouse, chooses to be taxed as a resident of the United States may qualify under this test if the time requirements are met. See Publication 54 for information on how to make this choice.*

### Part III

Enter in this part the total foreign earned income you **earned and received** (including income constructively received) during the tax year. If you are a cash basis taxpayer, however, report on Form 1040 all income you received during the tax year regardless of when you earned it.

**Income is earned** in the tax year you perform the services for which you receive the pay. However, if you are a cash basis taxpayer and, because of your employer's payroll periods, you received your last salary payment for 1986 in 1987, that income may be treated as earned in 1987. If you cannot treat that salary payment as income earned in 1987, the rules explained later under **Income Earned In Prior Year** apply. See Publication 54 for more information.

**Foreign earned income** for this purpose means wages, salaries, professional fees, and other compensation received for personal services you performed in a foreign country during the period for which you meet the tax home test and either the bona fide residence test or the physical presence test. It also includes noncash income (such as a home or car) and allowances or reimbursements.

Foreign earned income does not include amounts that are actually a distribution of corporate earnings or profits rather than a reasonable allowance as compensation for your personal services. It also does not include:

- Pension and annuity income (including social security and railroad retirement benefits treated as social security);
- Interest, dividends, capital gains, alimony, etc.;
- Portion of 1986 moving expense deduction allocable to 1987 that is included in your 1987 gross income (see **Recapture of moving expense deduction** under **Moving Expenses** in Publication 54 for details);
- Amounts paid to you by the U.S. Government or any of its agencies if you are an employee of the U.S. Government or any of its agencies;
- Amounts received after the end of the tax year following the tax year in which you performed the services; or
- Amounts you must include in gross income because of your employer's contributions to a nonexempt employees' trust or to a nonqualified annuity contract.

**Note:** *A special rule applies to certain employer contributions made to a pension plan before 1963. See **Pensions and annuities** under **Foreign Earned Income** in Publication 54. In addition, if you received income in 1987 for services performed before 1963, you may be able to exclude the income if a right to receive it existed on March 12, 1962. For more information, write to:*

*Internal Revenue Service*
*Attn: IN:C:TPS*
*950 L'Enfant Plaza South, S.W.*
*Washington, DC 20024*

**Income Received In Prior Year.** Foreign earned income received in 1986 for services you performed in 1987 may be excluded from your 1986 gross income if, and to the extent, the income would have been excludable if you had received it in 1987. To claim the additional exclusion, you must amend your 1986 tax return. To do this, file Form 1040X.

**Income Earned In Prior Year.** Foreign earned income received in 1987 for services you performed in

1986 may be excluded from your 1987 gross income if, and to the extent, the income would have been excludable if you had received it in 1986. Do not include this income in Part III.

If you are excluding income under this rule, attach a statement to Form 2555 showing how you figured the exclusion. Enter the amount that would have been excludable in 1986 on Form 2555 to the left of line 39. Next to the amount write "Exclusion of Income Earned in 1986." Include it in the total reported on line 39.

**Note:** *If you claimed any deduction, credit, or exclusion on your 1986 return that is definitely related to the 1986 foreign earned income you are excluding under this rule, you may have to amend your 1986 income tax return to adjust the amount you claimed. To do this, file Form 1040X.*

**Line 11.** If you engaged in an unincorporated trade or business in which both personal services and capital were material income-producing factors, a reasonable amount of compensation for your personal services will be considered earned income. The amount treated as earned income, however, may not be more than 30% of your share of the net profits from the trade or business.

If capital is not an income-producing factor and personal services produced the business income, the 30% rule does not apply. Your entire gross income is earned income.

**Line 16.** Enter on this line the value of meals and/or lodging furnished by, or on behalf of, your employer for his or her convenience that is excludable from your income under section 119. See Publication 54 for conditions under which you may exclude the value of meals and lodging.

### Part IV

If you are claiming the housing exclusion or deduction and the foreign earned income exclusion, complete this part before Part V.

**Line 18.** Enter the total reasonable expenses paid or incurred during the tax year by you, or on your behalf, for your foreign housing and the housing of your spouse and dependents if they lived with you. You may also include the reasonable expenses of a **second foreign household** (defined later). Housing expenses are considered reasonable to the extent they are not lavish or extravagant under the circumstances.

Housing expenses include rent, utilities (other than telephone charges), real and personal property insurance, nonrefundable fees paid to obtain a lease, rental of furniture and accessories, residential parking, and household repairs. You may also include the fair rental value of housing provided by your employer if you have not excluded it on line 16, Part III.

Do not include deductible interest and taxes, any amount deductible by a tenant-stockholder in connection with cooperative housing, the cost of buying or improving a house, principal payments on a mortgage, or depreciation on the house. Also do not include the cost of domestic labor, pay television, or the cost of buying furniture or accessories.

Include expenses for housing only during periods for which:

- The value of your housing is not excluded from gross income under section 119 (unless you maintained a second foreign household); and
- You meet the tax home test and either the bona fide residence test or physical presence test.

**Second Foreign Household.** If you maintained a separate foreign household for your spouse and dependents at a place other than your tax home because the living conditions at your tax home were dangerous, unhealthful, or otherwise adverse, you may include the expenses of the second household on line 18.

**Married Couples.** If both you and your spouse qualify for the tax benefits of Form 2555, you each may choose to exclude or deduct part of your foreign housing expenses.

If you and your spouse lived in the same foreign household and file a joint return, the total qualified expenses for the household may be claimed on either your Form 2555 or your spouse's Form 2555. However, if you and your spouse have different periods of residence or presence and the one with the shorter period claims the expenses on his or her Form 2555, only the qualified expenses paid or incurred during the shorter period may be claimed. If you file separate returns, the total qualified housing expenses may either be claimed on your Form 2555 or your spouse's Form 2555, or you each may claim part of the expenses on your separate Forms 2555.

If you and your spouse lived in separate foreign households, you each may claim the qualified expenses for your own household on your separate Forms 2555 only if: (1) your tax homes **were not** within a reasonable commuting distance of each other; and (2) each spouse's household **was not** within a reasonable commuting distance of the other spouse's tax home. This is true even if you and your spouse file a joint return. If the requirements in (1) and (2) above are not met, only one of you may claim the housing exclusion or deduction. This is true even if you and your spouse file separate returns. If your spouse qualifies for, but does not claim, a housing exclusion or deduction, you may include on your Form 2555 the qualified expenses of your spouse's household if the home qualifies as a **second foreign household**.

**Line 19.** Enter on this line the number of days in your qualifying period that fall within your 1987 tax year. Your qualifying period is the period during which you meet the tax home test and either the bona fide residence test or the physical presence test.

**Example.** You establish a tax home and bona fide residence in a foreign country on August 14, 1987. You maintain the tax home and residence until January 31, 1989. You are a calendar year taxpayer. The number of days in your qualifying period that fall within your 1987 tax year is 140 (August 14 through December 31, 1987).

**Nontaxable U.S. Government Allowances.** If you or your spouse received a nontaxable housing allowance as a military or civilian employee of the U.S. Government, see Publication 54 for information on how that allowance may affect your housing exclusion or deduction.

**Line 22.** Any amount your employer paid or incurred on your behalf that is foreign earned income included in your gross income for the tax year (without regard to section 911) should be entered on this line.

Examples of employer-provided amounts are:

- Wages and salaries received from your employer;
- The fair market value of compensation provided in kind (such as the fair rental value of lodging furnished by your employer as long as it is not excluded on line 16, Part III);
- Rent paid by your employer directly to your landlord; and
- Amounts paid by your employer to reimburse you for housing expenses, educational expenses of your dependents, or as part of a tax equalization plan.

**Self-Employed Individuals.** If all of your foreign earned income (Part III) is self-employment income, skip lines 22 through 24 and enter a zero on line 25.

### Part V

If you choose to claim the foreign earned income exclusion, complete this part to figure the amount of your exclusion.

**Married Couples.** If both you and your spouse qualify for, and choose to claim, the foreign earned income exclusion, the amount of the exclusion is figured separately for each of you. You each must complete Part V of your separate Forms 2555.

**Community Income.** The amount of the exclusion is not affected by the income-splitting provisions of



community property laws. The sum of the amounts figured separately for each of you is the total amount excluded on a joint return.

### Part VI

If you claim either of the exclusions, you may not claim any deduction (including moving expenses), credit, or exclusion that is definitely related to the excluded income. If only part of your foreign earned income is excluded, you must prorate such items based on the ratio that your excludable earned income bears to your total foreign earned income. See Publication 54 for information on how to figure the amount allocable to the excluded income.

The exclusion under section 119 and the housing deduction are **not** considered definitely related to the excluded income.

**Line 38.** Report in full on Form 1040 and related forms and schedules all deductions allowed in figuring your adjusted gross income (Form 1040, line 30). Enter on line 38 the total amount of those deductions that are not allowed because they are allocable to the excluded income. See Publication 54 for information on how to report your itemized deductions that are allocable to the excluded income (such as unreimbursed employee business expenses).

**IRA Deduction.** The IRA deduction is not definitely related to the excluded income. However, special rules apply in figuring the amount of an employee's IRA deduction. For details, see **Publication 590**, Individual Retirement Arrangements (IRAs).

**Foreign Taxes.** You may not take a credit or deduction for foreign income taxes paid or accrued on income that is excluded under either of the exclusions.

If all of your foreign earned income is excluded, you may not claim a credit or deduction for the foreign taxes paid or accrued on that income.

If only part of your income is excluded, you may not claim a credit or deduction for the foreign taxes allocable to the excluded income. See **Publication 514**, Foreign Tax Credit for U.S. Citizens and Resident Aliens, for information on how to figure the amount allocable to the excluded income.

### Part VII

If an amount is entered on line 26, Part IV, complete Part VII to figure the amount of your housing deduction. Also complete this part to figure the amount of your housing deduction carryover from 1986.

**One-Year Carryover.** If the amount on line 40 is **more** than the amount on line 43, you may carry the difference over to your 1988 tax year. If, because of the 1988 limitation, you cannot deduct the excess in 1988, you may not carry it over to any future tax year.

**Line 45.** If the amount on line 43 is **more** than the amount on line 44 and you could not deduct all of your 1986 housing deduction because of the 1986 limitation, complete the worksheet below to figure the amount to enter on line 45.

#### Worksheet

| | |
|---|---|
| 1. Enter the amount from your 1986 Form 2555, line 40 . . . | |
| 2. Enter the amount from your 1986 Form 2555, line 44 . . . | |
| 3. Subtract the amount on line 2 from the amount on line 1 . . | |

**Note:** *If the amount on line 3 is zero, do not complete the rest of this worksheet. You do not have any housing deduction carryover from 1986. Enter zero (-0-) on line 45.*

| | |
|---|---|
| 4. Enter the amount from your 1987 Form 2555, line 43 . . . | |
| 5. Enter the amount from your 1987 Form 2555, line 44 . . . | |
| 6. Subtract the amount on line 5 from the amount on line 4 . . | |
| 7. Compare the amounts on lines 3 and 6. Enter the **smaller** of the two amounts. Also enter this amount on line 45 of your 1987 Form 2555 . . . . . . . . . . ▶ | |

**Note:** *If the amount on line 3 is more than the amount on line 6, you may not carry the difference over to any future tax year.*

#### List of Qualifying Countries and Time Periods—Waiver of Time Requirements

| Country | Time Periods Beginning | and | Ending |
|---|---|---|---|
| Afghanistan | April 23, 1979 | | (Still in effect) |
| Colombia | November 13, 1984 | | (Still in effect) |
| El Salvador | September 24, 1979 | | (Still in effect) |
| Haiti | April 30, 1987 | | (Still in effect) |
| Iran | September 1, 1978 | | (Still in effect) |
| Iraq | August 31, 1979 | | January 1, 1987 |
| Kuwait | September 13, 1983 | | June 13, 1984 |
| Lebanon | August 31, 1979 | | (Still in effect) |
| Libya | August 31, 1979 | | (Still in effect) |
| Peru | July 3, 1986 | | (Still in effect) |
| Sudan | October 17, 1985 | | November 26, 1986 |
| Uganda | July 29, 1985 | | April 7, 1986 |

☆U.S.GPO 1987-0-183-232



Form **3520** (Rev. May 1987) Department of the Treasury Internal Revenue Service

**United States Information Return**

## Creation of or Transfers to Certain Foreign Trusts

(Under section 6048 of the Internal Revenue Code)
*(See instructions on reverse. Attach additional sheets if more space is needed.)*

OMB No. 1545-0159 Expires 5-31-90

**All information must be in the English language.** **Show amounts in United States dollars.**

Name of United States person(s) filing return

Address of person filing return (Number and street) | Identifying number(s)

City or town, state, and ZIP code

1 Title of person filing return (check applicable box)
☐ Grantor ☐ Transferor ☐ Fiduciary of an estate in the case of testamentary trust

2 If fiduciary of an estate, give name and social security number of the decedent

3 Name of the trust

4 Foreign country under whose laws the trust was created

5 Name and business address of foreign trustee(s)

| 6 Name of beneficiary | Address of beneficiary | Date of birth (see instructions) | Identifying number if any |
|---|---|---|---|
| (a) | | | |
| (b) | | | |
| (c) | | | |
| (d) | | | |
| (e) | | | |
| (f) | | | |
| (g) | | | |

7 Date of the creation of the trust . . . . . . . .

8 (a) Date of transaction for which return is being filed . . . . .

(b) Amount of money or value of property transferred . . . . .

9 Name and address of the person(s) creating the trust

10 Date of termination, or if no date determinable, attach a statement describing the conditions which will cause the trust to terminate.

11 Is trustee required to distribute all trust income currently? If "Yes," the information required on line 12 need not be furnished . . . . . ▶ ☐ Yes ☐ No

12 Attach statement with respect to each beneficiary showing his or her right to receive income or corpus, or both; his or her proportionate interest in the income or corpus, or both; and any condition governing the time a distribution to him or her may be made, such as a specific date or age. In lieu of such a statement, a copy of the trust instrument may be submitted.

13 Attach statement showing a detailed list of the property transferred to the foreign trust in the transaction for which the return is being filed containing a complete description of each item transferred, its adjusted basis and fair market value on the date transferred, and the consideration, if any, paid by the foreign trust for such transfer

**For Paperwork Reduction Act Notice, see instructions on back.**

Form **3520** (Rev. 5-87)

Form 3520 (Rev. 5-87) Page 2

14 Name and address (Number and street, city or town, country) of person(s) having custody of the books of account and records of the foreign trust

15 Location of the books of account and records if different from above

**Signature and Verification.**—Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete

Date ▶ Signature ▶ Title ▶

## Instructions

**Paperwork Reduction Act Notice.**— We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Who Must File.**—Except as stated in section 16.3-1(d)(4) of the regulations governing payments to foreign trusts for employees, the grantor in the case of an inter vivos trust, the fiduciary of an estate in the case of a testamentary trust, or the transferor, as the case may be, must file this form by the 90th day after (1) the creation of any foreign trust by a United States person or (2) the transfer of any money or property to a foreign trust by a United States person.

If any person is not the real party in interest as to the money or property transferred but is merely acting for a United States person, the information required shall be furnished in the name of and by the actual owner of such money or property, except that a fiduciary of an estate shall file information relating to the decedent.

**Definitions.**—A "United States person" includes a citizen or resident of the United States, a domestic corporation, a domestic partnership, and any estate or trust (other than a foreign estate or foreign trust the income of which from sources outside the United States is not effectively connected with the conduct of a trade or business within the United States).

The term "transferor" refers to any United States person other than the person who is the grantor or the fiduciary who transfers money or property to or for the benefit of a foreign trust. It does not refer to a person who transfers money or property pursuant to a sale or an exchange which is made for full and adequate consideration.

**Identifying Number.**—Social security numbers identify individual persons and estates of decedents. Employer identification numbers identify trusts, partnerships, corporations, and similar nonindividual persons. If an estate is required to file Form 1041, please report the employer identification number in addition to the decedent's social security number.

**Beneficiaries.**—Information must be furnished with respect to each beneficiary who is either named in the instrument or whose identity is definitely ascertainable at the time the return is filed. The date of birth must be furnished only for beneficiaries who are United States persons and whose rights under the trust are determined, in whole or in part, by reference to their age.

**Where To File.**—Unless an extension of time to file is received, this return must be filed, by the 90th day after the creation of or the transfer of any money or property to any foreign trust, with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

**Returns Jointly Made.**—If two or more persons are required to file this return with respect to the joint creation of a foreign trust or the joint transfer of any money or property to a foreign trust, any two or more of such persons may, in lieu of filing several returns, jointly execute and file one return.

**Multiple Transfers.**—If a United States person creates more than one foreign trust or transfers money or property to more than one foreign trust, separate returns must be filed with respect to each foreign trust when returns are required. If a United States person transfers money or property to a foreign trust at different times, separate returns must be filed with respect to each transfer when returns are required, except that he or she may file a single return with respect to all transfers made by him or her during any 90-day period, so long as the return is filed on or before the 90th day after the earliest transfer in any such period, and includes the information with respect to each transfer.

**Penalties.**—A 5% penalty, not to exceed $1,000, is imposed by section 6677 for failure to file timely, or failure to report the required information, unless due to reasonable cause. Criminal penalties for failure to file timely and for filing a false or fraudulent return are provided by sections 7203, 7206, and 7207.

**Signature.**—If this return is filed by an individual (including a fiduciary), it must be signed by such individual. If filed by a partnership, it must be signed by one of the partners. If filed by a corporation, it must be signed either by the president, vice president, treasurer, assistant treasurer, or chief accounting officer, or by any other corporate officer (such as tax officer) who is authorized to sign.

☆U.S. Government Printing Office: 1987—181-447/40146

## Instructions

*(Section references are to the Internal Revenue Code.)*

### Paperwork Reduction Act Notice

We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### General

Section 6048(c) requires an annual return for foreign trusts having one or more U.S. beneficiaries.

### Who Must File the Annual Return

Any United States person who directly or indirectly transfers property to a foreign trust (other than an employee's trust or annuity plan as described in section 404(a)(4)) that has one or more U.S. beneficiaries shall be considered the owner of the portion of the trust attributable to the transferred property for that tax year. Once such a transfer is made, that person is required to file Form 3520-A annually thereafter as long as the trust has at least one U.S. beneficiary. The period covered by the return is the tax year of the person filing the return.

**Exceptions.**—The following transfers shall not apply:

**(a)** Any transfer made due to the death of the transferor.

**(b)** Any sale or exchange of the property at fair market value in which all the gain to the transferor is realized at that time or is returned under the section 453 installment method.

**(c)** Any transfer to the trust made on or before May 21, 1974.

### Joint Return

This return may be filed jointly by two transferors or grantors if a joint income tax return was (or will be) filed by them for the same tax year.

### When and Where To File

**General Rule.**—This return must be filed annually by the 15th day of the fourth month following the end of the tax year with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. An extension of time to file may be granted. See **Form 2758,** Application for Extension of Time to File, for details.

### Foreign Trusts Acquiring U.S. Beneficiaries

A grantor or transferor is not required to file Form 3520-A if the foreign trust has no U.S. beneficiaries. If the trust acquires a U.S. beneficiary in a subsequent year, Form 3520-A is then required to be filed. Any undistributed net income at the end of the preceding year that was earned from the property transferred is considered to be income (in addition to the grantor's or transferor's other income for the year) to the transferor in the year that the trust acquires the U.S. beneficiary.

### Foreign Trusts Treated as Having U.S. Beneficiaries

A trust shall be treated as having U.S. beneficiaries for the tax year unless:

**(a)** No part of the income or corpus of the trust may be paid or accumulated during the tax year to or for the benefit of a U.S. person under the terms of the trust.

**(b)** No part of the income or corpus of the trust may be paid to or for the benefit of a United States person if the trust was terminated at any time during the tax year.

### Attribution of Ownership

An amount shall be treated as paid or accumulated to or for the benefit of a U.S. person if such amount is paid to or accumulated for a foreign corporation, foreign partnership or foreign estate or trust, and:

**(a)** The corporation has more than 50 percent of its combined voting power (in all classes of stock entitled to vote) owned by U.S. shareholders.

**(b)** The partnership has at least one partner who is a U.S person.

**(c)** The trust or estate has at least one U.S. beneficiary

### Apportionment of Trust Income

If transfers of property to the trust occurred both (a) on or before and (b) after May 21, 1974, or if transfers were made by the person filing this return and some other person, the income, deductions, and credits must be apportioned among such transfers. Such apportionment shall be in a manner that is reasonable in the light of all the circumstances of each case. See section 671 and the regulations thereunder for additional rules of apportionment. All relevant information regarding the method of apportionment should be attached to this form, including the date and amount of transfer(s) by the person filing this return, and the date, amount, and nature of the property of all other transfers to the trust

### Definitions

A **United States person** includes a citizen or resident of the United States, a domestic corporation, a domestic partnership, and any estate or trust (other than a foreign estate or foreign trust the income of which from sources outside the United States is not effectively connected with the conduct of a trade or business within the United States).

The term **transferor** refers to any United States person who, directly or indirectly, gives, sells, exchanges, transfers, or otherwise disposes of money or property to a foreign trust It does not refer to a transfer made by a U S person who is not the real owner (such as a bank transferring property for a U S. person); in such case, the real owner is considered the grantor or transferor



The term **grantor** means a United States person who creates, or is treated as the owner of any portion of, a foreign trust.

The term **beneficiary** means a United States person who receives, will receive, or may receive money or property, at any time, from a foreign trust.

### Identifying Number

Use social security numbers to identify individual persons. Use employer identification numbers to identify estates, trusts, partnerships, corporations, and similar nonindividual persons.

### Multiple Transfers

If a United States person creates more than one foreign trust or transfers money or property to more than one foreign trust, separate returns must be filed with respect to each foreign trust when returns are required. If more than one U.S person contributes money or property to a foreign trust with a U.S. beneficiary, each such person must file Form 3520-A.

### Penalties

A penalty of 5% of the value of the corpus of the trust at the close of the tax year (but not more than $1,000) is imposed by section 6677 for failure to file timely, or failure to report the required information, unless due to reasonable cause. Criminal penalties for failure to file timely and for filing a false or fraudulent return are provided by sections 7203, 7206, and 7207.

### Signature

If this return is filed by an individual (including a fiduciary), it must be signed by such individual. If filed by a partnership, it must be signed by one of the partners. If filed by a corporation, it must be signed either by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) who is authorized to sign.

### Note

The filing of this form does not relieve the grantor or transferor from the requirement of filing Form 3520, United States Information Return—Creation of or Transfers to Certain Foreign Trusts, or form **TD F 90-22.1,** Report of Foreign Bank and Financial Accounts.

☆U.S. Government Printing Office: 1987—181-447/40148



Form **3520-A**
(Rev. May 1987)
Department of the Treasury
Internal Revenue Service

## Annual Return of Foreign Trust With U.S. Beneficiaries

(See instructions attached Attach additional sheets if more space is needed.)

OMB No. 1545-0160
Expires 4-30-90

**All information must be in the English language.** **Show amounts in United States dollars.**

For calendar year ____ or fiscal year (specify month and year beginning and ending)

| | |
|---|---|
| Name of United States person(s) filing return | Identifying number |
| Address (number and street) | Service center where person filing this return files income tax returns |
| City or town, state and ZIP code | |

1 Title of person filing return (check applicable box): ☐ Grantor ☐ Transferor

2 Are you the sole U.S grantor or transferor? . . . . . ☐ Yes ☐ No
If "No," attach list of all other U.S. grantors or transferors showing name, address, and identifying number.

3 Name and address of the foreign trust

| | |
|---|---|
| 4 Country under whose laws the trust was created | 5 Date of the creation of the trust |
| 6 Name and business address of foreign trustee | 7 Date of termination |

| 8 Name of U.S. beneficiary | Address of beneficiary | Identifying number, if any | U.S. citizen Yes | No |
|---|---|---|---|---|
| (a) | | | | |
| (b) | | | | |
| (c) | | | | |
| (d) | | | | |
| (e) | | | | |
| (f) | | | | |

| | Yes | No |
|---|---|---|
| 9 Amendments to trust during this year Explain (attach statement if necessary): | | |
| 10 Is trustee required to distribute all trust income currently? . . . . . | | |
| 11 Has situs of the trust changed since its creation? . . . . . If "Yes," attach explanation | | |
| 12 Was Form 3520 filed with respect to this trust? . . . . . If "Yes," enter date filed ▶ | | |
| 13 Enter date of last transfer of property to trust by grantor or transferor filing this return ▶ | | |
| 14 Has grantor or transferor filed TD F 90-22 1 with respect to this trust? . . . . . | | |
| 15 Did the trust acquire a U S beneficiary during the current year? . . . . . If "Yes," enter amount of deemed accumulation distribution to grantor (see section 679(b) and attach computation) ▶ | | |

16 Attach statement with respect to each beneficiary showing his or her right to receive income or corpus, or both, his or her proportionate interest in the income or corpus, or both, and any condition governing the time a distribution to him or her may be made, such as a specific date or age. In lieu of such a statement, a copy of the trust instrument may be submitted. If this information has been submitted in a previous year of the trust and has not changed, enter the year for which such information was submitted and the information need not be resubmitted for the current year . . . ▶

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete

Date ▶ Signature ▶ Title ▶

**For Paperwork Reduction Act Notice, see Instructions on page 3.** Form **3520-A** (Rev. 5-87)

Form 3520-A (Rev. 5-87) Page **2**

**Part I** Foreign Trust Income Statement

| | | (A) Totals from books and records of this foreign trust | (B) Portion to be reported by grantor or transferor |
|---|---|---|---|
| Income | 1 Dividends . . . . . | | |
| | 2 Interest . . . . . | | |
| | 3 Income from partnerships and other fiduciaries . . . | | |
| | 4 Gross rents and royalties . . . . . | | |
| | 5 Gross profit (loss) from trade or business . . . | | |
| | 6 Net gain (loss) from capital assets . . . . | | |
| | 7 Ordinary gains and (losses) . . . . | | |
| | 8 Other income (state nature of income) ▶ | | |
| | 9 Total income (add lines 1 through 8) | | |
| Expenses | 10 Interest . . . . . | | |
| | 11 Taxes (attach schedule) . . . . . | | |
| | 12 Fiduciary's portion of depreciation and depletion (explain depletion) ▶ | | |
| | 13 Charitable contributions . . . . . | | |
| | 14 Other expenses ▶ | | |
| | 15 Total expenses (add lines 10 through 14) . . . | | |
| | 16 Net income (subtract line 15 from line 9) . . . | | |

Amount from line 16, column (B), should be entered in Schedule E (Form 1040), Form 1065, Form 1041, or Forms 1120 and 1120S (if less than 100% of column (A), attach computations).

**Part II** Balance Sheets

| | Beginning of Tax Year | | End of Tax Year | |
|---|---|---|---|---|
| **Assets** | (A) Amount | (B) Total | (C) Amount | (D) Total |
| 1 Cash: | | | | |
| (a) Savings and interest-bearing accounts | | | | |
| (b) Other . . . . . | | | | |
| 2 Accounts receivable net . . . . . | | | | |
| 3 Notes receivable (attach schedule) . . . | | | | |
| 4 Inventories . . . . . | | | | |
| 5 Government obligations. | | | | |
| (a) U S. and instrumentalities . . . | | | | |
| (b) State, subdivisions thereof . . . | | | | |
| 6 Investments in non-Govt. bonds, etc. (attach schedule) | | | | |
| 7 Investments in corporate stocks (attach schedule) | | | | |
| 8 Mortgage loans (number of loans ▶ ........) | | | | |
| 9 Other investments (attach schedule) . . | | | | |
| 10 Depreciable (depletable) assets (attach schedule) | | | | |
| Less accumulated depreciation . . . . | | | | |
| 11 Land . . . . . | | | | |
| 12 Other assets (attach schedule) . . . | | | | |
| 13 Total assets . . . . . | | | | |
| **Liabilities** | | | | |
| 14 Accounts payable . . . . . | | | | |
| 15 Contributions, gifts, grants, etc., payable | | | | |
| 16 Mortgages and notes payable (attach schedule) | | | | |
| 17 Other liabilities (attach schedule) . . . | | | | |
| 18 Total liabilities . . . . . | | | | |
| **Retained Earnings** | | | | |
| 19 Accumulated trust income . . . . | | | | |
| 20 Other (attach schedule) . . . . | | | | |
| 21 Total net worth . . . . . | | | | |
| 22 Total liabilities and net worth (line 18 plus line 21) | | | | |

Form **5471** (Rev. January 1986)
Department of the Treasury Internal Revenue Service

# Information Return with Respect to a Foreign Corporation

Information furnished for the foreign corporation's annual accounting period beginning , 19 , and ending , 19

OMB No. 1545-0704 Expires 11-30-88

**To Be Filed In Duplicate**

Name and address of person filing this return | Identifying number

Filer's tax year beginning , 19 , and ending , 19

**Important:** Fill in all applicable lines and sections. All information must be in the English language AND all amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name of foreign corporation and address where books and records are located | b Employer identification number, if any | c Country under whose laws incorporated

d Were any of the corporation's accounting, tax records maintained on a computerized system? ☐ Yes ☐ No

| e Date of incorporation | f Principal country in which business is conducted | g Business code number | h Principal business activity |
|---|---|---|---|
| | | | |

2 Provide the following information for the above-stated accounting period of the foreign corporation.

| Name, address, and identifying number of branch or agent in U.S. (if any) | If U.S. income tax returns were filed, please indicate: If the foreign corporation joined in filing a consolidated return, name of corporation filing the consolidated return | Taxable income or (loss) | Amount of U.S. income tax paid (after all credits) |
|---|---|---|---|
| | | | |

## Schedule A Stock of the Foreign Corporation

| (a) Description of each class of stock | (b) Beginning of annual accounting period — Number of shares (1) Issued | (b) (2) Outstanding | (c) End of annual accounting period — Number of shares (1) Issued | (c) (2) Outstanding |
|---|---|---|---|---|
| | | | | |

## Schedule B U. S. Shareholders of Foreign Corporation

| (a) Name, address, and identifying number of shareholder | (b) Class of stock | (c) Number of shares of outstanding stock held at — Beginning of annual accounting period (1) Directly | (2) Indirectly | (3) Constructively | End of annual accounting period (4) Directly | (5) Indirectly | (6) Constructively | (d) Pro rata share of subpart F and G income |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

Total percentage of voting stock of the foreign corporation owned by you at the end of the annual accounting period of the foreign corporation . . . %

**For Paperwork Reduction Act Notice, see page 1 of the Instructions.** Form 5471 (Rev. 1-86)

---

Form 5471 (Rev. 1-86) Page 2

## Schedule C Earnings and Profits

| | | | |
|---|---|---|---|
| Income | 1 Net sales (gross receipts less returns and allowances): | | |
| | a Unrelated customers | 1a | |
| | b Related customers | 1b | |
| | c Add lines 1a and 1b | 1c | |
| | 2 Cost of goods sold and/or operations (line 7, Schedule D) | 2 | |
| | 3 Gross profit (subtract line 2 from line 1c) | 3 | |
| | 4 Dividends | 4 | |
| | 5 Interest | 5 | |
| | 6 Gross rents, royalties, and license fees | 6 | |
| | 7 Net gain or (loss) on sale of capital assets | 7 | |
| | 8 Other income (attach schedule) | 8 | |
| | 9 Total income (add lines 3 through 8) | 9 | |
| Deductions | 10 Compensation not deducted elsewhere | 10 | |
| | 11 Rents, royalties, and license fees | 11 | |
| | 12 Interest | 12 | |
| | 13 Depreciation not deducted elsewhere | 13 | |
| | 14 Depletion | 14 | |
| | 15 Taxes (exclude income, war profits, and excess profits taxes) | 15 | |
| | 16 Other deductions (attach schedule—exclude income, war profits, and excess profits taxes) | 16 | |
| | 17 Total deductions (add lines 10 through 16) | 17 | |
| Earnings and Profits | 18 Earnings and profits (before reduction for any income, war profits, or excess profits taxes): | | |
| | a Subtract line 17 from line 9 | 18a | |
| | b Unrealized exchange gain or (loss) under section 964(a). (Omit if earnings and profits are not computed under section 964(a).) | 18b | |
| | c Combine lines 18a and 18b | 18c | |
| | 19 Income, war profits, and excess profits taxes paid or accrued (from line 5, column (d), Schedule E) | 19 | |
| | 20 Earnings and profits (subtract line 19 from line 18c) | 20 | |

## Schedule D Cost of Goods Sold and/or Operations

| | | |
|---|---|---|
| 1 Beginning inventory | 1 | |
| 2 Merchandise bought for manufacture or sale: | | |
| a From unrelated suppliers | 2a | |
| b From related suppliers | 2b | |
| c Add lines 2a and 2b | 2c | |
| 3 Wages and salaries | 3 | |
| 4 Other costs (attach schedule) | 4 | |
| 5 Total (add lines 1 through 4) | 5 | |
| 6 Ending inventory | 6 | |
| 7 Cost of goods sold and/or operations (subtract line 6 from line 5). Enter here and on line 2, Schedule C | 7 | |
| a If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? ☐ Yes ☐ No | | |

## Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

| (a) Name of country or U.S. possession | Amount of tax (b) In foreign currency | (c) Conversion rate | (d) In U.S. dollars |
|---|---|---|---|
| 1 U.S. | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 Total. Enter here and on line 19, Schedule C | | | |

---

Form 5471 (Rev. 1-86) Page 3

## Schedule F Balance Sheets

| Assets | (a) Beginning of annual accounting period | (b) End of annual accounting period |
|---|---|---|
| 1 Cash | | |
| 2 Trade notes and accounts receivable | | |
| a Less allowance for bad debts | ( ) | ( ) |
| 3 Inventories | | |
| 4 Other current assets (attach schedule) | | |
| 5 Loans to stockholders and other related persons (complete Schedule G, line 1) | | |
| 6 Investment in subsidiaries (attach schedule) | | |
| 7 Buildings and structures | | |
| a Less accumulated depreciation | ( ) | ( ) |
| 8 Other fixed depreciable assets | | |
| a Less accumulated depreciation | ( ) | ( ) |
| 9 Depletable assets | | |
| a Less accumulated depletion | ( ) | ( ) |
| 10 Land (net of any amortization) | | |
| 11 Intangible assets: a Goodwill | | |
| b Organization costs | | |
| c Patents, trademarks, and other intangible assets | | |
| d Less accumulated amortization for lines 11a, b, and c | ( ) | ( ) |
| 12 Other assets (attach schedule) | | |
| 13 Total assets | | |
| **Liabilities and Stockholder's Equity** | | |
| 14 Accounts payable | | |
| 15 Other current liabilities (attach schedule) | | |
| 16 Loans from stockholders and other related persons (complete Schedule G, line 2) | | |
| 17 Other liabilities (attach schedule) | | |
| 18 Capital stock: a Preferred stock | | |
| b Common stock | | |
| 19 Paid in or capital surplus (attach reconciliation) | | |
| 20 Retained earnings: a Appropriated | | |
| b Unappropriated | | |
| 21 Less cost of treasury stock | ( ) | ( ) |
| 22 Total liabilities and stockholders' equity | | |

## Schedule G Loans to and from Shareholders and Other Related Persons

Complete the following summary showing the total amount of outstanding balances at the beginning and end of the foreign corporation's annual accounting period represented by indebtedness and loans of the foreign corporation (column (a)) to persons described in columns (b) through (f). Exclude open accounts which arise and are collected in full during the ordinary course of business.

| (a) Outstanding balances of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation controlled by U.S. person filing this return | (d) Any foreign corporation controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than controlling shareholder) | (f) 10% or more U.S. shareholder of domestic corporation filing this return |
|---|---|---|---|---|---|
| 1 Loans to persons described in columns (b) through (f) | | | | | |
| a At beginning of foreign corporation's annual accounting period | | | | | |
| b At end of foreign corporation's annual accounting period | | | | | |
| 2 Loans from persons described in columns (b) through (f): | | | | | |
| a At beginning of foreign corporation's annual accounting period | | | | | |
| b At end of foreign corporation's annual accounting period | | | | | |

---

Form 5471 (Rev. 1-86) Page 4

## Schedule H Reconciliation of Book Profits to Earnings and Profits. Do not complete this schedule if total assets (Schedule F, line 13, column (b)) are less than $25,000.

Earnings and profits are determined under: ☐ Section 902 ☐ Section 964(a)

| | Net additions | Net subtractions | | |
|---|---|---|---|---|
| 1 Profit or (loss) for the year per books of account (before reduction for any income, war profits, and excess profits taxes) | | | 1 | |
| 2 Net adjustments to book profit in determining earnings and profits for U.S. tax purposes (see instructions): | | | | |
| a Capital gains or losses | | | | |
| b Depreciation | | | | |
| c Depletion | | | | |
| d Investment or incentive allowance | | | | |
| e Charges to statutory reserves | | | | |
| f Inventory valuation adjustments | | | | |
| g Other (attach schedule—exclude income, war profits, and excess profits taxes) | | | | |
| 3 Total net additions | | | | |
| 4 Total net subtractions | | | | |
| 5 Line 1 plus line 3 less line 4 | | | 5 | |
| 6 Unrealized exchange gain or (loss) under section 964(a) (omit if earnings and profits are not computed under section 964(a)) | | | 6 | |
| 7 Earnings and profits for the year (before reduction for any income, war profits, and excess profits taxes) (add lines 5 and 6) | | | 7 | |
| 8 Income, war profits, and excess profits taxes paid or accrued (from line 5, column (d), Schedule E) | | | 8 | |
| 9 Earnings and profits (subtract line 8 from line 7) | | | 9 | |

## Schedule I Analysis of Unappropriated Retained Earnings. Do not complete this schedule if total assets (Schedule F, line 13, column (b)) are less than $25,000.

| | | | |
|---|---|---|---|
| 1 Balance at beginning of annual accounting period | | 1 | |
| 2 Net income per books | | 2 | |
| 3 Other increases (itemize) ▶ | | 3 | |
| 4 Total (add lines 1 through 3) | | 4 | |
| 5 Distributions out of earnings and profits: | | | |
| a Paid during first 60 days of annual accounting period | 5a | | |
| b Paid during remainder of annual accounting period | 5b | | |
| c Add lines 5a and 5b | | 5c | |
| 6 Other distributions (itemize) ▶ | | 6 | |
| 7 Other decreases (itemize) ▶ | | 7 | |
| 8 Total (add lines 5c through 7) | | 8 | |
| 9 Balance at end of annual accounting period (subtract line 8 from line 4) | | 9 | |

## Schedule J Summary of Subpart F Income (see worksheets contained in the Instructions)

| | | |
|---|---|---|
| 1 Subpart F income (Line 17, Worksheet A) | 1 | |
| 2 Increase in earnings invested in United States property (Line 14, Worksheet C) | 2 | |
| 3 Previously excluded subpart F income withdrawn from qualified investments (Line 6, Worksheet D) | 3 | |
| 4 Previously excluded export trade income withdrawn from investment in export trade assets (Line 7, Worksheet F) | 4 | |
| 5 Factoring income (see instructions) | 5 | |
| 6 Total of lines 1 through 5 (Enter here and on your income tax return.) | 6 | |

Was the income of the foreign corporation blocked (see section 964(b))? ☐ Yes ☐ No

## Schedule K Accumulated Earnings and Profits Since 1962

| | Total Earnings and Profits | Earnings and Profits Taxed Under Subpart F — Investment in U.S. Property | Other | Other Earnings and Profits |
|---|---|---|---|---|
| 1 Balance at beginning of year | | | | |
| 2 Current year earnings and profits | | | | |
| 3 Actual distributions in current year | | | | |
| 4 Balance at end of year | | | | |

## Schedule L Persons with Whom, or on Whose Behalf, this Return Is Filed

| (a) Name | (b) Address | (c) Identifying number | (d) Check applicable box(es) Shareholder | Officer | Director |
|---|---|---|---|---|---|
| | | | | | |

Department of the Treasury
Internal Revenue Service

# Instructions for Form 5471

(Revised January 1986)

## Information Return With Respect to a Foreign Corporation

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Purpose of Form.**— Certain U.S. persons involved in international operations file Form 5471 to report their activities.

**Foreign Sales Corporations.**— Shareholders, officers, and directors of a Foreign Sales Corporation (FSC), as defined in section 922, do not have to file Form 5471 and Schedule O to report the organization of a FSC. However, any subsequent reorganization, transfer, or acquisition of stock in the FSC must be reported.

Foreign sales corporations are generally not subject to the subpart F rules contained in sections 951-964. However, the non-exempt portion of a FSC's foreign trade income computed without regard to the administrative pricing rules (section 923(a)(2) income) is subject to subpart F rules. When a FSC is a controlled foreign corporation and has section 923(a)(2) non-exempt income, U.S. shareholders must file Form 5471 and any appropriate schedule(s).

**Computer Generated Form 5471 and Schedules.**—You may submit computer generated printouts of Form 5471 and its schedules. However, all computer generated forms must receive prior approval from the IRS. Please submit all requests for approval to Internal Revenue Service, Attention: Substitute Forms Program, D:R:R:I, 1111 Constitution Avenue, N.W., Washington, D.C. 20224.

### Who Must File Form 5471

Generally, the following U.S. persons who have an interest in a foreign corporation must file Form 5471. However, it may not be necessary to complete all of the schedules. Please read each of the categories of filers to determine which schedules apply. Do not duplicate information if you are described in more than one filing category. However, you must complete all schedules that apply to you.

You must complete a separate Form 5471 and the applicable schedules for each foreign corporation.

All filers should complete the identifying data and items 1 and 2 on page 1 of Form 5471.

Under certain circumstances, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements. Please refer to the specific instructions for Schedule L.

### Categories of Filers

**A.** U.S. citizens or residents who are officers, directors, or 10% or more shareholders in a foreign personal holding company.—Complete Schedules A through F and N. Also, see the instructions for Schedule L, if the same information is required of more than one person.

**B.** U.S. citizens or residents who are officers or directors of a foreign corporation in which a U.S. person acquires a 5% or more ownership, or acquires an additional 5% or more ownership in that foreign corporation (from the last time information was reported) —Complete only Part I of Schedule O. Also, see the instructions for Schedule L if the same information is required of more than one person.

**C.** A U.S. person who is a shareholder in a foreign corporation and who—

(1) acquires a cumulative 5% or more ownership in the outstanding stock of the foreign corporation,

(2) acquires an additional 5% or more ownership in the outstanding value of the stock in the foreign corporation,

(3) owns 5% or more in the value of the outstanding stock of the foreign corporation when the corporation is reorganized,

(4) disposes of sufficient stock in the foreign corporation to reduce the U.S. person's ownership in the value of the outstanding stock in the foreign corporation to less than 5%; or

(5) a person who becomes a U.S. person while owning 5% or more in value of the outstanding stock of the foreign corporation.—Complete Schedules C through F, K, and O

**D.** A U.S. person who had control of a foreign corporation for an uninterrupted period of at least 30 days during the annual accounting period of the foreign corporation.—Complete Schedules A through G, I, and M.

Also, see the instructions for Schedule L if the same information is required of more than one person

**E.** A U.S. person who was a 10% or more shareholder in a corporation that was a controlled foreign corporation for an uninterrupted period of 30 days during its annual accounting period, and who owned stock in the controlled foreign corporation on the corporation's last day of its annual accounting period.—Complete Schedules C, D, E, J, and K. See the worksheets in the instructions for the computation of subpart F income. See section 957(d) for exceptions for individuals who are residents of U.S. possessions.

### Definitions

**U.S. Person.**—A U.S. person is any of the following:

(1) a U.S. citizen or resident,

(2) a domestic partnership,

(3) a domestic corporation, or

(4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

**Control.**—A U.S. person "controls" a foreign corporation if that person owns stock with more than 50% of the voting power of all classes of stock entitled to vote, or if that person owns more than 50% of the total value of all shares of stock in the foreign corporation.

In determining "control," the rules for constructive ownership contained in section 318 apply with the following exceptions:

(a) if a non-U.S. person who is a partner or who is a beneficiary of an estate or trust is the owner of the stock, the U.S. partnership or estate or trust will not be considered to own such stock;

(b) if a non-U.S. person is a shareholder in a U.S. corporation, the corporation will not be considered to own the stock of the shareholder;

(c) if 10% or more in the value of the stock is owned, directly or indirectly, by or for any person, section 318(a)(2)(C) will apply.

**U.S. Shareholder.**—A U.S. shareholder of a foreign corporation is any U.S. person who owns (directly, indirectly, or constructively) 10% or more of the total combined voting power of all classes of stock of the foreign corporation entitled to vote. For rules for determining stock ownership, see section 958.

**Controlled Foreign Corporation.**—A controlled foreign corporation is any foreign corporation of which more than 50% of the total combined voting power of all classes of stock entitled to vote is owned (directly, indirectly, or constructively) by U.S. shareholders on any day during the tax year of such foreign corporation. For rules relating to corporations deriving income from the insurance of U.S. risks and corporations organized in U.S. possessions, see sections 957(b) and 957(c).

**Subpart F Income.**—Subpart F income is defined in section 952. Generally, subpart F income includes—

(1) income from the insurance of U.S. risks;

(2) foreign base company income;

(3) international boycott income;

(4) the amount of any illegal bribes, kickbacks, or other payments made to an employee, official, or agent of a government;

(5) amounts withdrawn from investments in less developed country corporations;

(6) amounts withdrawn from investments in foreign based shipping operations; and

(7) the increase in earnings of the corporation invested in U.S. property for the year

**Related persons.**—For purposes of completing Schedules C and D, the term "related" includes any person who has a relationship with the foreign corporation that is described in section 267(b). Also, the rules concerning the constructive ownership of stock contained in section 267(c) apply.

### When and Where To File

File Form 5471 and appropriate schedules in duplicate when your tax return is due, including extensions. Attach one copy to your income tax return. Send the other copy to the Internal Revenue Service Center, Philadelphia, PA 19255. Report information for the annual accounting period of the foreign corporation that ends with or within your income tax year. However, for purposes of Schedule O, report acquisitions, dispositions, and reorganizations of foreign corporations that occur with or within your income tax year.

**Special filing requirements for persons not required to file an income tax return.**—If you are not required to file an income tax return but are required to file Form 5471 and Schedule O, you must file Form 5471 and Schedule O with the Internal Revenue Service Center, Philadelphia, PA 19255. File Form 5471 and Schedule O by April 15 following the calendar year during which you become liable for filing Form 5471 and Schedule O. Report acquisitions, dispositions, and reorganizations that occurred during the calendar year.

**Penalties.**—Failure to file Form 5471 and the applicable schedules may result in the application of civil penalties unless reasonable cause can be established. Criminal penalties may also apply.

**Failure to submit information required under section 6035 (Form 5471 and Schedule N).**—Any person required to submit this type of information who fails to do so or fails to report the information requested may be subject to a penalty of $1,000 (section 6679). Additionally, criminal penalties under sections 7203, 7206, and 7207 may apply for failure to submit information or for filing false or fraudulent information.

Any person required to file Form 5471 and Schedule N who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

**Failure to submit information required under section 6038 (Form 5471 and Schedule M).**—Section 6038 states that any person who fails to submit the required information under that Code section will lose a portion of the foreign taxes available for credit under sections 901, 902, and 960. The reduction is 10% of the taxes available for credit for failure to submit the information when required; and an additional 5% reduction is made for each additional 3 months that the required information is not submitted. See section 6038(c)(2) for limits on the amount of this penalty

Also, a penalty of $1,000 is imposed for failing to supply the information for each controlled foreign corporation under section 6038 when required. Additionally, if the required information is not submitted within 90 days after the Secretary has mailed notice to the U.S. person, an additional $1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted. See section 6038(c)(3) and regulations section 1.6038-2(k)(2)(vi) for rules coordinating these penalties.

**Failure to submit information required under section 6046 (Form 5471 and Schedule O).**—Any U.S. person who is required to file Form 5471 and Schedule O may be subject to a penalty of $1,000 for each failure to timely file information with respect to each reportable transaction or for failure to submit the required information with respect to each transaction. (Section 6679(a).)

Any person required to file Form 5471 and Schedule O who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule

### General Instructions

**Completing Form 5471 and Schedules M, N, and O.**—In order to process Form 5471 and Schedules M, N, and O, we ask that you complete every applicable entry space. Please do not attach statements and write "See attached" instead of completing entry spaces on Form 5471 and Schedules M, N, and O.

**Page One.**—Enter your name, address, ZIP code, and identifying number. For individuals, their identifying number is their social security number; for all others, their identifying number is their employer identification number.

**Name of Filer or Foreign Corporation.**—If either the name of the person filing this return or the corporation whose activities are being reported has changed since the last time information was reported, attach a statement explaining the change and showing the prior name.

**Line 1**—

f Enter the principal country in which the foreign corporation conducts its trade or business. This country may be different than the country of incorporation.

g Enter the business code number for the principal business activity. The codes are listed on page 11.

h Enter the principal business activity of the foreign corporation. See page 11 for a description of various business activities.

**Line 2**—If the foreign corporation had a branch or agent in the U.S., enter the name and identifying number of the branch or agent in the space provided on line 2. If the foreign corporation filed a U.S. income tax return, please complete the rest of the information on line 2.

### Specific Instructions

**Completion of Schedules C, D, and E.**—Unless you are required to file Schedule M, you are only required to complete Schedules C, D, and E for annual accounting periods of the foreign corporation when the foreign corporation pays you a dividend or generates subpart F income. Schedule M filers must complete these schedules in all cases.

**Schedule F**—Complete the balance sheets showing all appropriate amounts at the beginning and the end of the foreign corporation's annual accounting period.

**Schedule G**—If the foreign corporation had outstanding loans or indebtedness to or from shareholders or other related parties at either the beginning or end of the foreign corporation's annual accounting period, please complete Schedule G

**Schedule H**—Schedule H must be completed by any domestic corporation for each controlled foreign corporation in which it owns (as determined under section 958) 50% or more of the total combined voting power of all classes of stock entitled to vote. However, Schedule H will only be required for those tax years of the foreign corporation for which—

(1) An amount is includible in the gross income of such person with respect to such foreign corporation under section 951(a) and the benefits of section 960 are claimed;

(2) An amount is excluded from the foreign corporation's subpart F income (within the meaning of section 952) by section 952(c) or section 952(d); or

(3) The benefits of section 902 are claimed with respect to taxes paid by such foreign corporation.

However, do not complete Schedule H if total assets at the end of the annual accounting period are less than $25,000

If more than one person is required to furnish the information required by Schedule H with respect to the same foreign corporation for the same year, only one person need file the information if the other person indicates on its income tax return filed with respect to such corporation, the name, address, and employer identification number of the person filing the information.

**Earnings and Profits.**—If the domestic corporation has so elected in accordance with the provisions of regulations section 1.902-1(g) or 1.964-1, the earnings and profits of the foreign corporation shall be computed either under the rules of regulations section 1.964-1 as modified by regulations section 1.902-1(g), or under the rules of regulations section 1.902-1(g), or under the rules of regulations section 1.964-1.

**Exchange Rates.**—In converting items on the profit and loss statement to U.S. dollars, the exchange rate(s) used shall be the exchange rate(s) normally used under the rules of the Code section being applied to determine earnings and profits

**Profit (loss) per Books.**—The term "Profit (loss) per Books" means the profit or loss shown on the books regularly maintained by the foreign corporation for the purpose of accounting to its shareholders.

**Blocked Income.**—The earnings and profits of the foreign corporation, as reflected on Schedule H, shall not be reduced by reason of the fact that all or any part of such earnings and profits could not have been distributed by the foreign corporation, because of currency or other



restrictions or limitations imposed under the laws of any foreign country.

**Schedule I**—Complete Schedule I to analyze the unappropriated retained earnings of the foreign corporation at the end of its annual accounting period.

However, do not complete Schedule I if the total assets at the end of the annual accounting period are less than $25,000.

**Schedule J**—Use Schedule J to report the portion of the subpart F income of the controlled foreign corporation that the U.S. shareholder filing this return must include in income. If less than 10% of the controlled foreign corporation's gross income is foreign base company income, no portion is included in the income of its U.S. shareholders. If more than 70% of the controlled foreign corporation's gross income is foreign base company income, all of the income of the controlled foreign base company is included in the income of its U.S. shareholders.

Factoring income (as defined in section 864(d)(1)) of the foreign corporation is included in the income of its U.S. shareholders even if the controlled foreign corporation has less than 10% foreign base company income. Factoring income is, however, included when determining whether the 10% or 70% test is met.

The worksheets that follow in these instructions may be used by U.S. shareholders to compute income of the controlled foreign corporation whose annual accounting period ends with or within the U.S. shareholder's income tax year. Do not file these worksheets when filing Form 5471.

A step by step procedure for computing the foreign base company income on the worksheets is contained in regulations section 1.952-3. Please refer to these regulations when completing the worksheets.

**Computation of Investment in United States Property.**—Investment in United States property does not include: (1) the stocks and obligations of a domestic corporation which is neither a U.S. shareholder of the controlled foreign corporation nor a domestic corporation, 25% or more of the total combined voting power of which (immediately after the acquisition) is owned or considered as being owned by the U.S. shareholders of the controlled foreign corporation; and (2) any movable property (other than a vessel or aircraft) which is used for the purpose of exploring for, developing, removing, or transporting resources from the ocean or under the ocean when used on the continental shelf of the United States.

**Election by an Individual To Be Taxed at Corporate Rates.**—A U.S. shareholder who elects to be taxed at corporate rates on amounts included in income under section 951(a) must attach to his or her tax return a computation of tax under section 962.

**Form 5713, International Boycott Report.**—Any person, or a member of a controlled group (within the meaning of section 993(a)(3)), which includes that person, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of that country, may be required to file Form 5713. Any person subject to the reporting requirements of section 999(a) is required to file Form 5713 in duplicate. One copy of Form 5713 should be attached to the income tax return. The other copy should be filed with the Internal Revenue Service Center, Philadelphia, PA 19255. For further details, see Form 5713.

**International Boycott Income.**—If a controlled foreign corporation or a member of a controlled group (within the meaning of section 993(a)(3)) that includes the foreign corporation agrees to participate in or cooperate with an international boycott, a portion of the income of the controlled foreign corporation is included in subpart F income. The amount included in subpart F income is determined by multiplying the income of the controlled foreign corporation (other than income included under section 951 and U.S. source effectively connected business income described in section 952(b)) by the international boycott factor. The international boycott factor is a fraction determined on Schedule A (Form 5713).

**Special Rule.**—If the shareholder of a controlled foreign corporation can clearly demonstrate that the income earned for the tax year is attributable to specific operations, then, instead of applying the international boycott factor, the addition to Subpart F income is the amount specifically attributable to the operations in which there was participation in or cooperation with an international boycott. See Schedule B (Form 5713).

Enter the amount of international boycott income on line 5 of worksheet A.

**Illegal Bribes, Kickbacks, or Other Payments.**—Under section 952(a)(4), the sum of the amounts of any illegal bribes, kickbacks, or other payments (within the meaning of section 162(c)) paid by or on behalf of the corporation, directly or indirectly, to an official, employee, or agent of a government is considered subpart F income. These are payments that would be unlawful under the Foreign Corrupt Practices Act of 1977. Enter the total amounts of these payments on line 6 of worksheet A.

**Factoring Income.**—Factoring income arises when a person collects a trade or service receivable. If the receivable is acquired (directly or indirectly) from a related person, the income is treated as interest on a loan from the obligor under section 864(d)(1). Factoring income of a controlled foreign corporation is included in the income of its U.S. shareholders even if the controlled foreign corporation's foreign base company income is less than 10% of the foreign corporation's gross income. However, factoring income is included in computing whether the controlled foreign corporation satisfies either the 10% or 70% tests of section 954(b)(3). Additionally, a trade or service receivable acquired by a controlled foreign corporation is considered an investment in U.S. property for purposes of section 956 if the obligor is a U.S. person.

Show your pro rata share of factoring income on line 5, Schedule J.



### Worksheets for computing income from a controlled foreign corporation

The worksheets below will enable you to compute the amount that you must include in your income for the annual accounting period of the controlled foreign corporation that ends with or within your income tax year.

Use the questions that follow as a guide in completing the various worksheets below.

1 Did the controlled foreign corporation have foreign base company income (as determined for purposes of section 954(b)(3)(A)) constituting 10% or more of its gross income? If "Yes," complete worksheet B.

2 Did the controlled foreign corporation receive premiums and other consideration from the insurance of U.S. risks in excess of 5% of the premiums and consideration received from insurance of all risks (section 953)? If "No," omit line 1 of worksheet A.

3 Has any amount ever been excluded from the foreign base company income of the controlled foreign corporation because of an increase in qualified investments in less developed country corporations or because of an increase in qualified investments in foreign base company shipping operations? If "Yes," complete worksheet D.

4 Has any amount ever been excluded from the subpart F income of the controlled foreign corporation because it qualified as an export trade corporation? If "Yes," complete worksheet F.

5 Did the controlled foreign corporation hold any United States property at the close of its tax year (other than property excluded under section 956(b)(2))? If "Yes," complete worksheet C.

6 Is the controlled foreign corporation a foreign investment company or a foreign personal holding company? If "Yes," see section 951(c) or (d) and the related regulations.

### Worksheet A—Pro Rata Share of Subpart F Income

| | | | |
|---|---|---|---|
| 1 | Income derived from insurance of U.S. risks (section 953) | | |
| 2 | Exclusion of U.S. sourced income (section 952(b)) re: insurance of U.S. risks | | |
| 3 | Subtract line 2 from line 1 | | |
| 4 | Foreign base company income (worksheet B) | | |
| 5 | International boycott income (see section 952(a)(3) and Form 5713) | | |
| 6 | Amount of illegal bribes, kickbacks, or other payments (see section 952(a)(4)) | | |
| 7 | Add lines 3 through 6 | | |
| 8 | Pro rata share of line 7 (see regs. sec. 1.951-1(e)) | | |
| 9 | Pro rata share of earnings and profits limitation (sections 952(c) and (d)) | | |
| 10 | Line 8 or line 9, whichever is less | | |
| 11 | Pro rata share of reduction for export trade income (worksheet E) | | |
| 12 | Subtract line 11 from line 10 | | |
| 13 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 12 | | |
| 14 | Dividends paid to any other person with respect to your stock | | |
| 15 | (Number of days in tax year you did not own such stock over number of days in tax year) times line 12 | | |
| 16 | Line 14 or line 15, whichever is less | | |
| 17 | Pro rata share of subpart F income (line 13 less line 16). Enter here and on line 1, Schedule J | | |

## Worksheet B—Foreign Base Company Income

Show gross amounts before exclusions. If the entire gross income of the controlled foreign corporation is treated under section 954(b)(3)(B) as foreign base company income, separate the gross income into foreign base company shipping income and other than foreign base company shipping income. Enter the amount of foreign base company shipping income on line 1 and complete lines 1 through 7, however, the exclusion on line 2c is not allowed. Enter the balance of the gross income on line 19 and complete the worksheet; however, the exclusion on line 20a is not allowed.

| | |
|---|---|
| 1 | Foreign base company shipping income (see regulations section 1.954-6) |
| 2 | Less foreign base company shipping income excluded under: |
| a | Section 952(b) (U.S. sourced income under subpart F) |
| b | Section 954(b)(4) |
| c | Section 954(b)(6) and (7) |
| d | Dividends described in section 959(b) |
| 3 | Subtract line 2 from line 1 |
| 4 | Deductions allocable to income shown on line 3 (section 954(b)(5)) |
| 5 | Subtract line 4 from line 3 |
| 6 | Increase in qualified investments in foreign base company shipping operations (see regulations section 1.954-7) |
| 7 | Subtract line 6 from line 5 (net includible foreign base company shipping income) |
| 8 | Rents and royalties (other than foreign base company shipping income) |
| 9 a | Rents and royalties derived in the active conduct of a trade or business and received from an unrelated person (section 954(c)(3)(A)) |
| b | Rents and royalties received from a related person for the use of property in the country of incorporation of the controlled foreign corporation (section 954(c)(4)(C)) |
| 10 | Subtract line 9 from line 8 |
| 11 | Dividends, interest, and net gains from the sale or exchange of stock or securities |
| 12 | Dividends, interest, and net gain described in sections 954(b)(6)(A), 954(c)(3)(B), 954(c)(3)(C), 954(c)(4)(A), and 954(c)(4)(C) |
| 13 | Subtract line 12 from line 11 |
| 14 | Other foreign personal holding company income |
| 15 | Total foreign personal holding company income (add lines 10, 13, and 14) |
| 16 | Foreign base company sales income (section 954(d)) or section 923(a)(2) non-exempt income |
| 17 | Foreign base company services income (section 954(e)) |
| 18 | Foreign base company oil related income (section 954(h)) |
| 19 | Total—add lines 15 through 18 |
| 20 | Exclusion of certain gross amounts included in line 19: |
| a | Income described in section 954(b)(6)(B) |
| b | Income described in section 954(b)(4) |
| c | Dividends described in section 959(b) |
| d | Exclusion of U.S. sourced income (section 952(b)) |
| 21 | Subtract line 20 from line 19 |
| 22 | Deductions (including taxes) allocable to amounts included on line 21 (section 954(b)(5)) |
| 23 | Subtract line 22 from line 21 |
| 24 | Foreign base company income (line 7 plus line 23). Enter here and on line 4, worksheet A |



## Worksheet C—Pro Rata Share of Increase in Earnings Invested in U.S. Property

| | |
|---|---|
| 1 | Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the tax year |
| 2 | If limitation applies, enter current and accumulated earnings and profits at the close of the tax year (see regs. sec. 1.956-1(b)) |
| 3 | Amounts of earnings invested in U.S. property at the close of the tax year which would constitute a dividend if distributed on such date (line 1 or line 2, whichever is applicable) |
| 4 | Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the preceding tax year |
| 5 | If limitation applies, enter current and accumulated earnings and profits at the close of the preceding tax year (see regs. sec. 1.956-1(b)) |
| 6 | Amount of earnings invested in U.S. property at the close of the preceding tax year which would constitute a dividend if distributed on such date (line 4 or line 5, whichever is applicable) |
| 7 | Amounts paid during the preceding tax year to which section 959(c)(1) applies |
| 8 | Subtract line 7 from line 6 |
| 9 | Pro rata share of line 3 (see regs. sec. 1.956-1(d)) |
| 10 | Pro rata share of line 8 (see regs. sec. 1.956-1(d)) |
| 11 | Subtract line 10 from line 9 |
| 12 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 11 |
| 13 | Amounts excludable under section 959(a)(2) |
| 14 | Pro rata share of increase in earnings invested in United States property (Subtract line 13 from line 12). Enter here and on line 2, Schedule J |

## Worksheet D—Pro Rata Share of Previously Excluded Subpart F Income Withdrawn From Qualified Investments In Less Developed Country Corporations and From Qualified Investments in Foreign Base Company Shipping Operations

| | |
|---|---|
| 1 | Decrease in qualified investments in less developed countries (see regs. sec. 1.955-1(b)(1)) and foreign base company shipping operations (see regs. sec. 1.955A) |
| 2 | Limitation (see regs. sec. 1.955-1(b)(2)): |
| a | Sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962 |
| b | Sum of amounts invested in less developed countries or foreign base company shipping operations and excluded from foreign base company income for all prior tax years, less sum of such amounts withdrawn for such years (see regs. sec. 1.955-1(b)(2)(i)) |
| 3 | Enter line 2a or line 2b, whichever is less |
| 4 | Previously excluded subpart F income withdrawn for the tax year (line 1 or line 3, whichever is less) |
| 5 | Pro rata share of line 4 (see regs. sec. 1.955-1(c)) |
| 6 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 5. Enter here and on line 3, Schedule J |

## Worksheet E—Pro Rata Share of Reductions for Export Trade Income

| | |
|---|---|
| 1 | Total export trade income (section 971(b)) |
| 2 | Amount of line 1 which constitutes foreign base company income included in line 24, worksheet B |
| 3 | 150% of export promotion expenses allocable to export trade income which constitutes foreign base company income (see regs. sec. 1.970-1(b)(2)(i)) |
| 4 | 10% of gross receipts and gross amounts received or accrued which are attributable to export trade income which constitutes foreign base company income (see regs. sec. 1.970-1(b)(2)(ii)) |
| 5 | Increase in investments in export trade assets (see regs. sec. 1.970-1(d)(2)) |
| 6 | Line 5 times line 2 divided by line 1 |
| 7 | Reduction for export trade income—enter the smallest of line 2, 3, 4, or 6 |
| 8 | Pro rata share of line 7 (see regs. sec. 1.951-1(e)). Enter here and on line 11, worksheet A |



## Worksheet F—Pro Rata Share of Previously Excluded Export Trade Income Withdrawn from Investment in Export Trade Assets

| | |
|---|---|
| 1 | Decrease in investments in export trade assets (see regs. sec. 1.970-1(d)(3)) |
| 2 | Pro rata share of line 1 |
| 3 | Pro rata share of the sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962 (see regs. sec. 1.970-1(c)(2)(ii)) |
| 4 | Limitation under section 970(b) (see regs. sec. 1.970-1(c)(2)(i)) |
| a | Pro rata share of the sum of the amounts by which subpart F income for prior tax years was reduced under section 970(a) |
| b | Pro rata share of the sum of the amounts which were not included in subpart F income for prior tax years by reason of regs. sec. 1.972-1 |
| c | Add lines 4a and 4b |
| d | Pro rata share of the sum of the amounts which were previously included in your gross income for prior tax years under section 951(a)(1)(A)(ii) by reason of section 970(b) |
| 5 | Subtract line 4d from line 4c |
| 6 | Enter the smallest of line 2, 3, or 5 |
| 7 | (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 6. Enter here and on line 4, Schedule J |

**Schedule K**—Shareholders in a controlled foreign corporation who are reporting subpart F income must complete Schedule K from the later of 1962 or the date the foreign corporation first generated subpart F income.

U.S. shareholders who are completing Form 5471 and Schedule O must complete Schedule K for the foreign corporation for all of its annual accounting periods since 1962.

**Schedule L**—Under certain circumstances described below, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements as the person filing Form 5471 (and schedules).

- If you are an officer, director, or 10% or more U.S. shareholder in a foreign personal holding company who is filing Form 5471 and Schedule N and there are other officers, directors, or 10% or more U.S. shareholders who are required to file Form 5471 and Schedule N, you may file Form 5471 and Schedule N for these persons by completing Schedule L.

If you have had Form 5471 and Schedule N filed on your behalf, you must attach a statement to your income tax return showing the name, address, taxpayer identifying number, type of return filed, and Service Center where the person filed Form 5471 and Schedule N for you. (Regulations section 1.6035-1(b)(3).)

- Any two or more officers or directors of a foreign corporation who must report information on Form 5471 and Schedule O with respect to one or more U.S. shareholders of that foreign corporation may jointly file Form 5471. One officer or director must file Form 5471 and Schedule O in duplicate (as explained under "Who Must File") and complete Schedule L with respect to the other officers or directors.

Also, any two or more officers or directors required to file with respect to one or more shareholders of the same corporation may appoint, by one or more powers of attorney, one officer or director as attorney in fact for the purpose of preparing their separate returns or a joint return.

The power of attorney must be made in accordance with regulations section 1.6046-1(e)(3). It must be limited to a single tax year and to the preparation of Form 5471 and Part I of Schedule O. A copy of each power of attorney is not required to be filed with Form 5471 but must be available for inspection by the Internal Revenue Service.

- Two or more shareholders may jointly file Form 5471 and Schedule O for the same corporation. The shareholder who has an equal or greater value of stock must file Form 5471 and Schedule O and enter the name, address, and taxpayer identifying number of those other shareholder(s) in Schedule L. The shareholder for whom Form 5471 and Schedule O were filed must attach a statement to its income tax return showing the name, address, taxpayer identifying number, and Service Center where the person who filed Form 5471 and Schedule O on its behalf filed its income tax return.

**Schedule M**—Schedule M is an information return required by section 6038. Every U.S. person must file Schedule M for each foreign corporation that person controls for any 30 day period within the foreign corporation's annual accounting period. Schedule M is filed to report the transactions of the foreign corporation's annual accounting period ending with or within the U.S. person's income tax year.

A U.S. person who is otherwise required to file Schedule M will not have to file Schedule M if all of the following conditions are met:

(1) the person does not own a direct interest in the foreign corporation, and

(2) the person is required to file Schedule M only by rules of attribution, and

(3) the person from whom the stock ownership is attributed files Form 5471 and Schedules L and M.

If you are excepted from filing Schedule M because all of the above conditions apply to you, you must submit a statement with your income tax return identifying the person who filed for you, that person's taxpayer identifying number, and the Service Center where that person files his or her income tax return.

**Schedule N**—Schedule N is an information return used to report the activities of a foreign personal holding company. Schedule N is used to report the information required by section 6035.

**Foreign personal holding company.**—A foreign personal holding company is defined in section 552. In general, any foreign corporation is a foreign personal holding company if it meets a gross income test and a stock ownership test. However, the following do not qualify as foreign personal holding companies:

(1) A corporation exempt from income tax under subchapter F (sections 501-528); and

(2) A corporation organized and doing business under the banking and credit laws of a foreign country if it is established to the satisfaction of the Secretary that the corporation is not being used to avoid or evade taxes that would normally be imposed upon its shareholders. If the corporation meets this test, the Secretary will issue a certificate that the corporation is not a foreign personal holding company.

Shareholders of a foreign corporation that qualifies for exception (2) above must attach a copy of the Secretary's certificate to their income tax return for each tax year that they are shareholders in the corporation.

**Gross income test.**—At least 60% of the foreign personal holding company's gross income (as defined in section 555(a)) is foreign personal holding company income (section 553).

Foreign personal holding company income generally includes—(1) dividends, interest (including factoring income), royalties, and annuities; (2) gains from the sale or exchange of stock or securities; (3) gains from commodity transactions; (4) amounts received from estates and trusts; (5) amounts received under personal service contracts and from the sale of personal service contracts; (6) amounts received as compensation for use of corporation property by a shareholder; and (7) rents.

Once a foreign personal holding company meets the gross income test, the minimum percentage is lowered to 50% for any subsequent tax year. The foreign corporation will, however, continue to be considered a foreign personal holding company until either (1) the stock requirement test is not met, or (2) the end of



3 consecutive tax years in each of which less than 50% of the gross income is foreign personal holding company income.

**Stock ownership test.**—The stock ownership test is met if, at any time during the tax year, more than 50% of the value of the outstanding stock of the foreign corporation is owned, directly or indirectly, by or for 5 or fewer individuals who are citizens or residents of the United States.

**Who Must File.**—Every U.S. citizen or resident who is an officer, director, or 10% or more (either directly or indirectly) shareholder in a foreign personal holding company must file Schedule N. The information is submitted for the foreign personal holding company's annual accounting period that ends with or within the officer's, director's, or shareholder's income tax year.

Whether an individual is considered an officer, director, or 10% or more shareholder is determined on the date that Form 5471 is required to be filed. If no individual qualifies as of that date, the determination is made on the last day of the foreign corporation's tax year in which there was such a person who was a U.S. citizen or resident.

An individual is considered to own the stock owned by members of his or her family as described in section 554(a)(2).

**Corporation that ceases to be a foreign personal holding company.**—File a return for a corporation that ceased being a foreign personal holding company after the tax year ended, if it was a foreign personal holding company during the tax year.

**Change in rights.**—If, during the tax year, an amendment to the corporate charter or any other cause changed the rights of various classes of shareholders or the conversion privileges of outstanding securities, attach a statement to the return describing the changes in detail.

**Corporation organized or reorganized during the tax year.**—If you are filing for a tax year in which the corporation was organized or reorganized, submit the following information:

(a) A list of the classes and kinds of assets transferred to the corporation for corporate stock or securities in connection with the organization or reorganization.

(b) A detailed list of any stock or securities included in the assets transferred to the corporation for its stock or securities.

(c) A list of the names and addresses of the persons who, immediately before the transfer, owned assets transferred to the corporation for its stock or securities.

**First-time filer.**—If this is the first time you are submitting information required under section 6035, attach the following information.

(a) A statement of stock ownership showing that during the corporation's tax year more than 50% in value of its oustanding stock was owned, directly or indirectly, by or for not more than five individual citizens or residents of the U.S.

(b) A detailed statement of the conversion privileges of any outstanding securities that are convertible to the corporation's stock

(c) A detailed statement of the respective rights of the various classes of shareholders if more than one class of stock is outstanding.

This information does not, however, need to be submitted if it was previously furnished by another person.

### Specific Instructions for Part I (Schedule N)

**Section A.**—List in Section A the outstanding securities of the foreign personal holding company that are convertible into the stock of the foreign personal holding company. List the interest rate and the face value of the securities at the beginning and end of the corporation's annual accounting period.

Also list in Section A any options granted by the corporation during its tax year.

**Section B.**—Identify each person who is the holder of convertible securities in the foreign personal holding company. Also, enter the class of securities held, the number and face value at the beginning and end of the corporation's tax year, and an explanation of any change in the holdings for each person holding the convertible securities.

Enter the name and address of each person granted an option for the stock of the foreign personal holding company.

### Specific Instructions for Part II (Schedule N)

Part II is used to report the income and deductions of the foreign personal holding company's tax year.

**Section A.**—Computation of Undistributed Foreign Personal Holding Company Income.

*Line 2.*—Enter on line 2 any adjustments to the earnings and profits of the foreign personal holding company that are used to arrive at the taxable income of the foreign personal holding company. Examples of items that would increase the taxable income of the foreign personal holding company might be (1) expenses that are not deductible for income tax purposes but have been used in arriving at earnings and profits, and (2) excesses of capital losses over capital gains. Examples of amounts that would reduce the earnings and profits of the foreign personal holding company to arrive at its taxable income might be expenses deducted in prior years to determine earnings and profits of the foreign personal holding company that are properly chargeable in the current year in determining taxable income.

*Line 5.*—Excess of expenses and depreciation over income from property not allowable under section 556(b)(5).—Section 556(b)(5) provides a specific limitation in computing undistributed personal holding company income with respect to the allowance of deductions for trade or business expenses and depreciation that are allocable to the operation and maintenance of the property owned or operated by a foreign personal holding company. These deductions will not be allowed in excess of the aggregate amount of the rent or other compensation received for the use of, or the right to use, the property unless it is established to the satisfaction of the Commissioner:

(a) that the rent or other compensation received was the highest obtained, or, if none was received, that none was obtainable;

(b) that the property was held in the course of a business carried on for profit; and

(c) either that there was reasonable expectation that the operation of the property would result in a profit or that the property was necessary to the conduct of the business.

If excess deductions are claimed, attach a statement for each property showing the following:

(a) a description of the property;

(b) the cost or other basis to the corporation and the nature and value of the consideration paid for the property;

(c) the name and address of the person from whom the property was acquired and the date the property was acquired;

(d) the name and address of the person to whom the property was leased or rented, or the person permitted to use the property, and the number of shares of stock, if any, held by the person and the members of his or her family;

(e) the nature (cash, securities, services, etc.) and the gross amount of rent or other compensation received or accrued for the use of, or the right to use, the property during the tax year and for each of the 5 preceding years and the amount of expense incurred with respect to, and the depreciation sustained on, the property for such years;

(f) evidence that the rent or other compensation was the highest obtainable or, if none was received or accrued, a statement of the reason that none was received or accrued;

(g) a copy of the contract, lease, or rental agreement;

(h) the purpose for which the property was used;

(i) the business carried on by the corporation with the respect to which the property was held and the gross income, expenses, and taxable income derived from the conduct of such business for the tax year and for each of the 5 preceding years;

(j) the reasons for acquiring the property, for expecting that it would be profitable, and for using the property in the business of the corporation, and

(k) any other information in support of the deductions.

*Line 6.*—Deductions for taxes and payments to employees' pension trusts not allowable under section 556(b)(6).—Enter the total amount of any deductions taken in computing taxable income under the provisions of section 164(e), relating to taxes of a shareholder paid by the corporation, and section 404, relating to pension, trusts, etc.

*Line 8.*—Contributions deductible under section 556(b)(2).—For purposes of computing undistributed foreign personal holding company income, section 556(b)(2) and the related regulations apply to the limitations in section 170(b)(1)(A), (B), and (D).

The term "contribution base" when used in section 170(b)(1) means the corporation's taxable income computed (1) with the adjustments, other than the 10% limitation, provided in section 170(b)(2), (2) without the deduction of the amount disallowed under section 556(b)(5) (relating to expenses and depreciation applicable to property of the taxpayer) and section 556(b)(6) (relating to taxes and contributions to pension and trusts), and (3) without the inclusion of the amounts includible as dividends under section 555(b) (relating to the inclusion in gross income of a foreign personal holding company of its distributive share of the undistributed foreign personal holding company income of another company in which it is a shareholder).

The carryover of charitable contributions made in a prior year is not allowed as a deduction in computing undistributed foreign personal holding company income for any tax year.

*Line 9*—Taxes.—Section 556(b)(1) provides a deduction for Federal income tax accrued (or, in some cases, paid) during the tax year, but not including the accumulated earnings tax imposed by section 531 or the personal holding company tax imposed by section 541.

Attach a schedule showing (a) the nature of income on which Federal income tax was paid or withheld at the source; (b) when and where the tax was paid or withheld; (c) the amount of tax paid or accrued, and (d) the tax year to which the tax relates.

Also, attach a schedule of income, war profits, and excess profits tax of foreign countries and possessions of the U.S. accrued during the tax year to the extent not allowable as a deduction because a foreign tax credit was claimed.

*Line 10*—Net operating loss for the preceding tax year.—Section 556(b)(4) provides that in lieu of the net operating loss deduction provided in section 172 there will be allowed the amount of the net operating loss (as defined in section 172(c)) for the preceding tax year computed without the deductions provided in sections 241 through 250, except for section 248.

**Section B.**—Deduction for dividends paid.—Enter the deduction for dividends paid provided in section 561. The deduction for dividends paid is the sum of the dividends paid during the tax year and the consent dividends for the tax year (determined under section 565).

The rules in section 562 will apply in determining the deduction for dividends paid. Compute the deduction in Section B and attach (a) a copy of each dividend resolution, and (b) a concise statement of the pertinent facts relating to the payment of each dividend, clearly specifying (1) the medium of payment, and (2) if not paid in money, the fair market value and adjusted basis (or face value, if paid in the corporation's own obligations) on the date of distribution of the property, and (3) the manner in which the fair market value and adjusted basis were determined.

**Schedule O**—Schedule O is used to report the organization or reorganization of a foreign corporation and the acquisition of its stock under section 6046. U.S. persons who are officers, directors, or shareholders in a foreign corporation must complete Schedule O in certain cases described below.

## Who Must Complete Schedule O

**A. Officers and directors.**—Every U.S. citizen or resident who is a director or officer of a foreign corporation must complete Schedule O to report each U.S. person who:

(1) acquires stock in a foreign corporation (in one or more transactions) that gives that person a 5% or more ownership in the foreign corporation. Stock owned by the U.S. person on January 1, 1963, however, is not considered in determination of the 5% amount, or

(2) acquires an additional 5% ownership in the foreign corporation after Schedule O has been filed.

**Examples—**

(1) Mr. Harris is a U.S. citizen who is a director of a foreign corporation. Mr. Johnson, also a U.S. citizen, acquired stock in that corporation in the following transactions—

(a) on March 1, 1984, Johnson acquires 2% of the corporation's stock;

(b) on October 1, 1984, Johnson acquired an additional 2% of the corporation's stock; and

(c) on December 1, 1984, Johnson acquires an additional 2% of the corporation's stock.

Harris is required to report Johnson's December 1, 1984, transaction since Johnson at that point owned more than 5% of the foreign corporation.

(2) The facts are the same as above. Also, Johnson acquires an additional 4% of the foreign corporation's outstanding stock on March 1, 1985, and on April 1, 1985, Johnson acquires an additional 2% of the foreign corporation's outstanding stock.

Harris does not have to complete Schedule O for the March 1, 1985, transaction since Johnson had not acquired an additional 5% or more since Harris last filed Form 5471 and Schedule O. Harris is, however, required to complete Schedule O for the April 1, 1985, transaction since Johnson had, at that time, acquired an additional 5% or more of the foreign corporation's outstanding stock.

**B. Shareholders.**—Every U.S. person must file Schedule O when:

(a) the person acquires (whether in one or more transactions) outstanding stock of a foreign corporation which has, or which when added to any stock then owned by that person (excluding any stock owned on January 1, 1963, if on that date he or she owned 5% or more in value of such stock) has a value equal to 5% or more in value of the outstanding stock of the foreign corporation;

(b) the person, having already acquired 5% or more in value of the outstanding stock of the foreign corporation or the interest referred to in (a) above:

(i) acquires (whether in one or more transactions) an additional 5% or more in value of the outstanding stock of the foreign corporation,

(ii) owns 5% or more in value of the outstanding stock of the foreign corporation when the foreign corporation is reorganized, or

(iii) disposes of sufficient stock in the foreign corporation to reduce his or her interest to less than 5% in value of the corporation, or

(c) the person becomes a U.S. person while owning 5% or more in value of the outstanding stock of the foreign corporation.

**Examples—**

(1) On June 10, 1983, a domestic corporation, Z, acquires a 6% ownership in a foreign corporation. Z completes Form 5471 and Schedule O to report this transaction. On July 7, 1983, Z acquires an additional 4% of the outstanding stock of the foreign corporation and on September 2, 1983, Z acquires an additional 2% of the foreign corporation's outstanding stock. Z is not required to complete Schedule O for the July 7, 1983, transaction, but Z must complete Schedule O to report the September 2, 1983, transaction since that transaction gives Z an additional 5% or more ownership from the last time Z became liable for completing Schedule O (June 10, 1983).

(2) On May 1, 1983, D, a domestic corporation, owns 15% of the outstanding stock of a foreign corporation. On August 7, 1983, the foreign corporation was reorganized. As a result, D then owned 7% of the foreign corporation's outstanding stock. D must complete Schedule O to report this transaction.

(3) The facts are the same as above in example (2). Additionally, on October 1, 1983, D donates 3% of the outstanding stock of the foreign corporation to a charitable organization. D must complete Schedule O to report this transaction since the transaction reduces D's interest in the foreign corporation to less than 5%.

**C. Persons not required to file:**

(1) An officer or director is not required to file Schedule O to report an acquisition of stock by a shareholder if:

(a) three or fewer U.S. persons own 95% or more in value of the outstanding stock of the foreign corporation, and

(b) a U.S. person files a return as a shareholder to report the acquisition.

An officer or director is not required to file Schedule O for a a shareholder who is described below.

(2) A shareholder is not required to file Schedule O if all of the following conditions are met:

(a) the shareholder does not directly own an interest in the foreign corporation,

(b) the shareholder is required to furnish the information solely by reason of attribution of stock ownership from a U.S. person, and

(c) the person from whom the stock ownership is attributed furnishes all of the information required of the person to whom the stock ownership is attributed.



(3) For rules regarding shareholders who do not have to file Schedule O (formerly Form 959) because shareholders who own more stock file for them, see regulations section 1.6046-1(e)(5). If you are a shareholder who is filing for other shareholders in this situation, enter those shareholder's names in Schedule L.

## Specific Instructions

## (Schedule O)

### Part I

Column (a).—Enter the name of the shareholder whose transaction is being reported.

Column (b).—Enter the address of the shareholder being reported in column (a).

Column (c).—Enter the taxpayer identifying number for the shareholder being reported in column (a). For individuals, this is their social security number. For all others, it is their employer identification number.

Column (d).—Enter the date the shareholder being reported in column (a) first acquired a 5% or more ownership in the foreign corporation.

Column (e).—Enter the date the shareholder being reported in column (a) acquired an additional 5% or more ownership in the foreign corporation.

### Part II

Part II may be completed by one or more shareholders who are participating in the same transaction that gives rise to the completion of Schedule O.

**Section A.—**

Column (a).—Enter the name of each shareholder who is completing Schedule O.

Column (b).—Enter the following for the last U.S. income tax return filed by the shareholder listed in column (a).

Column (1).—Enter the type of return filed (for example, Forms 1040, 1065, 1120, etc.).

Column (2).—Enter the date the last return was filed.

Column (3).—Enter the Internal Revenue Service Center where the shareholder listed in column (a) filed its last income tax return.

Column (c).—Enter the last date the shareholder listed in column (a) filed any information required by section 6046.

**Section B.**—The shareholder completing Section B must enter the following information with respect to any U.S. citizen or resident who is an officer or director of the foreign corporation.

Column (a).—Enter the name of each officer or director of the foreign corporation who is a U.S. citizen or resident.

Column (b).—Enter the address of each individual listed in column (a).

Column (c).—Enter the social security number of the individual listed in column (a).

Column (d).—Check the appropriate box or boxes that identify the individual listed in column (a).

**Section C.**—Section C is completed by shareholders who are completing Schedule O because they have acquired sufficient stock in a foreign corporation. If the shareholder acquired the stock in more than one transaction, use a separate line to report each transaction.

Column (a).—Enter the name of the U.S. shareholder.

Column (b).—Enter the class of stock acquired by the person listed in column (a).

Column (c).—Enter the date the stock was acquired by the person listed in column (a).

Column (d).—Enter the method of acquisition. (For example, "purchase," "gift," "bequest," "trade," etc.)

Column (e).—Enter the number of shares—

Column (1).—Acquired directly by the person listed in column (a).

Column (2).—Acquired indirectly by the shareholder listed in column (a), such as through the purchase of stock in one foreign corporation that has sufficient ownership in a second foreign corporation that would require the shareholder to file Schedule O.

Column (3).—Constructively owned by the shareholder listed in column (a).

For purposes of column (3), stock owned directly or indirectly by, or for, a foreign corporation or a foreign partnership is considered as being owned proportionately by its shareholders or partners. An individual is considered as owning the stock owned directly or indirectly by, or for, his or her brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants.

Column (f).—Enter the amount paid by the shareholder listed in column (a) for the shares of stock listed in column (e). If no price was paid, enter the value given for the shares.

Column (g).—Enter the name and address of the person from whom the shareholder listed in column (a) purchased the shares of stock entered in column (e).



## Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 1, under 1g, the code number for the specific industry group from which the largest percentage of "total receipts" is derived.

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

### Agriculture, Forestry, and Fishing

*Code*

0400 Agricultural production
0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping

### Mining

**Metal mining**
1010 Iron ores
1070 Copper, lead and zinc, gold and silver ores
1098 Other metal mining
1150 Coal mining

**Oil and gas extraction**
1330 Crude petroleum, natural gas, and natural gas liquids
1380 Oil and gas field services

**Nonmetallic minerals, except fuels**
1430 Dimension, crushed and broken stone; sand and gravel
1498 Other nonmetallic minerals, except fuels

### Construction

**General building contractors and operative builders**
1510 General building contractors
1531 Operative builders
1600 **Heavy construction contractors**

**Special trade contractors**
1711 Plumbing, heating, and air conditioning
1731 Electrical work
1798 Other special trade contractors

### Manufacturing

**Food and kindred products**
2010 Meat products
2020 Dairy products
2030 Preserved fruits and vegetables
2040 Grain mill products
2050 Bakery products
2060 Sugar and confectionery products
2081 Malt liquors and malt
2088 Alcoholic beverages, except malt liquors and malt
2089 Bottled soft drinks, and flavorings
2096 Other food and kindred products
2100 **Tobacco manufacturers**

**Textile mill products**
2228 Weaving mills and textile finishing
2250 Knitting mills
2298 Other textile mill products

**Apparel and other textile products**
2315 Men's and boys' clothing
2345 Women's and children's clothing
2388 Other apparel and accessories
2390 Miscellaneous fabricated textile products

**Lumber and wood products**
2415 Logging, sawmills, and planing mills
2430 Millwork, plywood, and related products
2498 Other wood products, including wood buildings and mobile homes
2500 **Furniture and fixtures**

*Code*

**Paper and allied products**
2625 Pulp, paper, and board mills
2699 Other paper products

**Printing and publishing**
2710 Newspapers
2720 Periodicals
2735 Books, greeting cards, and miscellaneous publishing
2799 Commercial and other printing, and printing trade services

**Chemicals and allied products**
2815 Industrial chemicals, plastics materials and synthetics
2830 Drugs
2840 Soap, cleaners, and toilet goods
2850 Paints and allied products
2898 Agricultural and other chemical products

**Petroleum refining and related industries (including those integrated with extraction)**
2910 Petroleum refining (including integrated)
2998 Other petroleum and coal products

**Rubber and misc. plastics products**
3050 Rubber products, plastics footwear, hose and belting
3070 Misc. plastics products

**Leather and leather products**
3140 Footwear, except rubber
3198 Other leather and leather products

**Stone, clay, and glass products**
3225 Glass products
3240 Cement, hydraulic
3270 Concrete, gypsum, and plaster products
3298 Other nonmetallic mineral products

**Primary metal industries**
3370 Ferrous metal industries; misc. primary metal products
3380 Nonferrous metal industries

**Fabricated metal products**
3410 Metal cans and shipping containers
3428 Cutlery, hand tools, and hard ware; screw machine products, bolts, and similar products
3430 Plumbing and heating, except electric and warm air
3440 Fabricated structural metal products
3460 Metal forgings and stampings
3470 Coating, engraving, and allied services
3480 Ordnance and accessories, except vehicles and guided missiles
3490 Misc. fabricated metal products

**Machinery, except electrical**
3520 Farm machinery
3530 Construction and related machinery
3540 Metalworking machinery
3550 Special industry machinery
3560 General industrial machinery
3570 Office, computing, and accounting machines
3598 Other machinery except electrical

*Code*

**Electrical and electronic equipment**
3630 Household appliances
3665 Radio, television, and communication equipment
3670 Electronic components and accessories
3698 Other electrical equipment
3710 **Motor vehicles and equipment**

**Transportation equipment, except motor vehicles**
3725 Aircraft, guided missiles and parts
3730 Ship and boat building and repairing
3798 Other transportation equipment, except motor vehicles

**Instruments and related products**
3815 Scientific instruments and measuring devices; watches and clocks
3845 Optical, medical, and ophthalmic goods
3860 Photographic equipment and supplies
3998 **Other manufacturing products**

### Transportation and Public Utilities

**Transportation**
4000 Railroad transportation
4100 Local and interurban passenger transit
4200 Trucking and warehousing
4400 Water transportation
4500 Transportation by air
4600 Pipe lines, except natural gas
4700 Miscellaneous transportation services

**Communication**
4825 Telephone, telegraph, and other communication services
4830 Radio and television broadcasting

**Electric, gas, and sanitary services**
4910 Electric services
4920 Gas production and distribution
4930 Combination utility services
4990 Water supply and other sanitary services

### Wholesale Trade

**Durable**
5008 Machinery, equipment, and supplies
5010 Motor vehicles and automotive equipment
5020 Furniture and home furnishings
5030 Lumber and construction materials
5040 Sporting, recreational, photographic, and hobby goods, toys and supplies
5050 Metals and minerals, except petroleum and scrap
5060 Electrical goods
5070 Hardware, plumbing and heating equipment and supplies
5098 Other durable goods

**Nondurable**
5110 Paper and paper products
5129 Drugs, drug proprietaries, and druggists' sundries
5130 Apparel, piece goods, and notions
5140 Groceries and related products
5150 Farm product raw materials
5160 Chemicals and allied products
5170 Petroleum and petroleum products
5180 Alcoholic beverages
5190 Misc. nondurable goods

### Retail Trade

**Building materials, garden supplies, and mobile home dealers**
5220 Building materials dealers
5251 Hardware stores
5265 Garden supplies and mobile home dealers
5300 **General merchandise stores**

**Food stores:**
5410 Grocery stores
5490 Other food stores

**Automotive dealers and service stations**
5515 Motor vehicle dealers
5541 Gasoline service stations
5598 Other automotive dealers
5600 **Apparel and accessory stores**
5700 **Furniture and home furnishings stores**
5800 **Eating and drinking places**

*Code*

**Misc. retail stores**
5912 Drug stores and proprietary stores
5921 Liquor store
5995 Other retail stores

### Finance, Insurance, and Real Estate

**Banking**
6030 Mutual savings banks
6060 Bank holding companies
6090 Banks, except mutual savings banks and bank holding companies

**Credit agencies other than banks**
6120 Savings and loan associations
6140 Personal credit institutions
6150 Business credit institutions
6199 Other credit agencies

**Security, commodity brokers and services**
6210 Security brokers, dealers, and flotation companies
6299 Commodity contracts brokers and dealers; security and commodity exchanges, and allied services

**Insurance**
6355 Life insurance
6356 Mutual insurance, except life or marine and certain fire or flood insurance companies
6359 Other insurance companies
6411 Insurance agents, brokers, and service

**Real estate**
6511 Real estate operators and lessors of buildings
6516 Lessors of mining, oil, and similar property
6518 Lessors of railroad property and other real property
6530 Condominium management and cooperative housing associations
6550 Subdividers and developers
6599 Other real estate

**Holding and other investment companies, except bank holding companies**
6742 Regulated investment companies
6743 Real estate investment trusts
6744 Small business investment companies
6749 Other holding and investment companies except bank holding companies

### Services

7000 **Hotels and other lodging places**
7200 **Personal services**

**Business services**
7310 Advertising
7389 Business services, except advertising

**Auto repair; misc. repair services**
7500 Auto repair and services
7600 Misc. repair services

**Amusement and recreation services**
7812 Motion picture production, distribution, and services
7830 Motion picture theaters
7900 Amusement and recreation services, except motion pictures

**Other services**
8015 Offices of physicians, including osteopathic physicians
8021 Offices of dentists
8040 Offices of other health practitioners
8050 Nursing and personal care facilities
8060 Hospitals
8071 Medical laboratories
8099 Other medical services
8111 Legal services
8200 Educational services
8300 Social services
8600 Membership organizations
8911 Architectural and engineering services
8930 Accounting, auditing, and bookkeeping
8980 Miscellaneous services (including veterinarians)

★ U.S.G.P.O. 1986-491-473/20083

**SCHEDULE M (Form 5471)**
(Rev. January 1986)
Department of the Treasury
Internal Revenue Service

# Foreign Corporation Controlled by a United States Person

▶ Attach to Form 5471.

OMB No. 1545 0704
Expires 11 30 88

Name of person filing Form 5471 | Identifying number

Name of foreign corporation

Information furnished for foreign corporation's annual accounting period beginning 19 , and ending 19

**Important:** The following information must be submitted on a separate Schedule M for each controlled foreign corporation. Amounts must be stated in U.S. dollars and all information must be in the English language.

| (a) Transactions of foreign corporation | (b) U.S. person filing this return | (c) Any domestic corporation controlled by U.S. person filing this return | (d) Any foreign corporation controlled by U.S. person filing this return | (e) 10% or more U.S. shareholder of controlled foreign corporation (other than controlling shareholder) | (f) 10% or more U.S. shareholder of domestic corporation filing this return |
|---|---|---|---|---|---|
| 1 Sales of stock in trade | | | | | |
| 2 Sales of property rights (patents, trademarks, etc.) | | | | | |
| 3 Compensation received for technical, managerial, engineering, construction, or like services | | | | | |
| 4 Commissions received | | | | | |
| 5 Rents, royalties, and license fees received | | | | | |
| 6 Dividends received | | | | | |
| 7 Interest received | | | | | |
| 8 Premiums received for insurance or reinsurance | | | | | |
| 9 Add lines 1 through 8 | | | | | |
| 10 Purchases of stock in trade | | | | | |
| 11 Purchases of tangible property other than stock in trade | | | | | |
| 12 Purchases of property rights (patents, trademarks, etc.) | | | | | |
| 13 Compensation paid for technical, managerial, engineering, construction, or like services | | | | | |
| 14 Commissions paid | | | | | |
| 15 Rents, royalties, and license fees paid | | | | | |
| 16 Dividends paid (exclude deemed distributions under subparts F and G) during | | | | | |
| a First 60 days of foreign corporation's annual accounting period | | | | | |
| b Remainder of foreign corporation's annual accounting period | | | | | |
| 17 Interest paid | | | | | |
| 18 Add lines 10 through 17 | | | | | |

If an entry would be made in the above schedule except for the fact that no compensation was paid, indicate the categories in which this has occurred.

**For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.**

**Schedule M (Form 5471) (Rev. 1-86)**

☆ USGPO 1986-491-473/20072

**SCHEDULE N (Form 5471)**
(Rev. January 1985)
Department of the Treasury
Internal Revenue Service

# Foreign Personal Holding Company

▶ Attach to Form 5471.

OMB No. 1545-0704
Expires 7-31-87

Name of person filing Form 5471 | Identifying number

Name of foreign corporation

Information furnished for foreign corporation's annual accounting period beginning 19 , and ending 19

**Important:** All information must be in the English language AND all amounts must be stated in U.S. dollars.

**To Be Completed By Officers, Directors, and Shareholders**

## Part I Section A.—Outstanding Securities Convertible into Stock of the Corporation or Options Granted by the Corporation

| Description of securities (A complete detailed statement of conversion privileges must be attached) | Interest rate (%) | Face value: Beginning of year | Face value: End of year |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

### Section B.—List of Holders of Convertible Securities or Options Granted by the Corporation

| Name and address of each holder of convertible securities or options (designate nonresident aliens) | Class of securities | Securities held: Beginning of year: Number | Securities held: Beginning of year: Face value | Securities held: End of year: Number | Securities held: End of year: Face value | Explanation and date of any change in holdings of securities during year |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |

## Part II Section A.— Computation of Undistributed Foreign Personal Holding Company Income

| | | |
|---|---|---|
| 1 Earnings and profits (line 20, Schedule C) | 1 | |
| 2 Adjustments (see instructions) | 2 | |
| 3 Taxable income (combine line 1 and line 2) | 3 | |
| **Additions** | | |
| 4 Contributions deducted on line 16, Schedule C | 4 | |
| 5 Excess of expenses and depreciation over income from property not allowable under section 556(b)(5) (attach schedule) | 5 | |
| 6 Deductions for taxes and payments to employees' pension trusts not allowable under section 556(b)(6) | 6 | |
| 7 Total additions (add lines 4 through 6) | 7 | |
| **Deductions** | | |
| 8 Contributions deductible under section 556(b)(2) (attach schedule—see instructions for limitation) | 8 | |
| 9 Taxes (see instructions) | 9 | |
| 10 Net operating loss for preceding tax year | 10 | |
| 11 Total deductions (add lines 8 through 10) | 11 | |
| 12 Line 3 plus line 7 less line 11 | 12 | |
| 13 Deduction for dividends paid (Section B) | 13 | |
| 14 Undistributed foreign personal holding compnay income (Subtract line 13 from line 12) | 14 | |

### Section B.— Deduction for Dividends Paid (See Instructions)

| | Date paid | | Amount |
|---|---|---|---|
| 15 Taxable dividends paid: | | | |
| (a) Cash | | 15(a) | |
| (b) Property other than cash or the corporation's own securities (indicate nature of property) | | 15(b) | |
| (c) Obligations of the corporation (bonds, notes, scrip, etc.) | | 15(c) | |
| 16 Consent dividends (attach schedule) | | 16 | |
| 17 Deduction for dividends paid (add lines 15 and 16). Enter here and on line 13, Section A | | 17 | |

**For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.**

**Schedule N (Form 5471)** (Rev 1 85)

☆ U.S. Government Printing Office: 1985—461-496/10189

**SCHEDULE O (Form 5471)**
(Rev. January 1986)
Department of the Treasury
Internal Revenue Service

# Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock

▶ Attach to Form 5471. (See instructions for other filing requirements.)

OMB No. 1545 0704
Expires 11 30 88

Name of person filing Form 5471 | Identifying number

Name of foreign corporation

**Important:** All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation that must be reported.

## Part I To Be Completed By Officers and Directors

| (a) Name of shareholder | (b) Address | (c) Identifying number | (d) Date 1 | (e) Date 2 |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

## Part II To Be Completed By Shareholders

### Section A.—General Shareholder Information

| (a) Name of shareholder | (b) For shareholder's latest U.S. income tax return filed indicate: (1) Type of return | (2) Date return filed | (3) Internal Revenue Service Center where filed | (c) Date (if any) shareholder last filed information return under section 6046 with respect to foreign corporation |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

If this return is required by reason of one or more shareholders becoming United States persons, attach a list showing the names of such persons and the date each became a United States person.

### Section B.—United States Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es): Officer | Director |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

### Section C.—Acquisition of Stock

| (a) Name of shareholder acquiring stock | (b) Class of stock | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired: (1) Directly | (2) Indirectly | (3) Constructively |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.**

**Schedule O (Form 5471) (Rev. 1-86)**

Schedule O (Form 5471) (Rev. 1-86) Page **2**

| (f) Amount paid or value given | (g) Name and address of person from whom shares acquired |
|---|---|
| | |
| | |
| | |

### Section D.—Disposition of Stock

| (a) Name of shareholder disposing of stock | (b) Class of stock | (c) Date of disposition | (d) Method of disposition | (e) Number of shares disposed of: (1) Directly | (2) Indirectly | (3) Constructively |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| (f) Amount received | (g) Name and address of person to whom stock was disposed |
|---|---|
| | |
| | |
| | |
| | |

### Section E.—Organization or Reorganization of Foreign Corporation

| (a) Name and address of transferor | (b) Identifying number (if any) | (c) Date of transfer |
|---|---|---|
| | | |
| | | |
| | | |

| (d) Assets transferred to foreign corporation: (1) Description of assets | (2) Fair market value | (3) Adjusted basis (if transferor was U.S. person) | (e) Description of assets transferred by, or notes or securities issued by, foreign corporation |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 5% or more (directly or indirectly) of the foreign corporation's stock:

If the foreign corporation is a member of one or more groups constituting a chain of ownership, attach a chart indicating each unit of which a shareholder owns 5% or more of the stock, the foreign corporation's position in each chain of ownership, and the percentages of stock ownership.

Form **5712**
(Rev. October 1986)
Department of the Treasury
Internal Revenue Service

# Election To Be Treated as a Possessions Corporation Under Section 936

**(Do NOT Attach to Your Tax Return—File Separately)**

OMB No. 1545-0215
Expires 8-31-89

*The corporation named below elects under section 936(e) of the Internal Revenue Code to be treated as a possessions corporation for income tax purposes.*

| | |
|---|---|
| Name of corporation | Employer identification number |
| Number and street | Date of incorporation |
| City or town, state, and ZIP code | Place of incorporation |
| Business code number / Principal business activity | Principal product or service |

| Description of each class of stock | Number of shares of each class issued and outstanding |
|---|---|
| | |
| | |
| | |
| | |
| | |

Submit the following information for each shareholder who owns 10% or more of the issued and outstanding stock of any class:

| Name of shareholder | Identifying number | Address | Class of stock | Number of shares owned |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Election takes effect for the tax year beginning (month, day, year) | Date corporation began business in a U.S. possession | Annual return will be filed for the tax year ending (enter the month or "unknown") |
|---|---|---|
| | | |

Under penalties of perjury, I declare that I have been duly authorized by the above named corporation to make this election and that the statements made are, to the best of my knowledge and belief, true, correct, and complete.

Signature and title of officer ........................................ Date ..............

**For Paperwork Reduction Act Notice, see instructions on back.** Form **5712** (Rev. 10-86)

Form 5712 (Rev. 10-86) Page **2**

## Instructions

*(Section references are to the Internal Revenue Code, unless otherwise noted.)*

### Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

### Who Can Elect

Only domestic corporations can elect to be treated as possessions corporations.

### When To File

File Form 5712 by the due date (including extensions) of the first return to which the election is to apply.

### Where To File

File this form with the Internal Revenue Service Center, Philadelphia, PA 19255. File it separately from your regular income tax return.

### U.S. Possessions

For purposes of this election, U.S. possessions include Puerto Rico and for tax years beginning after 1986, the Virgin Islands.

### Period of Election

The election applies to the first tax year for which such election was made and for which the domestic corporation qualifies under section 936(a).

Generally, to revoke this election for any tax year that starts within 9 tax years after the tax year for which the election takes effect, you need the Commissioner's consent. However, the Commissioner will consent to all requests for revocation that are made with respect to your first taxable year beginning after 1982, provided that you agree not to re-elect section 936(a) prior to your first taxable year beginning after 1988. This can be done by attaching a "statement of revocation—section 936" to your timely filed return (including extensions) in which you state that you will not re-elect section 936(a) prior to your first taxable year beginning after 1988. (See regulations section 1.936–7(c).)

### Form 5712-A

Use Form 5712-A, Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5), to elect to use either the cost sharing method or the profit split method. These methods allow the possessions corporation to share either its costs or its profits with its affiliates. When making either election, attach Form 5712-A to Schedule P (Form 5735). See Form 5712-A for more details.

### Form 5735

For every year the election is in effect, you must complete Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, and attach it to your income tax return.

### Consolidated Returns

A corporation may not join in filing a consolidated return for any year for which this election is in effect.

### Business Classification

Refer to the Codes for Principal Business Activity and Principal Product or Service in the Instructions for Form 1120 and enter (1) the business code number, (2) principal business activity, and (3) principal product or service.

### Identifying Number

The identifying number for individuals is their social security number. For all others it is their employer identification number.

### Signature

This form must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) who is authorized to sign.

Form **5713**
(Rev. January 1986)
Department of the Treasury
Internal Revenue Service

# International Boycott Report

**For tax year beginning** ........................, 19 ....
**and ending** ........................, 19 ....
▶ **Controlled groups, see specific instructions.**

OMB No. 1545-0216
Expires 10-31-88

**To be Filed in Duplicate**
(See Instruction B)

| | |
|---|---|
| Name | Taxpayer identifying number |
| Number and street | |
| City or town, state and ZIP code | |
| Address of Service Center where your tax return is filed | |

Type of filer (check one):
☐ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Estate ☐ Other

1 Individuals.—Enter adjusted gross income from your tax return (see instructions) . . . . . .

2 Partnerships and corporations.

a Partnerships.—Enter each partner's name and taxpayer identifying number.

b Corporations.—Enter the name and employer identification number of each member of the controlled group (as defined in section 993(a)(3)). Do not list members included in the consolidated return; instead, attach a copy of Form 851. List all other members of the controlled group not included in the consolidated return.

**If you list any corporations below or if you attach Form 851, you must designate a "common taxable year." Enter the name and employer identification number in line 4b of the corporation whose taxable year is designated.**

| Name | Taxpayer identifying number |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |
| | |

If necessary, attach more sheets and check this box . . . . . . ▶ ☐

| | Code | Description |
|---|---|---|
| c Enter principal business activity code and description (see instructions) | | |
| d IC-DISCs.—Enter principal product or service code and description (see instructions) | | |

3 Partnerships.—Each partnership filing Form 5713 must give the following information:

a Partnership's total assets (Form 1065, page 1) . . . . . .

b Partnership's ordinary income (Form 1065, page 1) . . . . . .

4 Corporations.—Each corporation filing Form 5713 must give the following information.

a Type of form filed (Form 1120, 1120-IC-DISC, 1120F, 1120-FSC, 1120L, 1120M, etc.) . .

b Common taxable year election (see instructions)—

*(1)* Name of corporation ▶ ........................................

*(2)* Employer identification number . . . . . .

*(3)* Common taxable year beginning ........................ 19 ....and ending ........................ 19 ....

c Corporations filing this form enter—

*(1)* Total assets (see instructions) . . . . . .

*(2)* Taxable income before net operating loss and special deductions (see instructions) . .

5 Estates or trusts.—Enter total income (Form 1041, page 1) . . . . . .

6 Enter the total amount (before reduction for boycott participation or cooperation) of the following tax benefits (see instructions):

a Foreign tax credit . . . . . .

b Deferral of earnings of controlled foreign corporations . . .

c Deferral of IC-DISC income . . . . . .

d Exempt FSC Income. . . . . .

Under penalties of perjury, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

**Signature** ▶ ........................................ **Date** ▶ ....................

**Title** ▶

**For Paperwork Reduction Act Notice, see page 1 of the instructions.** Form **5713** (Rev. 1-86)

Form 5713 (Rev. 1-86) Page **2**

| | Yes | No |
|---|---|---|
| 7 The following information must be submitted by every person filing Form 5713 (see specific instructions): | | |
| a Are you a United States shareholder (as defined in section 951(b)) of any foreign corporation (including a FSC that does not use the administrative pricing rules) that had operations reportable under section 999(a)? . . | | |
| b If so, is any foreign corporation a controlled foreign corporation (as defined in section 957(a))? . . . | | |
| c Do you own any stock of an IC–DISC? . . . . . . | | |
| d Do you claim any foreign tax credit? . . . . . . | | |
| e Do you control (within the meaning of section 304(c)) any corporation (other than a corporation included in this report) that has operations reportable under section 999(a)? . . . | | |
| If "Yes," did the corporation controlled by you participate in or cooperate with an international boycott at any time during its tax year that ends with or within your tax year? . . . | | |
| f Are you controlled (within the meaning of section 304(c)) by any person (other than a person included in this report) who has operations reportable under section 999(a)? . . . | | |
| If "Yes," did the person controlling you participate in or cooperate with an international boycott at any time during its tax year that ends with or within your tax year? . . . | | |
| g Are you treated under section 671 as the owner of a trust that has operations reportable under section 999(a)? . . . | | |
| h Are you a partner in a partnership that has operations reportable under section 999(a)? . . . | | |
| i Are you a foreign sales corporation (FSC) (as defined in section 922(a))? . . . | | |

**Part I** **Operations In or Related to a Boycotting Country (See Instructions)**

| | Yes | No |
|---|---|---|
| 8 Boycott of Israel.—Did you have any operations in or related to any country (or with the government, a company or a national of that country) associated in carrying out the boycott of Israel which is on the list maintained by the Secretary of the Treasury under section 999(a)(3) (see Instruction C)? . . . | | |

If "Yes," enter name of the country(ies), taxpayer identifying number of person(s) having operations, principal business activity code, a description of the principal business activity; and if you are an IC-DISC, enter the product code. If necessary, attach additional sheets using the exact format and check this box . . . . . . ▶ ☐

| | Name of country *(1)* | Taxpayer identifying number of person(s) having operations *(2)* | Principal business activity: Code *(3)* | Principal business activity: Description *(4)* | IC-DISCs only—Enter product code *(5)* |
|---|---|---|---|---|---|
| a | | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| f | | | | | |
| g | | | | | |
| h | | | | | |
| i | | | | | |
| j | | | | | |
| k | | | | | |
| l | | | | | |
| m | | | | | |
| n | | | | | |
| o | | | | | |
| p | | | | | |

| | Yes | No |
|---|---|---|
| 9 Non-listed countries boycotting Israel.—Did you have operations in any non-listed country which you know or have reason to know requires participation in or cooperation with an international boycott directed against Israel? | | |

If "Yes," enter the country(ies), taxpayer identifying number of person(s) having operations, the principal business activity code, a description of the principal business activity; and if you are an IC-DISC, enter the product code. If necessary, attach additional sheets using the exact format and check this box ▶ ☐

| | Name of country (1) | Taxpayer identifying number of person(s) having operations (2) | Principal business activity: Code (3) | Principal business activity: Description (4) | IC-DISCs only—Enter product code (5) |
|---|---|---|---|---|---|
| a | | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| f | | | | | |
| g | | | | | |
| h | | | | | |

| | Yes | No |
|---|---|---|
| 10 Boycotts other than the boycott of Israel.—Did you have operations in any other country which you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel? | | |

If "Yes," enter the country(ies), taxpayer identifying number of person(s) having operations, the principal business activity code, a description of the principal business activity; and if you are an IC-DISC, enter the product code. If necessary, attach additional sheets using the exact format and check this box ▶ ☐

| | Name of country (1) | Taxpayer identifying number of person(s) having operations (2) | Principal business activity: Code (3) | Principal business activity: Description (4) | IC-DISCs only—Enter product code (5) |
|---|---|---|---|---|---|
| a | | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| f | | | | | |
| g | | | | | |
| h | | | | | |

| | Yes | No |
|---|---|---|
| 11 Were you requested to participate in or cooperate with an international boycott? If "Yes," attach a copy (in English) of any and all such requests received during your tax year. If the request was in a form other than a written request, attach a separate sheet explaining the nature and form of any and all such requests. (See Instructions.) | | |
| 12 Did you, in fact, participate in or cooperate with an international boycott? If "Yes," attach a copy (in English) of any and all boycott clauses agreed to, and attach a general statement of the agreement. If the agreement was in a form other than a written agreement, attach a separate sheet explaining the nature and form of any and all such agreements. (See Instructions.) | | |

**Note:** *If the answer to either question 11 or 12 is "Yes," you must complete the rest of Form 5713. If you answered "Yes" to question 12, you must complete Schedules A or B and C (Form 5713).*



## Part II Requests for and Acts of Participation in or Cooperation with an International Boycott

| 13 a Did you receive requests to enter into, or, in fact, enter into any agreement (See instruction F.3 and F.5): Type of participation or cooperation | Requests: Yes | Requests: No | Agreements: Yes | Agreements: No |
|---|---|---|---|---|
| (1) As a condition of doing business directly or indirectly within a country or with the government, a company, or a national of a country to— | | | | |
| (i) Refrain from doing business with or in a country which is the object of an international boycott or with the government, companies, or nationals of that country? | | | | |
| (ii) Refrain from doing business with any United States person engaged in trade in a country which is the object of an international boycott or with the government, companies, or nationals of that country? | | | | |
| (iii) Refrain from doing business with any company whose ownership or management is made up, all or in part, of individuals of a particular nationality, race, or religion, or to remove (or refrain from selecting) corporate directors who are individuals of a particular nationality, race, or religion? | | | | |
| (iv) Refrain from employing individuals of a particular nationality, race, or religion? | | | | |
| (2) As a condition of the sale of a product to the government, a company, or a national of a country, to refrain from shipping or insuring products on a carrier owned, leased or operated by a person who does not participate in or cooperate with an international boycott? | | | | |

b Requests and agreements.—If the answer to any part of 13a is "Yes," indicate below: the country, the taxpayer identifying number, principal business activity code, description of the principal business activity, the number and the number code indicating the type of participation or cooperation requested or agreed to. Also, if you are an IC-DISC, enter the product code in column (5). (See Instructions.) If necessary, attach additional sheets using the exact format and check this box ▶ ☐

| | Name of country (1) | Taxpayer identifying number of person receiving the request or having the agreement (2) | Principal business activity: Code (3) | Principal business activity: Description (4) | IC-DISCs only—Enter product code (5) | Type of cooperation or participation: Number of requests: Total (6) | Number of requests: Code (7) | Number of agreements: Total (8) | Number of agreements: Code (9) |
|---|---|---|---|---|---|---|---|---|---|
| a | | | | | | | | | |
| b | | | | | | | | | |
| c | | | | | | | | | |
| d | | | | | | | | | |
| e | | | | | | | | | |
| f | | | | | | | | | |
| g | | | | | | | | | |
| h | | | | | | | | | |
| i | | | | | | | | | |
| j | | | | | | | | | |
| k | | | | | | | | | |
| l | | | | | | | | | |
| m | | | | | | | | | |
| n | | | | | | | | | |
| o | | | | | | | | | |
| p | | | | | | | | | |
| q | | | | | | | | | |

☆ U.S. Government Printing Office: 1986—[illegible]

Department of the Treasury
Internal Revenue Service

# Instructions for Form 5713

(Revised January 1986)

## International Boycott Report

*(Section references are to the Internal Revenue Code.)*

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Reporting Operations, Boycott Requests, and Boycott Compliance.**—Generally, persons having operations in or related to boycotting countries are required to report those operations, the receipt of boycott requests, and boycott agreements on Form 5713.

**Tax Benefits Which May Be Lost.**—If there is an agreement to participate in or cooperate with an international boycott, taxpayers may lose a portion of: the foreign tax credit (section 908(a)); deferral of taxation of earnings of controlled foreign corporations (section 952(a)(3)); deferral of taxation of IC-DISC income (section 995(b)(1)(F)(ii)); and exemption of foreign trade income of a FSC (section 927(e)(2)).

The loss of tax benefits must be reported on either Schedule A or B (Form 5713), on Schedule C (Form 5713) and on Form 1116 (individuals), Form 1118 (corporations), Form 5471, Form 1120-IC-DISC or Form 1120-FSC.

**Foreign Sales Corporations (FSCs) and Interest Charge Domestic International Sales Corporations (IC-DISCs).**—Foreign Sales Corporations and Interest Charge Domestic International Sales Corporations were added to the Code by the Tax Reform Act of 1984. These entities are subject to the international boycott provisions of section 999.

Foreign sales corporations that compute their foreign trade gross income by using the administrative pricing rules of section 923(a)(3) will lose all or a portion of their exemption if they participate in or cooperate with an international boycott. FSCs that do not use these pricing rules may lose all or a portion of their exemption if they participate in or cooperate with an international boycott. Additionally, the amount of nonexempt foreign trade income computed without regard to the administrative pricing rules is subject to the subpart F rules of sections 951-964. Accordingly, for FSCs that have this type of income and that are controlled foreign corporations, U.S. shareholders of the FSC will be treated the same as any other U.S. shareholder in a controlled foreign corporation. The benefits of deferral will be lost at the shareholder level.

IC-DISCs are, generally, treated in the same manner that Domestic International Sales Corporations were treated. Thus, if an IC-DISC participates in or cooperates with an international boycott, IC-DISC benefits will be lost at the shareholder level.

### General Instructions

**A. Who Must File.**—Except as provided in Instruction F, you must file Form 5713 if you

1 have operations; or

2 are a member of a controlled group (as defined in section 993(a)(3)), a member of which has operations; or

3 are a United States shareholder (within the meaning of section 951(b)) of a foreign corporation that has operations, but only if you own (within the meaning of section 958(a)) stock of that foreign corporation; or

4 are a partner in a partnership that has operations; or

5 are treated under section 671 as the owner of a trust that has operations

in or related to a boycotting country or with the government, a company, or a national of a boycotting country. However, if you are not a United States person (as defined below), you need not file Form 5713 unless you claim the benefits of the foreign tax credit under section 901, own stock of an IC-DISC or are a FSC that has exempt foreign trade income.

**U.S. Person.**—A U.S. person includes: a citizen or resident of the United States; a domestic partnership, a domestic corporation, and any estate or trust (other than a foreign estate or foreign trust). (See section 7701(a)(30).)

**B. When and Where to File.**—File Form 5713 (including Schedules A, B, and C, if applicable) in duplicate when your tax return is due, including extensions. Send one copy to the Internal Revenue Service Center, Philadelphia, PA 19255, and attach the other copy to your income tax return.

**C. Boycotting Country.**—A boycotting country is any country which is on the list maintained by the Secretary of the Treasury under section 999(a)(3). The list currently (as of October 1, 1985) includes Bahrain, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen Arab Republic, and Peoples Democratic Republic of Yemen.

Also, any other country in which you (or a member of the controlled group of which you are a member) have operations and which you know or have reason to know requires any person to participate in or cooperate with an international boycott other than a boycott referred to in section 999(b)(4)(A), (B), or (C) (see instruction F) is a boycotting country.

**D. Definition of "Operations."**—The term "operations" encompasses all forms of business or commercial activities and transactions (or parts of transactions), whether or not productive of income, including, but not limited to: selling; purchasing; leasing; licensing; banking, financing, and similar activities; extracting; processing; manufacturing; producing; constructing; transporting; performing activities ancillary to the foregoing (e.g., contract negotiating, advertising, site selecting, etc.); and performing services, whether or not ancillary to the foregoing.

You are considered to have operations "in a boycotting country" if you have an operation that is carried on in whole or in part in a boycotting country.

You are considered to have operations "with the government, a company, or a national of a boycotting country" if you have an operation that is carried on outside a boycotting country either for or with the government, a company, or a national of a boycotting country.

You are considered to have operations "related to a boycotting country" if you have an operation that is carried on outside a boycotting country for the government, a company, or a national of a non-boycotting country if you know or have reason to know that specific goods or services produced by the operation are intended for use in a boycotting country, or for use by or for the benefit of, the government, a company, or a national of a boycotting country, or for use in forwarding or transporting to a boycotting country.

**E. Boycott Requests.**—A boycott request is any request to enter into an agreement that would constitute participation in or cooperation with an international boycott.

**F. Special Filing Situations and Waivers Regarding Form 5713.**—

*1 Controlled Groups.*—If you are a member of a controlled group of corporations, you do not have to file Form 5713 if you joined in the filing of a consolidated income tax return and Form 5713 was filed on behalf of all members of the controlled group who joined in the filing of that return. If the consolidated return is not filed on your behalf, you must separately file Form 5713.

Also, you, as a member of a controlled group, do not have to file Form 5713 if, for your tax year, all four of the following conditions are met: (a) you have no operations in or related to a boycotting country (or with the government, a company, or a national of a boycotting country), and owned no stock, directly or indirectly, of any corporation having such operations; (b) you received no boycott request and owned no stock, directly or indirectly, of any corporation receiving such requests; (c) you are not entitled to (or you forfeit) any benefits of deferral, IC-DISC, FSC, or the foreign tax credit; and, (d) you attach to your income tax return a certificate signed by a person authorized to sign the tax return of the common parent of your group stating that Form 5713 was filed on your behalf.

*2 Partners.*—Generally, if you are a partner in a partnership that has operations in a boycotting country, you are required to file Form 5713. However, if the partnership did not participate in or cooperate with an international boycott and filed Form 5713 with its Form 1065, then you need not file Form 5713 if you have no operations in or related to a boycotting country, or with the government, a company, or a national of a boycotting country other than the operations that are reported on the Form 5713 filed by the partnership.

*3 U.S. Sanctioned Boycotts.*—Section 999(b)(4)(A) permits you to meet the requirements imposed by a foreign country with respect to an international boycott if United States law or regulations, or an Executive Order, sanctions participation in or cooperation with that international boycott. You need not report operations that fall within this exception.

*4 Prohibition on Importation and Exportation.*—Although you may agree to comply with prohibitions on exportation or importation described in section 999(b)(4)(B) and section 999(b)(4)(C) without incurring tax sanctions, you must report the operations under such agreements on Form 5713.

*5 Unsolicited Tender Invitations.*—If you receive an unsolicited tender invitation which contains a request to participate in or cooperate with an international boycott, you do not have to report the request unless you respond to the invitation.

*6 United States Subsidiary or Sister Corporation.*—If you are required to file Form 5713 and you are a subsidiary or sister corporation of a foreign corporation that is not required to file Form 5713, you do not have to report the operations, boycott requests, and boycott participation or cooperation of that foreign corporation if you do not claim, or if you forfeit, the benefits of deferral, IC-DISC, FSC and the foreign tax credit attributable to: (a) operations related to boycotting countries in connection with which there was participation in or cooperation with an international boycott, and (b) operations in boycotting countries which you cannot clearly demonstrate are clearly separate and identifiable from operations in connection with which there was participation in or cooperation with an international boycott.

If the foregoing conditions are satisfied, and the only reason you are required to file Form 5713 is that your foreign sister or foreign parent has reportable operations in or related to a boycotting country (or with the government, a company, or a national of a boycotting country), then you need not file Form 5713.

This waiver does not relieve you of your obligation to report the operations, boycott requests, and boycott participation or cooperation of yourself, all other members of your controlled group, and of foreign corporations of which you are a U.S. shareholder. If you are required to report on behalf of a foreign corporation of which you are a U.S. shareholder, you must report all operations, boycott requests, and boycott participation or cooperation of that foreign corporation whether or not they are effectively connected with the conduct of a trade of business in the United States.

*7 Foreign Corporations That Are Required to Report Because of U.S. Branch Operations.*—If you are a foreign corporation engaged in operations in the U.S. through a branch and are required to file Form 5713, you do not have to report the operations, boycott requests, and boycott participation or cooperation of your non-U.S. parent, subsidiaries, or sister corporations and your own operations, boycott requests, and boycott participation or cooperation that do not relate to your U.S. branch if you do not claim, or if you forfeit, the benefits of deferral, DISC, FSC, and the foreign tax credit attributable to: (a) operations related to boycotting countries in connection with which there was participation in or cooperation with an international boycott; and (b) operations in boycotting countries which you cannot clearly demonstrate are clearly separate and identifiable from operations in connection with which there was participation in or cooperation with an international boycott.

If the foregoing conditions are satisfied, and neither your U.S. branch nor any U.S. member of your controlled group has operations in or related to a boycotting country (or with the government, a company, or a national of a boycotting country), then you need not file Form 5713.

This waiver does not relieve you of your obligation to report all operations, boycott requests, and boycott participation or cooperation of your U.S. branch and of all U.S. members of each controlled group of which you are a member.

Moreover, all the operations, boycott requests, and boycott participation or cooperation of your U.S. branch must be reported even if they relate to the branch's operations that are not effectively connected with a U.S. trade or business. Additionally, if you or any member of a controlled group of which you are a member engages in operations in the U.S. directly rather than through the U.S. branch, and those operations are also operations in or related to a boycotting country, or with the government, a company, or national of a boycotting country, then you must report those operations, as well as all boycott requests and boycott participation or cooperation relating to those operations.

**G. International Boycott Factor and Specifically Attributable Taxes and Income.**—If there is participation in or cooperation with an international boycott, you must compute the loss of tax benefits. You may either use the international boycott factor, or you may determine the taxes and income specifically attributable to boycott operations.

If you compute the loss of tax benefits by using the international boycott factor, complete Schedules A and C (Form 5713). If you determine taxes and income specifically attributable to boycott operations, complete Schedules B and C (Form 5713).

Schedules A, B, and C (Form 5713) need not be filed if there was no participation in or cooperation with an international boycott.

IC-DISCs and partnerships need not complete Schedule C. However, they must complete parts of both Schedules A and B, unless all shareholders, or all partners, compute the loss of their tax benefits using the boycott factor exclusively, or the specifically identifiable taxes and income method exclusively. In such cases, the IC-DISC and the partnership need complete only parts of Schedule A or parts of Schedule B.

**H. Penalties—Willful Failure to Report.**—The willful failure to file Form 5713 may result in fines of $25,000, imprisonment for not more than one year, or both.

### Specific Instructions

**Common Taxable Year of Controlled Group.**—The taxable year for a controlled group is the same as the common taxable year (from line 4b(3)).

**1. Individuals.**—Enter your adjusted gross income (e.g., for 1985, line 32, Form 1040).

**2c. Partnerships and Corporations.**—Enter your principal business activity code number and description. Page 4 of the instructions provides the code list of business activities for corporations and partnerships. Using this list, enter the code number for the specific industry group from which the largest percentage of "total receipts" was derived. On Forms 1120, 1120S, and 1120F, total receipts means gross receipts (Forms 1120 and 1120S, page 1, line 1a; and Form 1120F, page 3, line 1a) plus all other income (Forms 1120 and 1120S, page 1, lines 4 through 10; and Form 1120F, page 3, lines 4 through 10). For IC-DISCs, "total receipts" means all income (page 1, line 1, Form 1120-IC-DISC). See the Instructions for Form 1120-IC-DISC for business activities of an IC-DISC. For partnerships, "total receipts" on Form 1065 means gross receipts (page 1, line 1a) plus all other income (page 1, lines 4 through 10). For FSCs, enter total of columns (a) and (b), line 6, Schedule B (Form 1120-FSC).

**2d. IC-DISCs.**—Enter the major product code number and description from Schedule N, Form 1120-IC-DISC, page 5. This is the code number for the major product or service (as measured by export gross receipts) sold or provided by the IC-DISC.

**4b. Common Taxable Year Election.**—In general, the common taxable year of the controlled group is the taxable year of the common parent. However, the members of the controlled group may elect the taxable year of any member of the group as the common taxable year. This election is made by entering the name, taxable year and employer identification number of the designated corporation on line 4b.

All members of a controlled group must consent, in writing, to the common taxable year election. A common parent may consent to the common taxable year election on behalf of all members of the controlled group that joined with the common parent in filing a consolidated return. Foreign corporations which are members of a controlled group need not sign the consent if they are not required to report. However, if the foreign corporation subsequently becomes liable to report, then it is bound by the common taxable year election previously made by the group. A copy of the consent must be attached to each member's Form 5713 filed for the first taxable year of such member to which the common taxable year election applies. In the event no common parent exists and no consensus is reached by the members of the controlled group, the common taxable year of the group will be the taxable year of the member of the controlled group whose taxable year ends in the latest month of the calendar year. The taxable year election is a binding election and can be changed only with the approval of the Secretary of the Treasury.

**4c(1). Corporations.**—Enter the amount of total assets (e.g., for 1985 forms, enter):

*(a)* Form 1120: Schedule L, line 14, column (d);
*(b)* Form 1120-IC-DISC: Schedule L, line 3, column (b);
*(c)* Form 1120F: Schedule L, line 14, column (d);
*(d)* Form 1120S: Schedule L, line 14, column (d);
*(e)* Form 1120L: From Form 1120L;
*(f)* Form 1120M: Annual Statement, page 11, line 22 (sum of columns 1 and 2);
*(g)* Form 1120-FSC: Schedule L, line 14, column (d).

**4c(2). Corporations.**—Enter the amount of taxable income before net operating loss and special deductions (e.g., for 1985 forms, enter):

(a) Form 1120: Page 1, line 28;
*(b)* Form 1120-IC-DISC: Page 1, line 5 (Taxable income before net operating loss deduction and dividends-received deduction);
*(c)* Form 1120F: Page 3, line 29;
*(d)* Form 1120S: Page 1, line 28 (Taxable income);
*(e)* Form 1120L: From Form 1120L;
*(f)* Form 1120M: Page 1, line 4 (Taxable income before unused loss deduction);
*(g)* Form 1120-FSC: Schedule B, Part II, line 18.

**6.**-Enter the applicable amounts as follows:

*(a)* Foreign tax credit before adjustment (e.g., line 6, Part III, Schedule B, Form 1118 (Rev. 10-85) (corporations)); or line 5, Part IV, Form 1116 (1985) (individuals),
*(b)* Pro rata share of total income of controlled foreign corporation (line 20, Schedule C, Form 5471);
*(c)* Pro rata share of section 995(b)(1)(F)(i) amount (pro rata share of line 8, Part I, Schedule J, Form 1120-IC-DISC),
*(d)* Exempt foreign trade income of a FSC. Enter total of columns (a) and (b), line 10, Schedule B (Form 1120-FSC).

**Questions 7 through 13.**

**Filers Who Are Not Members of a Controlled Group.**—Your answers to questions 7-13 on Form 5713 must reflect your operations, boycott requests and boycott participation or cooperation for your tax year. In addition, if you are:

*(a)* a United States shareholder of a foreign corporation, or
*(b)* a partner in a partnership, or
*(c)* treated under section 671 as the owner of a trust,

then your answers to questions 7-13 must also reflect the operations in or related to boycotting countries (or with the government, a company, or a national of a boycotting country), boycott requests, and boycott participation or cooperation of the foreign corporation, partnership, or trust.

When you report on behalf of a foreign corporation as a United States shareholder, report the foreign corporation's operations, boycott requests, and boycott participation or cooperation for the foreign corporation's tax year that ends with or within your tax year.

When you report on behalf of a partnership as a partner, report the partnership's operations, boycott requests, and boycott participation or cooperation for the partnership's tax year that ends with or within your tax year.

When you report on behalf of a trust as its owner under section 671, report the trust's operations, boycott requests, and boycott participation or cooperation for your tax year.

**Filers Who Are Members of a Controlled Group of Corporations.**—If you are a member of a controlled group of corporations, the answers to questions 7-13 on the Form 5713 filed by you for your tax year must reflect

(a) your operations, boycott requests, and boycott participation or cooperation (and those of any trust of which you are treated as the owner under section 671) for your tax year that ends with or within the common taxable year that ends with or within your tax year (see instruction 4b);

(b) the operations, boycott requests, and boycott participation or cooperation of each other member of the controlled group (and those of any trust of which a member of the controlled group is treated as the owner under section 671) for each member's tax year that ends with or within the common taxable year that ends with or within your tax year;

(c) the operations, boycott requests, and boycott participation or cooperation of each foreign corporation or partnership on whose behalf you are reporting as a United States shareholder or as a partner, for the tax year of the foreign corporation or the partnership that ends with or within such member's tax year that ends with or within the common taxable year that ends with or within your tax year; and

(d) the operations, boycott requests, and boycott participation or cooperation of each foreign corporation or partnership on whose behalf a member (other than you) of the controlled group is reporting as a United States shareholder or as a partner, for the tax year of the foreign corporation or the partnership that ends with or within such member's tax year that ends with or within the common taxable year that ends with or within your tax year.

The net effect of these reporting requirements is that the answers to questions 7-13 generally are identical for each member of the controlled group and need only be updated on a group basis once a year. The information is updated at the close of the common taxable year, and is reported by each member of the group for its tax year that ends with or after the common taxable year. If the tax years of all members, foreign corporations, and partnerships coincide with the common taxable year, then all information is reported on a current basis.

If all tax years do not coincide, then all or some of the information reported will reflect a time period that is out of phase with the reporter's tax year.

**Example.**—Assume that Corporations A, B, C and D are all members of a controlled group. Corporation A is the common parent and no common taxable year election is made. Corporations A, B, and C report on the basis of a calendar year. Corporation D reports on the basis of a July 1-June 30 taxable year. Corporation C owns 15 percent of Foreign Corporation X. Corporation X reports on the basis of an April 1-March 31 tax year. Corporations A, B, C, D, and X have operations in boycotting countries. The answers to questions 7-13 on the Forms 5713 filed by Corporations A, B and C for their 1985 tax years will reflect the operations of Corporations A, B and C for the 1985 tax year, the operations of Corporation D for the period July 1, 1984-June 30, 1985, and the operations of Corporation X for the period April 1, 1984-March 31, 1985. The answers to questions 7-13 on the Form 5713 filed by Corporation D for its tax year ending June 30, 1986, will be identical to those on the Forms 5713 filed by Corporations A, B, and C for their taxable years ending December 31, 1985. Thus, the answers to questions 7-13 on the Form 5713 filed by Corporation D for its tax year ending June 30, 1986, will not reflect any of Corporation D's operations for its July 1, 1985-June 30, 1986 tax year.

## Part I.—Operations in or Related to a Boycotting Country

**8. Boycott of Israel.**—Question 8 concerns operations in or related to countries on the Secretary's list of countries associated in the boycott of Israel (or with the governments, companies, or nationals of those countries). Use a separate line for each country or each person having operations in that country, but do not use separate lines for separate operations by the same person in the same country.

**Column (2).**—Enter the taxpayer identifying number of each person having operations in or related to any of the listed countries. Include the taxpayer identifying number of all members of your controlled group which have operations in or related to the listed countries.

Additionally, if you or a member of your controlled group is the United States shareholder of a foreign corporation which has operations in or related to the listed countries (or with the governments, companies, or nationals of those countries), enter your employer identification number or the employer identification number of the member of your group who is the United States shareholder, and in parentheses enter the name and employer identification number, if available, of the foreign corporation having the operation in or related to the listed countries.

**Column (3).**—Enter the principal business activity code number (see page 4) of the person having operations.

**Column (4).**—Enter a brief description of the principal business activity.

**Column (5).**—If you are an IC-DISC, enter the product code. (See instructions for Schedule N (Form 1120-IC-DISC).)

**9. Non Listed Countries Boycotting Israel.**—If the answer to question 9 is "Yes," use the same procedure outlined in the instructions for question 8 for any nonlisted countries which you know or have reason to know require participation in or cooperation with the international boycott of Israel.

**10. Boycotts of Countries Other Than Israel.**—If the answer to question 10 is "Yes," use the same procedure outlined in the instructions for question 8 for any international boycott other than the boycott of Israel.

**11. Boycott Requests.**—If you receive a substantial number of similar requests, you may attach a copy of one of these requests and attach a statement stating the number and nature of all other requests received.

**12. Boycott Agreements.**—If a substantial number of boycott agreements were entered into or were effective for the period covered by the report, and the boycott clauses are similar, you may attach a sample boycott clause and attach a statement stating the number and general nature of all other boycott clauses and agreements entered into. An agreement to participate in or cooperate with an international boycott continues for the entire period for which it is in effect and must be reported every year that it is in effect. Thus, a boycott agreement that continues over a three year period must be reported as participation in or cooperation with an international boycott in each of those three years.

## Part II.—Requests for and Acts of Participation in or Cooperation with an International Boycott

**13a.**—Check "Yes" for any requests received or agreements entered into or continuing in effect during the period covered by the report with respect to any international boycott not excluded in instruction F.3. If no requests were received and no agreements were entered into or were in effect, enter "No."

**13b.**—Use a separate line for each country, each person, and each type of participation or cooperation, but do not use separate lines for similar types of participation or cooperation by the same person in the same country.

**Column (2).**—Enter the taxpayer identifying number of the person receiving the request or having the agreement.

**Column (3).**—Enter the principal business activity code number (see page 4) of the person receiving the request or having the agreement.

**Column (4).**—Enter a brief description of the principal business activity of the person receiving the request or having the agreement (see page 4).

**Column (5).**—If you are an IC-DISC, enter the product code. (See the instructions for Schedule N (Form 1120-IC-DISC).)

**Columns (6) and (8).**—Enter in column (6) the total number of requests of the same type that were received by the same person in the same country. Enter in column (8) the total number of agreements of the same type that were entered into by the same person in the same country.

**Column (7).**—Enter the code number listed below which indicates the type of participation or cooperation requested.

**Column (9).**—Enter the code number listed below which indicates the type of participation or cooperation agreed to.

| Code Number | Type of Participation or Cooperation Requested or Agreed to |
|---|---|
| 01 | Refrain from doing business with or in a country which is the object of the boycott or with the government, companies, or nationals of that country. |
| 02 | Refrain from doing business with any United States person engaged in trade in a country which is the object of the boycott or with the government, companies, or nationals of that country. |
| 03 | Refrain from doing business with any company whose ownership or management is made up, all or in part, of individuals of a particular nationality, race, or religion, or to remove (or refrain from selecting) corporate directors who are individuals of a particular nationality, race, or religion. |
| 04 | Refrain from employing individuals of a particular nationality, race, or religion. |
| 05 | As a condition of the sale of a product to the government, a company or a national of a country, to refrain from shipping or insuring products on a carrier owned, leased or operated by a person who does not participate in or cooperate with an international boycott. |



## Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by the Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter the code for the specific industry group from which the largest percentage of "total receipts" is derived. For an explanation of the procedure used to determine total receipts, see instructions for line 2c.

### AGRICULTURE, FORESTRY, AND FISHING

Code
0400 Agricultural production.
0600 Agricultural services, forestry, fishing, hunting, and trapping.

### MINING

**Metal mining:**
1010 Iron ores.
1070 Copper, lead and zinc, gold and silver ores.
1098 Other metal mining.
1150 Coal mining.
**Oil and gas extraction:**
1330 Crude petroleum, natural gas, and natural gas liquids.
1380 Oil and gas field services.
**Nonmetallic minerals (except fuels) mining:**
1430 Dimension, crushed and broken stone, sand and gravel.
1498 Other nonmetallic minerals, except fuels.

### CONSTRUCTION

**General building contractors and operative builders:**
1510 General building contractors.
1531 Operative builders.
**Heavy construction contractors:**
1611 Highway and street construction.
1620 Heavy construction, except highway.
**Special trade contractors:**
1711 Plumbing, heating, and air conditioning.
1721 Painting, paperhanging, and decorating.
1731 Electrical work.
1740 Masonry, stonework, and plastering.
1750 Carpentering and flooring.
1761 Roofing and sheet metal work.
1771 Concrete work.
1781 Water well drilling.
1790 Miscellaneous special trade contractors.

### MANUFACTURING

**Food and kindred products:**
2010 Meat products.
2020 Dairy products.
2030 Preserved fruits and vegetables.
2040 Grain mill products.
2050 Bakery products.
2060 Sugar and confectionery products.
2081 Malt liquors and malt.
2088 Alcoholic beverages, except malt liquors and malt.
2089 Bottled soft drinks, and flavorings.
2096 Other food and kindred products.
2100 Tobacco manufacturers.
**Textile mill products:**
2228 Weaving mills and textile finishing.
2250 Knitting mills.
2298 Other textile mill products.
**Apparel and other textile products:**
2315 Men's and boy's clothing.
2345 Women's and children's clothing.
2388 Hats, caps, millinery, fur goods, and other apparel and accessories.
2390 Misc. fabricated textile products.
**Lumber and wood products, except furniture:**
2415 Logging camps and logging contractors, sawmills and planing mills.
2430 Millwork, plywood, and related products.
2498 Other wood products, including wood buildings and mobile homes.
2500 Furniture and fixtures.
**Paper and allied products:**
2625 Pulp, paper, and board mills.
2699 Other paper products.
**Printing, publishing, and allied industries.**
2710 Newspapers.
2720 Periodicals.
2735 Books, greeting cards, and misc. publishing.
2799 Commercial and other printing, and printing trade services.
**Chemicals and allied products:**
2815 Industrial chemicals, plastics materials and synthetics.
2830 Drugs.
2840 Soap, cleaners, and toilet goods.
2850 Paints and allied products.
2898 Agricultural and other chemical products.
**Petroleum refining and related industries (including those integrated with extraction):**
2910 Petroleum refining (including those integrated with extraction).
2998 Other petroleum and coal products.
**Rubber and misc. plastics products:**
3050 Rubber products; plastics footwear, hose and belting.
3070 Misc. plastics products.
**Leather and leather products:**
3140 Footwear, except rubber.
3198 Other leather and leather products.
**Stone, clay, glass, and concrete products:**
3225 Glass products.
3240 Cement, hydraulic.
3270 Concrete, gypsum, and plaster products.
3298 Other nonmetallic mineral products.
**Primary metal industries:**
3370 Ferrous metal industries; misc. primary metal products.
3380 Nonferrous metal industries.
**Fabricated metal products, except machinery and transportation equipment:**
3410 Metal cans and shipping containers.
3428 Cutlery, hand tools, and hardware, screw machine products, bolts, and similar products.
3430 Plumbing and heating, except electric and warm air.
3440 Fabricated structural metal products.
3460 Metal forgings and stampings.
3470 Coating, engraving, and allied services.
3480 Ordnance and accessories, except vehicles and guided missiles.
3490 Misc. fabricated metal products.
**Machinery, except electrical:**
3520 Farm machinery.
3530 Construction, mining, and materials handling machinery and equipment.
3540 Metalworking machinery.
3550 Special industry machinery, except metalworking machinery.
3560 General industrial machinery.
3570 Office, computing, and accounting machines.
3598 Engines and turbines, service industry machinery, and other machinery, except electrical.
**Electrical and electronic machinery, equipment and supplies:**
3630 Household appliances.
3665 Radio, television, and communication equipment.
3670 Electronic components and accessories.
3698 Other electric equipment.
**Transportation equipment:**
3710 Motor vehicles and equipment.
3725 Aircraft, guided missiles and parts.
3730 Ship and boat building and repairing.
3798 Other transportation equipment.
**Measuring and controlling instruments; photographic and medical goods, watches and clocks:**
3815 Scientific instruments and measuring devices, watches and clocks.
3845 Optical, medical, and ophthalmic goods.
3860 Photographic equipment and supplies.
3998 Other manufacturing products.

### TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

**Transportation:**
4000 Railroad transportation.
4100 Local and interurban passenger transit.
4200 Trucking and warehousing.
**Other transportation including transportation services:**
4400 Water transportation.
4500 Transportation by air.
4722 Passenger transportation arrangement.
4723 Freight transportation arrangement.
4799 Other transportation services.
**Communication:**
4825 Telephone, telegraph, and other communication services.
4830 Radio and television broadcasting.
**Electric, gas, and sanitary services:**
4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

### WHOLESALE TRADE

**Durable**
5008 Machinery, equipment, and supplies.
5010 Motor vehicles and automotive equipment.
5030 Lumber and construction materials.
5050 Metals and minerals, except petroleum and scrap.
5060 Electric goods.
5070 Hardware, plumbing and heating equipment.
5098 Other durable goods.
**Nondurable**
5110 Paper and paper products.
5129 Drugs, chemicals, and allied products.
5130 Apparel, piece goods, and notions.
5140 Groceries and related products.
5150 Farm-product raw materials.
5170 Petroleum and petroleum products.
5180 Alcoholic beverages.
5190 Misc. nondurable goods.

### RETAIL TRADE

Code
**Building materials, hardware, garden supply, and mobile home dealers:**
5220 Building materials dealers.
5251 Hardware stores.
5265 Garden supplies and mobile home dealers.
5300 General merchandise stores.
5400 Food stores.
**Automotive dealers and service stations:**
5515 Motor vehicle dealers.
5541 Gasoline service stations.
5598 Other automotive dealers.
5600 Apparel and accessory stores.
5700 Furniture and home furnishings stores.
5800 Eating and drinking places.
**Misc. retail stores.**
5912 Drug stores and proprietary stores.
5921 Liquor stores.
5995 Other misc. retail stores.

### FINANCE, INSURANCE, AND REAL ESTATE

**Banking:**
6030 Mutual savings banks.
6060 Bank holding companies.
6090 Banks, except mutual savings banks and bank holding companies.
**Credit agencies other than banks:**
6120 Savings and loan associations.
6140 Personal credit institutions.
6150 Business credit institutions.
6199 Other credit agencies.
**Security, commodity brokers, dealers, exchanges, and services:**
6210 Security brokers, dealers, and flotation companies.
6299 Commodity contracts brokers and dealers; security and commodity exchanges, and allied services.
**Insurance:**
6355 Life insurance.
6356 Mutual insurance, except life or marine and certain fire or flood insurance companies.
6359 Other insurance companies.
6411 Insurance agents, brokers, and services.
**Real Estate:**
6511 Real estate operators (except developers) and lessors of buildings.
6516 Lessors of mining, oil, and similar property.
6518 Lessors of railroad property and other real property.
6530 Condominium management and cooperative housing associations.
6550 Subdividers and developers.
6599 Other real estate.
**Holding and other investment companies:**
6742 Regulated investment companies.
6743 Real estate investment trusts.
6744 Small business investment companies.
6749 Holding and other investment companies, except bank holding companies.

### SERVICES

7000 Hotels and other lodging places.
7200 Personal services.
**Business services:**
7310 Advertising.
7340 Services to buildings.
7370 Computer and data processing services.
7392 Management, consulting, and public relations services.
7394 Equipment rental and leasing.
7398 Other business services.
**Auto repair and services; misc. repair services:**
7500 Auto repair and services.
7600 Misc. repair services.
**Amusement and recreational services:**
7812 Motion picture production, distribution, and services.
7830 Motion picture theaters.
7900 Amusement and recreation services, except motion pictures.
**Other services:**
8015 Offices of physicians, including osteopathic physicians.
8021 Offices of dentists.
8050 Nursing and personal care facilities.
8071 Medical laboratories.
8099 Other medical services.
8111 Legal services.
8200 Educational services.
8911 Engineering and architectural services.
8932 Certified public accountants.
8933 Other accounting, auditing, and bookkeeping services.
8999 Other services, not elsewhere classified.

* U.S.G.P.O. 1986-491-473/20068



**SCHEDULE A (Form 5713)**
(Rev. January 1986)
Department of the Treasury
Internal Revenue Service

# Computation of the International Boycott Factor (Section 999(c)(1))

*(To be completed only by persons not computing loss of tax benefits by the specifically attributable taxes and income method on Schedule B (Form 5713).)*

▶ Attach to Form 5713. ▶ See instructions on back.

OMB No. 1545-0216
Expires 10-31-88

Name | Taxpayer identifying number

Name of country being boycotted (check one):
☐ Israel ☐ Other (identify) ▶

| | Name of country (1) | Boycott purchases (2) | Boycott sales (3) | Boycott payroll (4) |
|---|---|---|---|---|
| | | Purchases, sales, and payroll attributable to boycotting operations, by operation | | |
| a | | | | |
| b | | | | |
| c | | | | |
| d | | | | |
| e | | | | |
| f | | | | |
| g | | | | |
| h | | | | |
| i | | | | |
| j | | | | |
| k | | | | |
| l | | | | |
| m | | | | |
| n | | | | |
| o | | | | |
| Totals | | | | |

1 Numerator of boycott factor (add totals of columns (2), (3), and (4))
2 Denominator of boycott factor
a Total purchases from countries other than United States
b Total sales to or from countries other than United States
c Total payroll paid or accrued for services performed in countries other than United States
d Total of lines 2a, b, and c
3 International boycott factor (divide line 1 by line 2d). Enter here and on Schedule C (Form 5713) (see instructions) ▶

*If you are involved in more than one boycott, use a separate Schedule A for each boycott and attach to Form 5713.*

**For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5713.**





## General Instructions

*(References are to the Internal Revenue Code.)*

**A. Purpose.**—Complete Schedule A (Form 5713) if you cooperated with or participated in an international boycott and use the international boycott factor to figure the loss of tax benefits. If you do not use the international boycott factor for this purpose, you must specifically attribute taxes and income on Schedule B (Form 5713).

**B. Who Must File.**—Anyone who cooperates with or participates in an international boycott must file either this form or Schedule B (Form 5713) to figure the loss of tax benefits. One act of cooperation or participation creates the presumption that you cooperate with or participate in the boycott unless you rebut the presumption as explained in instruction C. The presumption applies to all your operations and those of each member of any controlled groups (defined in section 993(a)(3)) to which you belong, in each country that helps carry out the boycott.

**C. Boycott Operations.**—All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of cooperating with or participating in the boycott, as explained below. In addition, your operations that are not in a boycotting country are boycott operations if they are connected to your cooperation with or participation in the boycott.

You can rebut the presumption of cooperating with or participating in a boycott for a particular operation by demonstrating that that operation is separate from any cooperation with or participation in an international boycott. The presumption applies only to operations in countries that carry out the boycott, so you do not need to rebut the presumption for operations that are related to those countries, but that take place outside them.

**D. International Boycott Factor.**—Your international boycott factor reflects boycott purchases, boycott sales, and boycott payroll.

**1. Controlled Groups.**—All members of a controlled group generally share one international boycott factor, which reflects all their purchases, sales, and payroll. If you, however, belong to two or more controlled groups, your international boycott factor will reflect the purchases, sales, and payroll of all the controlled groups to which you belong.

**2. Partnerships and Trusts.**—You are deemed to have a prorated share of the purchases, sales, and payroll of each partnership in which you are a partner and of each trust of which you are treated as the owner under section 671. Thus, your international boycott factor may also reflect purchases, sales, and payroll of partnerships and trusts.

## Specific Instructions

Compute a separate boycott factor and fill out a separate schedule for each international boycott with which you cooperate or participate. Include your own operations and, if applicable, the operations of partnerships, trusts, and members of your controlled group.

To decide for what years you should report purchases, sales, and payroll for partnerships, trusts, and controlled groups, see the specific instructions for questions 7-13 of Form 5713.

**Partnerships.**—For a partnership, complete only lines a through o, the totals of columns (2), (3), and (4), and line 2. Give this information to all partners so they can compute their own international boycott factor.

**Column (1).**—For each boycott operation enter the name of the country to which your international boycott operation relates. For example, if you have an operation in Country Z, which is not a boycotting country, and the operation relates to Country X, which is a boycotting country, enter the name of Country X. The Secretary maintains a list, under section 999(a)(3), of countries that require cooperation with an international boycott. This list may not be all-inclusive.

**Column (2).**—For each boycott operation enter all purchases that are attributable to that operation and are made from boycotting countries.

**Column (3).**—For each boycott operation enter the sales that are attributable to that operation and are made to or from boycotting countries.

**Column (4).**—For each boycott operation enter the total payroll that is attributable to that operation and is paid or accrued for services performed in boycotting countries.

**Line 1.**—Add columns (2), (3), and (4). The numerator of your international boycott factor includes all of the following.

(i) Purchases you made from boycotting countries.
(ii) Sales you made to or from boycotting countries.
(iii) Payroll you paid or accrued for services performed in boycotting countries.

Do not include amounts attributable to operations for which you rebutted the presumption of cooperating with or participating in the boycott.

**Line 2.**—The denominator of your international boycott factor reflects all your purchases, sales, and payroll in or related to all countries other than the United States. If applicable, the denominator also reflects these items for your controlled groups, partnerships, and trusts. Include here the amounts that are attributable to operations for which you rebutted the presumption of cooperating with or participating in the boycott.

**Line 3.**—Enter the international boycott factor from line 3 of this form on the appropriate line of Schedule C (Form 5713) as follows:

If you reduce your foreign tax credit (section 908(a)), enter the international boycott factor on line 2a(2) of Schedule C.

If you are denied a tax deferral on subpart F income (section 952(a)(3)), enter the international boycott factor on line 3a(4) of Schedule C.

If you are denied a tax deferral on IC-DISC income (section 995(b)(1)(F)), enter the international boycott factor on line 4a(2) of Schedule C.

If you are denied an exemption of foreign trade income of a FSC (section 927(e)(2)), enter the international boycott factor on line 5a(2) of Schedule C.

* U.S. GOVERNMENT PRINTING OFFICE 1986-491-473/20063

**SCHEDULE B (Form 5713)**
(Rev. January 1986)
Department of the Treasury Internal Revenue Service

# Specifically Attributable Taxes and Income (Section 999(c)(2))

(To be completed only by persons not computing loss of tax benefits by the international boycott factor on Schedule A (Form 5713).)
▶ Attach to Form 5713. ▶ See instructions on back.

OMB No. 1545-0216
Expires 10-31-88

Name | Taxpayer identifying number

Name of country being boycotted . . . . ☐ Israel ☐ Other (identify) ▶

**Specifically Attributable Taxes and Income by Operation (Use a separate line for each operation.)**

| | Name of country | Principal business activity | | Foreign tax credit | Subpart F income | IC-DISC income | FSC income |
|---|---|---|---|---|---|---|---|
| | | Code | Description | Foreign taxes attributable to boycott operations | Prorated share of international boycott income | Taxable income attributable to boycott operations | Taxable income attributable to boycott operations |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Total . . . . . . . . . . . . . . . . . ▶ | | | | | | |

*If you are involved in more than one international boycott, use a separate Schedule B (Form 5713) to compute the specifically attributable taxes and income for each boycott.*





## General Instructions

*(References are to the Internal Revenue Code.)*

**A. Purpose.**—Complete Schedule B (Form 5713) if you participated in or cooperated with an international boycott and if you figure the loss of tax benefits by specifically attributing taxes and income. If you do not specifically attribute taxes and income for this purpose, you must compute the international boycott factor on Schedule A (Form 5713).

**B. Who Must File.**—Anyone who participates in or cooperates with an international boycott must file either this form or Schedule A (Form 5713) to figure the loss of tax benefits. One act of participation or cooperation creates the presumption that you participate in or cooperate with the boycott unless you rebut the presumption as explained in instruction C. The presumption applies to all your operations, and those of each member of any controlled groups (defined in section 993(a)(3)) to which you belong, in each country that helps carry out the boycott.

**Certain shareholders.**—IC-DISC benefits, certain FSC benefits, the "deemed paid" tax credit under section 902, and the deferral of subpart F income are lost at the shareholder level. Shareholders in an IC-DISC, certain FSCs or a foreign corporation must report their prorated share of the tax benefits denied. The denial of these benefits are discussed in the specific instructions for columns (4) through (7).

**C. Boycott Operations.**—All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of participation in or cooperation with the boycott, as explained below. In addition, your operations that are not in a boycotting country are boycott operations if they are connected to your participation in or cooperation with the boycott.

You can rebut the presumption of participation in or cooperation with a boycott for a particular operation by demonstrating that operation is separate from any participation in or cooperation with an international boycott. The presumption applies only to operations in countries that carry out the boycott, so you do not need to rebut the presumption for operations that are related to those countries, but that take place outside them.

## Specific Instructions

File Schedule B (Form 5713) for the period covered by your income tax return. Report only your own taxes and income; do not include other members of any controlled groups to which you belong.

**Column (1).**—For each boycott operation enter the name of the country to which your international boycott operation relates. For example, if you have an operation in Country Z, which is not a boycotting country, and the operation relates to Country X, which is a boycotting country, enter the name of Country X. The Secretary maintains a list, under section 999(a)(3), of countries that require cooperation with an international boycott, but this list may not be all-inclusive.

**Column (2).**—For each boycott operation enter the principal business activity code. Page 4 of the Instructions for Form 5713 lists the codes.

**Column (3).**—For each boycott operation briefly describe the principal business activity.

**IC-DISCs.**—For each boycott operation enter the product code and description in parentheses. The Instructions for Schedule N of Form 1120-IC-DISC, list the codes.

**Column (4).**—For each boycott operation enter the foreign taxes that are paid, accrued, or deemed paid and are attributable to the boycott operation. These taxes are not eligible for the foreign tax credit. Omit foreign taxes otherwise disallowed under sections 901-907, 911, or 6038. For more information see Part N of the Treasury Department's International Boycott Guidelines.

Enter the column (4) total on line 2b, Schedule C (Form 5713).

**Column (5).**—For each boycott operation enter your prorated share of the controlled foreign corporation's income that is attributable to the boycott operation. (This includes your share of the section 923(a)(2) non-exempt income of a FSC.) This amount is not eligible for tax deferral. Omit the foreign corporation's income attributable to earnings and profits that are included in gross income under section 951 (except by reason of section 952(a)(3)). Also omit amounts excluded from subpart F income by section 952(b). In figuring the amount to enter in column (5), you are allowed a reasonable amount for deductions (including foreign taxes) allocable to that income.

Enter the column (5) total on line 3b, Schedule C (Form 5713).

**Column (6).**—An IC-DISC's taxable income attributable to boycott operations is not eligible for deferral. If you are a shareholder in an IC-DISC, follow these steps for each boycott operation and enter the result in column (6): Add the amount deemed distributed for the tax year under subparagraphs (A), (B), (C), (D), and (E) of section 995(b)(1). Subtract this total from the IC-DISC's taxable income attributable to the boycott operation for the tax year, before reduction for any distributions. If you are a corporation, prorate your share of the remainder and multiply by 16/17. If you are not a corporation, prorate your share of the remainder. Enter the result in column (6). Enter the column (6) total on line 4b, Schedule C (Form 5713).

**Column (7).**—A FSC's taxable income attributable to boycott participation or cooperation is not eligible for exemption from income tax. Enter in column (7) the amount of taxable income attributable to foreign trade income of a FSC that would have been exempt if there had not been boycott participation or cooperation for each boycott operation.

Enter the column (7) total on line 5b, Schedule C (Form 5713).

---

**SCHEDULE C (Form 5713)**
(Rev. January 1986)
Department of the Treasury Internal Revenue Service

# Tax Effect of the International Boycott Provisions

▶ Attach to Form 5713.
▶ For Paperwork Reduction Act Notice, see page 1 of Instructions for Form 5713.

OMB No. 1545-0216
Expires 10-31-88

Name | Taxpayer identifying number

1 Method used in computing loss of tax benefits under sections 908(a), 952(a)(3), 995(b)(1)(F)(ii) and 927(e)(2) (check one):
- a International boycott factor from Schedule A (Form 5713). See items 2a, 3a, 4a, and 5a below . . . . . . . ▶ ☐
- b Identification of specifically attributable taxes and income from Schedule B (Form 5713). See items 2b, 3b, 4b, and 5b below . ▶ ☐

2 Reduction of foreign tax credit (section 908(a)):
- a International boycott factor. Complete if you checked box 1(a) above and answered "Yes" to foreign tax credit question on line 7d, Form 5713—
  - (1) Foreign tax credit before adjustment (line 6, Part III, Schedule B, Form 1118 (Rev. Oct. 1985) (corporations); or line 5, Part IV, Form 1116 (1985) (individuals)) . . . . . . . .
  - (2) International boycott factor (from Schedule A (Form 5713), line 3) . . . . . . . . .
  - (3) Reduction of foreign tax credit (multiply line 2a(1) by line 2a(2)). Enter here and on line 7, Part III, Schedule B, Form 1118 (corporations); enter here and on line 6, Part IV, Form 1116 (individuals).
  - (4) Adjusted foreign tax credit (subtract line 2a(3) from line 2a(1)) . . . . . . . . .
- b Specifically identifying income and taxes. Complete if you checked box 1b above and answered "Yes" to foreign tax credit question on line 7d, Form 5713. Enter the amount from line 15, column (4), Schedule B (Form 5713) . . . . . . . . . . . .
  Enter the appropriate part of this amount on line 3, Part II, Schedule B, of all applicable Form(s) 1118 (corporations); or on line 4, Part III, of all applicable Form(s) 1116 (individuals).

3 Denial of deferral under subpart F (section 952(a)(3)):
- a International boycott factor. Complete if you checked box 1a above and answered "Yes" to controlled foreign corporation question on line 7b, Form 5713—
  - (1) Prorated share of total income of controlled foreign corporations (See instructions.) . . . .
  - (2) Prorated share of income attributable to earnings and profits of controlled foreign corporations included in income under sections 951(a)(1)(A)(ii), 951(a)(1)(A)(iii), 951(a)(1)(B), 952(a)(1), 952(a)(2), 952(a)(4), and 952(b) . . . . . . . . . . . .
  - (3) Subtract line 3a(2) from line 3a(1) . . . . . . . . . . .
  - (4) International boycott factor (from Schedule A (Form 5713), line 3) . . . . . .
  - (5) Prorated share of subpart F international boycott income (multiply line 3a(3) by line 3a(4)). Enter here and on line 5, Worksheet A, contained in the Instructions for Form 5471 . . . . .
- b Specifically identifying taxes and income. Complete if you checked box 1b above and answered "Yes" to controlled foreign corporation question on line 7b, Form 5713. Enter the amount from line 15, column (5), Schedule B (Form 5713). Also enter this amount on line 5, Worksheet A, contained in the Instructions for Form 5471 . . . . . . . . . . . .

4 Denial of IC-DISC benefits (section 995(b)(1)(F)(ii)):
- a International boycott factor. Complete if you checked box 1a above and answered "Yes" to IC-DISC question on line 7c, Form 5713—
  - (1) Prorated share of section 995(b)(1)(F)(i) amount (see instructions) . . . . . . .
  - (2) International boycott factor (from Schedule A (Form 5713), line 3) . . . . . .
  - (3) Prorated share of IC-DISC international boycott income (multiply line 4a(1) by line 4a(2)). (See instructions.) . . . . . . . . . .
- b Specifically identifying taxes and income. Complete if you checked box 1b above and answered "Yes" to IC-DISC question on line 7c, Form 5713. Enter amount from line 15, column (6), Schedule B (Form 5713). Also enter this amount on the appropriate line of Schedule J, Form 1120-IC-DISC . . . .





5 Denial of exemption of foreign trade income (section 927(e)(2)).
- a International boycott factor. Complete if you checked box 1a above and answered "Yes" to FSC question on line 7i, Form 5713.
  - (1) Add amount from columns (a) and (b), line 10, Schedule B (Form 1120-FSC). . . . . . . . .
  - (2) International boycott factor (from Schedule A (Form 5713), line 3) . . . . . . . . .
  - (3) Exempt foreign trade income of a FSC attributable to international boycott operations (multiply line 5a(1) by line 5a(2). Enter here and on line 1, Schedule F (Form 1120-FSC) . . . . . . . .
- b Specifically attributable taxes and income. Complete if you checked box 1b above and answered "Yes" to question on line 7i, Form 5713. Enter amount from line 15, column (7), Schedule B (Form 5713). Also enter this amount on line 1, Schedule F (Form 1120-FSC) . . . . . . . . .

## Instructions

*(Section references are to the Internal Revenue Code.)*

You do not need to complete Schedule C (Form 5713) for a partnership or an IC-DISC. You must complete it, however, if you are a partner or an IC-DISC shareholder.

**Controlled Groups.**—Unless a controlled group (described in section 993(a)(3)) files a consolidated return, each member may choose independently either to apply the international boycott factor under section 999(c)(1) or to identify specifically attributable taxes and income under section 999(c)(2). Each member must consistently use a single method to figure the loss of tax benefits.

For example, a member that chooses to use the international boycott factor must apply it to determine its loss of the section 902 indirect foreign tax credit on a dividend that another member of the controlled group paid to it, even if the other member determines its own loss of tax benefits by identifying specifically attributable taxes and income.

Thus, a person who applies the international boycott factor to one operation must apply the factor to all that tax year's operations under section 908(a), 952(a)(3), 995(b)(1)(F)(ii) or 927(e)(2).

A person who identifies specifically attributable taxes and income under section 999(c)(2) must use that method for all that tax year's operations under section 908(a), 927(e)(2), 952(a)(3), or 995(b)(1)(F).

An IC-DISC whose tax year differs from the common taxable year of the controlled group of which it is a member does not need to amend its return to show on Schedule J (Form 1120-IC-DISC) the amount of IC-DISC benefits lost because of boycott participation. Since the IC-DISC benefits are lost at the shareholder level, the shareholder must include in income the prorated share of income attributable to boycott operations shown on line 4a(3).

**Line 3a(1).**—Enter your share of the income of the controlled foreign corporation on line 3a(1).

Non-exempt foreign trade income of a foreign sales corporation (FSC) that was computed without regard to the administrative pricing rules is subject to the subpart F rules. Enter your share of these types of income on line 3a(1).

**Line 4a(1).**—Prorated share of section 995(b)(1)(F)(i) amount.—A noncorporate shareholder enters its share of the earnings and profits of the IC-DISC reduced by its share of the distributions under sections 995(b)(1)(A), (B), (C), (D), and (E) on line 4a(1). A corporate shareholder takes its share of the earnings and profits of the IC-DISC and reduces it by the distributions under sections 995(b)(1)(A), (B), (C), (D), and (E). It multiplies this amount by 16/17 and enters the result on line 4a(1).

☆ U.S.G.P.O. 1986-491-471/20079

Form **5735** (Rev. October 1986) Department of the Treasury Internal Revenue Service

# Computation of Possessions Corporation Tax Credit Allowed Under Section 936

► Attach to your tax return

OMB No. 1545-0217 Expires 9-30-89

For calendar year 19____ or other tax year beginning ____________, 19____, and ending ____________, 19____

Name | Employer identification number

**Part I Gross Income in Applicable Period**

| Tax year (Use a separate line for each tax year ending with or within your applicable period. Start with the earliest such tax year. See instruction B.) Beginning (a) | Ending (b) | Name of U.S. possession in which trade or business was actively conducted (c) | Periods in which trade or business was actively conducted in a U.S. possession (Date: mo., day, yr.) From (d) | To (e) |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

Gross income during periods shown in columns (d) and (e)

| Gross income from the active conduct of a trade or business in a U.S. possession: From sources in U.S. possessions (f) | From all other sources outside the U.S. (g) | From sources in the U.S. (h) | Gross qualified possession source investment income (i) | All other gross income: From sources in U.S. possessions (j) | From all other sources outside the U.S. (k) | From sources in the U.S. (l) |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Totals | | | | | | |

1 Total gross income in applicable period (add totals of columns (f) through (l)) . . . . . 1

2 Gross income in applicable period from sources in U.S. possessions (add total of columns (f), (i), and (j)) . . 2

3 Divide line 2 by line 1 (if less than 80%, do not complete Parts II and III) . . . . . 3

4 Gross income from the active conduct of a trade or business in a U.S. possession (total of columns (f), (g), and (h)) . . 4

5 Divide line 4 by line 1 (if less than 65% (75% for tax years beginning after 1986), do not complete Parts II and III) . . 5

**Part II Computing the Possessions Corporation Tax Credit**

6 Qualified gross income in current year

(a) From sources outside the U.S. from the active conduct of a trade or business in a U.S. possession (see instructions) . . . . . 6(a)

(b) From sources outside the U.S. from the sale or exchange of substantially all assets used in a possessions trade or business . . . . . 6(b)

(c) Gross qualified possession source investment income . . . . . 6(c)

(d) Amounts received in the U.S. . . . . . 6(d)

(e) Intangible property income subject to section 936(h)(2) . . . . . 6(e)

(f) Other intangible property income (see instructions) . . . . . 6(f)

(g) Add lines 6(a), 6(b), and 6(c) . . . . . 6(g)

(h) Add lines 6(d), 6(e), and 6(f) . . . . . 6(h)

(i) Subtract line 6(h) from 6(g) . . . . . 6(i)

7 Applicable deductions (attach schedule)

(a) Cost sharing amount (see instructions) . . . . . 7(a)

(b) Definitely allocable deductions (see instructions) . . . . . 7(b)

(c) Ratable part of deductions not definitely allocable . . . . . 7(c)

(d) Total (add lines 7(a), 7(b), and 7(c)) . . . . . 7(d)

8 Qualified taxable income before loss adjustments (line 6(i) less line 7(d)). If loss, do not complete below . . 8

9 Loss adjustments (attach schedule)

(a) Current year losses from nonqualified sources (see instructions) . . . . . 9(a)

(b) Recapture of prior year overall foreign losses (see instructions) . . . . . 9(b)

(c) Net capital loss or short term capital loss adjustment (see instructions) . . . . . 9(c)

(d) Total (add lines 9(a), 9(b), and 9(c)) . . . . . 9(d)

10 Qualified taxable income (subtract line 9(d) from line 8) . . . . . 10

11 Total taxable income from all sources (enter taxable income from your tax return) . . . . . 11

12 Adjustments to taxable income from all sources (see instructions) . . . . . 12

13 Subtract line 12 from line 11 . . . . . 13

14 Divide line 10 by line 13 . . . . . 14

15 Total U.S. income tax against which section 936 credit is allowed (see instruction C) . . . . . 15

16 Section 936 credit (multiply line 14 by line 15). Enter here and on your tax return . . . ► 16

For Paperwork Reduction Act Notice, see Instructions on back. Form **5735** (Rev. 10-86)

---

Form 5735 (Rev. 10-86) Page **2**

**Part III Summary From Schedule P (see instructions)**

17 Enter the total sales of possession products to which each income method applies:

(a) Cost sharing method . . . . . 17(a)

(b) Profit split method . . . . . 17(b)

18 Enter the total sales of possession products which qualify under each business presence test:

(a) Direct labor test . . . . . 18(a)

(b) Value-added test . . . . . 18(b)

(c) Alternative test . . . . . 18(c)

(d) Start-up test . . . . . 18(d)

(e) None of the above . . . . . 18(e)

## Instructions

(Section references are to the Internal Revenue Code, unless otherwise noted)

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Other Forms That May Be Required.**—Use Form 5712-A, Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5), to elect the cost sharing or profit split method of computing taxable income for these types of income. Form 5712-A is also used to show how possessions corporations satisfied the "significant business presence test." This test must be met before the possessions corporation can use either the cost sharing or profit split method. See section 936(h)(5) and the related regulations for rules concerning the treatment of intangible and other income.

### General Instructions

**A. Purpose of Form.**—A domestic corporation that has elected to be treated as a possessions corporation must attach Form 5735 to its income tax return for each year that the election is in effect. Complete Form 5735 to figure the possessions corporation tax credit under section 936. The credit is allowed against income tax imposed by Chapter 1. Puerto Rico is a U.S. possession for purposes of this credit, and for tax years beginning after 1986, the Virgin Islands are also considered a possession.

**B. Qualifying for the Credit.**—To qualify for the possessions tax credit, a corporation must:

(1) have filed a valid Form 5712, Election to be Treated as a Possessions Corporation Under Section 936;

(2) have derived 80% or more of its gross income from sources in a U.S. possession during the applicable period immediately before the tax year ended; and

(3) have derived 65% (75% for tax years beginning after 1986) or more of its gross income from the active conduct of a trade or business in a U.S. possession during the applicable period immediately before the tax year ended.

The "applicable period" is generally the shorter of 36 months or the period when the corporation actively conducted a trade or business in a U.S. possession.

**C. Restrictions.**—A corporation is ineligible to take the possessions tax credit for any tax year it is a DISC or former DISC, or for any tax year in which it owns stock in a DISC or FSC or former DISC or former FSC (section 936(f)).

The credit is not allowed against the following taxes:

- minimum tax on tax preference items (section 56) for tax years beginning before 1987
- tax on accumulated earnings (section 531)
- personal holding company tax (section 541)
- additional tax for recovery of foreign expropriation losses (section 1351)
- tax increase on the early disposition of investment credit property (section 47)
- tax on certain capital gains of S corporations (section 1374)

**D. Where To File.**—Attach Form 5735 to your income tax return and file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

### Specific Instructions

Follow sections 638, 861-864, and 936 to determine if the source of gross income, deductions, and taxable income is in or outside the U.S. or in a U.S. possession. If you receive any income in the U.S., regardless of its source, do not include it as income from sources outside the U.S. For tax years beginning after 1986, amounts received in the U.S. may be considered sourced outside the U.S. if the amounts are from sources outside the U.S. and received from an unrelated person in the active conduct of a trade or business (section 936(b)).

You cannot take a deduction or foreign tax credit for taxes you paid or accrued to a foreign country or U.S. possession if any of the income on which those taxes were paid or accrued is used in computing the possessions corporation tax credit.

### Part I

**Column (f).**—Enter the gross income from the active conduct of a trade or business in a U.S. possession which is from sources in U.S. possessions. Include amount(s) reported on line 6 of Part II of Schedule(s) P.

**Column (i).**—Enter gross qualified possession source investment income in column (i). Subject to conditions set forth in regulations, certain investments in a financial institution for tax years beginning after 1986 shall be considered investments for use in Puerto Rico. These investments must be made in financial institutions for investments consistent with the goals of the Caribbean Basin Economic Recovery Act, and must either be invested in active business assets in a qualified Caribbean Basin country or invested in development projects in a qualified Caribbean Basin country, and the investment must be authorized by the Government Development Bank of Puerto Rico. See section 936(d)(4).

### Part II

**Line 6(a).**—Include amount(s) reported on line 6 of Part II of Schedule(s) P.

**Line 6(b).**—Include gross income that came from sources outside the U.S. from selling or exchanging substantially all the assets the possessions corporation used in the active conduct of its trade or business.

**Line 6(f).**—Enter the amount of marketing intangible property income which is associated with any product(s) subject to the cost sharing method and which is not included in the gross income of a shareholder because such a shareholder is a foreign person or a tax-exempt U.S. person. See regulations section 1.936-6(a)(5).

**Line 7(a).**—Include the sum of all cost sharing amounts entered on line 7 of Part I of Schedule(s) P if the cost sharing method applies.

**Line 7(b).**—Include all amounts entered on line 7 of Part II of Schedule(s) P. Also include the reduction for the "rate differential portion" (as defined in section 904(b)(3)(F)) of any net capital gain that comes from a foreign source and is included on line 6(i). Also include the corporation's other definitely allocable deductions.

**Line 7(c).**—Enter on line 7(c) the ratable part of deductions that cannot be definitely allocated to qualified income. To obtain this figure, reduce the deductions by the amount entered on line 7(b). Multiply this result by the amount obtained when you divide the amount entered on line 6(i) by the gross income on your income tax return.

**Line 9(a).**—If you sustain a loss for the current year in the U.S. or on any type of income for which a separate foreign tax credit limit applies, allocate the loss to possessions income that qualifies for the credit in proportion to the ratio of that income to total taxable income, excluding the loss.

**Line 9(b).**—If you sustain an overall foreign loss in any year, the loss is recaptured in later tax years by treating part of your taxable income from sources outside the U.S. as income from sources in the U.S. (section 904(f)).

**Line 9(c).**—To the extent any net capital loss or short-term capital loss from sources outside the U.S. is used to determine capital gain net income, it is also used to reduce income against which the credit is allowed. First, however, decrease the loss by the "rate differential portion" of the excess of net capital gain from nonqualified sources over net capital gain. Enter on line 9(c) the amount by which the loss reduces the corporation's income that qualifies for the credit. Attach your computation.

**Line 12.**—If line 11 includes income from selling or exchanging capital assets, include the reduction for the "rate differential portion" of net capital gain.

### Part III

You are not required to complete Part III if you have attached fewer than 10 Schedules P. Part III information will not affect your tax liability, but failure to complete this part, if you are required to do so, will delay the processing of your Form 5735.

**Line 17.**—Enter on line 17(a) the sum of sales of possession products (as reported on line 2 of Part I of Schedule(s) P) subject to the cost sharing method. Enter on line 17(b) the sum of sales of possession products (as reported on line 2 of Part 1 of Schedule(s) P) subject to the profit split method.

**Line 18.**—Enter on lines 18(a) through 18(e) the sum of sales of possession products (as reported on line 2 of Part I of Schedule(s) P) which have met the listed business presence test. Total sales included on lines 18(a) through 18(e) should equal the total of lines 17(a) and 17(b).

**Minimum Tax.**—For tax years beginning after 1986, the minimum tax applies only to income not qualified for the possessions corporation tax credit, therefore, the credit may not be used against the minimum tax.

---

**SCHEDULE P (Form 5735)** Rev. October 1986) Department of the Treasury Internal Revenue Service

# Allocation of Income and Expenses Under Section 936(h)(5)

► Attach to Form 5735

OMB No. 1545-0217 Expires 9-30-89

Attach a separate Schedule P for each product to which the cost sharing or profit split method under section 936(h)(5) applies.

Name as shown on Form 5735 | Employer identification number

Identify the product reported on this schedule. (See regulations section 1.936-5(a).) ► ....................

**Part I To be completed by all taxpayers**

1 Product area research (see instructions) . . . . . 1

2 Sales of the possession product (see instructions) . . . . . 2

3 Sales of all products in the product area (see instructions) . . . . . 3

4 Cost sharing fraction (divide line 2 by line 3) . . . . . 4

5 Gross cost sharing amount (multiply line 1 by line 4) . . . . . 5

6 Reductions (see instructions) . . . . . 6

7 Net cost sharing amount (subtract line 6 from line 5). Enter here. If the cost sharing method applies, also include on line 7(a) of Part II of Form 5735 and on line 26, page 1, Form 1120 of the possessions corporation . . 7

**Part II To be completed for profit split method only**

Combined Taxable Income from the Possession Product:

1 Combined gross receipts . . . . . 1

2 Combined cost of goods sold

(a) Inventory at beginning of year . . . . . 2(a)

(b) Merchandise bought for manufacture . . . . . 2(b)

(c) Salaries and wages allocable or apportionable to the product . . . . . 2(c)

(d) Other costs (attach schedule) . . . . . 2(d)

(e) Total (add lines 2(a) through 2(d)) . . . . . 2(e)

(f) Inventory at end of year . . . . . 2(f)

(g) Cost of goods sold (subtract line 2(f) from line 2(e)) . . . . . 2(g)

3 Combined gross income (subtract line 2(g) from line 1) . . . . . 3

4 Other combined expenses allocable or apportionable to the product

(a) Marketing . . . . . 4(a)

(b) Cost sharing amount from line 5, Part I . . . . . 4(b)

(c) Research and development expenses . . . . . 4(c)

(d) Enter the greater of line 4(b) or 4(c) . . . . . 4(d)

(e) Other deductions (attach schedule) . . . . . 4(e)

(f) Total (add lines 4(a), 4(d), and 4(e)) . . . . . 4(f)

5 Combined taxable income (subtract line 4(f) from line 3) . . . . . 5

6 Possessions corporation's gross income from the product (50% of line 3). Enter here and include in column (f) of Part I of Form 5735, and on line 6(a) of Part II of Form 5735 . . . . . 6

7 Possessions corporation's applicable deductions (50% of line 4(f)). Enter here and include on line 7(b) of Part II of Form 5735 . . . . . 7

8 Possessions corporation's taxable income from the product (50% of line 5). Enter here and include on line 10, page 1, Form 1120 of the possessions corporation . . . . . 8

**Part III To be completed for profit split method only**

1 Adjustment to research deduction. Enter line 4(b) minus line 4(c) of Part II, but not less than zero . . . . . 1

2 Enter line 5 of Part II . . . . . 2

3 Enter line 8 of Part II . . . . . 3

4 Combined taxable income to be allocated below to U.S. affiliates (Line 1 plus line 2 minus line 3) . . . . . 4

**Schedule of affiliates' shares of combined taxable income reported on line 4 of Part III.**

| (a) Name of affiliate | (b) Identifying number | (c) Amount of share. Enter here and include on line 10, page 1, Form 1120 of the appropriate affiliate. |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

For Paperwork Reduction Act Notice, see back of form. **Schedule P (Form 5735) (Rev. 10-86)**

---

Schedule P (Form 5735) (Rev. 10-86) Page **2**

**Part IV To be completed for cost sharing method only**

**Schedule of affiliates' shares of cost sharing amount and marketing intangible income**

| (a) Name of affiliate | (b) Identifying number | (c) Share of cost sharing amount. Enter here and reduce line 26, page 1, Form 1120 of the appropriate affiliate by this amount. | (d) Share of marketing intangible income. Enter here and include on line 10, page 1, Form 1120 of the appropriate affiliate. |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

## Instructions

*(Section references are to the Internal Revenue Code, unless otherwise noted.)*

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Purpose of Schedule.**—Schedule P must be attached to Form 5735 by a possessions corporation which has elected to use either the cost sharing method or the profit split method of computing taxable income under section 936(h)(5).

A separate Schedule P must be filed for each product to which the cost sharing method or profit split method under section 936(h)(5) applies. If you have elected a different method for export sales than for domestic sales of the possession product, two Schedules P must be filed for that product. All taxpayers must complete Part I. Complete Parts II and III if the profit split method applies to the product. Complete Part IV if the cost sharing method applies to the product.

### Part I

**Line 1.**—Enter the amount of product area research expenditures incurred by the possessions corporation and all other members, including foreign persons, of the affiliated group within the meaning of section 482. Product area research includes expenditures deductible under section 174; qualified research expenses within the meaning of section 41(b); and certain other expenditures. See regulations section 1.936-6(a)(1).

**Line 2.**—Enter the total sales or other dispositions of the possession product by the affiliated group to persons who are not members of the affiliated group. See regulations section 1.936-6(a)(2).

**Line 3.**—Enter the total sales or other dispositions of all products in the product area by the affiliated group to persons who are not members of the affiliated group.

**Line 6.**—Enter the amount of product area research expenditures paid or accrued solely by the possessions corporation. However, do not include amounts paid or accrued to or on behalf of related persons and amounts paid or accrued under any cost sharing arrangement with a related person.

### Part II

Use this Part to compute the combined taxable income of the possessions corporation and its U.S. affiliates derived from the possession product.

**Line 1.**—Enter the combined gross receipts from the sale or other disposition of the possession product by the possessions corporation and its U.S. affiliates to unrelated persons or foreign affiliates.

**Line 2.**—Enter the sum of the costs of goods sold of the possessions corporation and of its U.S. affiliates which are attributable to the possession product.

**Line 4.**—Enter the sum of the expenses incurred by the possessions corporation and by its U.S. affiliates which are allocable or apportionable to the possession product.

**Note:** *Possessions corporations should enter the amount from line 8, Part II, on line 10, page 1, of the Form 1120 that they file. Each U.S. affiliate should enter the amount from column (c), Part III, Schedule P (Form 5735) on line 10, page 1, of the Form 1120 that it files. Since these are net amounts, neither the possessions corporation nor the U.S. affiliate should adjust any gross receipts line (line 1, page 1, Form 1120), any cost of goods sold line (line 2, page 1, Form 1120), or any other deduction line (lines 12 through 26, page 1, Form 1120). If, however, the specific identification of any of these items is needed for other computations (such as the foreign tax credit), the corporation should make the necessary identification.*

### Part III

The amount on line 4 will be allocated to the members of the affiliated group in accordance with regulations section 1.936-6(b)(1). The total of column (c) should equal the amount entered on line 4, Part III.

### Part IV

Enter in column (c), Part IV, the share of the cost sharing amount (computed in line 7 of Part I) which is allocated to each of the members of the affiliated group in accordance with regulations section 1.936-6(a)(5). Also use column (d), Part IV, to enter the share of marketing intangible income which is allocated to each of the members of the affiliated group in accordance with regulations section 1.936-6(a)(5).

### Form 5712-A

A possessions corporation must establish that it has a significant business presence in a possession with respect to a product before it can use the cost sharing or profit split method of computing taxable income for that product. The possessions corporation must complete Form 5712-A, Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5), and attach it to Schedule P (Form 5735) for each product for which the cost sharing or profit split method is elected.

**Cost Sharing Method for Tax Years Beginning After 1986**

The computation of the cost sharing amount has changed for tax years beginning after 1986. To compute the cost sharing amount that the affiliates of the possessions corporations must include in income, multiply the amount on line 7, Part I, by 110%. Then allocate the result among the affiliates and enter the amounts in column (c), Part IV, Schedule P (Form 5735). The cost sharing amount for certain intangibles cannot be less than the amount of a royalty paid to an unrelated person under the rules of section 367(d) or section 482.

**Profit Split Method for Tax Years Beginning After 1986**

The computation of the profit split method amount has changed for tax years beginning after 1986. When computing the floor for the research and development expenses on line 4(b), Part II, Schedule P (Form 5735) enter an amount equal to 120% of the cost sharing amount on line 5, Part I, without regard to royalties paid under section 367(d) or section 482.

☆ U.S. Government Printing Office: 1986—181-447/40017

**Form 8804** (September 1989) Department of the Treasury Internal Revenue Service

## Annual Return for Partnership Withholding Tax (Section 1446)

▶ See separate Instructions for Forms 8804, 8805, and 8813.
▶ Attach Form(s) 8805.

OMB No. 1545-1119 Expires 7-31-92

For calendar year 19 , or other tax year beginning , 19 , ending , 19

Check this box if the partnership consisted entirely of nonresident alien partners during the tax year ▶ ☐

**Part I Partnership**

1a Partnership's name, address (number and street), city, state, and ZIP code (If a foreign address, see the Instructions.)

b Employer identification number

| For IRS Use Only | |
|---|---|
| CC | FD |
| RC | FF |
| CAF | FP |
| CR | I |
| EDC | |

**Part II Withholding Agent**

2a Name of withholding agent (if partnership is also the withholding agent, enter "SAME" and do not complete lines 2b–d)

b Withholding agent's U.S. identifying number

c Address (number and street)

d City, state, and ZIP code

**Part III Section 1446 Tax Liability and Payments**

3a Enter number of noncorporate foreign partners. ______

b Enter number of corporate foreign partners: ______

4 Total effectively connected taxable income allocable to:

a Noncorporate foreign partners $ ______ × .28 . . . 4a

b Corporate foreign partners $ ______ × .34 . . . 4b

5 Total section 1446 tax owed (add lines 4a and 4b) . . . 5

6a Payments of section 1446 tax made by the partnership on line 1 during its tax year or with a request for an extension.

| Date | Amount | Date | Amount |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

b Total payments made (add the amount columns in 6a) . . . 6b

c Section 1446 tax paid or withheld by another partnership in which the partnership on line 1 was a partner during the tax year (attach Form(s) 1042S or 8805) . . . 6c

d Section 1445(a) tax withheld from the partnership on line 1 during the tax year with respect to a disposition of a U.S. real property interest by that partnership (attach Form(s) 1042S or 8288-A) . . . 6d

e Section 1445(e)(1) tax withheld by the partnership (see Instructions) . . 6e

f Estimated tax paid by the partnership on behalf of foreign partners without using Rev. Proc. 88-21 reporting rules . . . 6f

7 Total payments (add lines 6b through 6f) . . . 7

8 If line 5 is larger than line 7, enter **BALANCE DUE** (enter zero if line 7 is larger than or equal to line 5). Attach a check or money order for the full amount payable to "Internal Revenue Service." Write the partnership's employer identification number, tax year, and "Form 8804" on it . . . 8

**Please Sign Here** — Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or withholding agent) is based on all information of which preparer has any knowledge.

▶ Signature of general partner or withholding agent — Title — Date

**Paid Preparer's Use Only** — Preparer's signature ▶ — Date — Check if self-employed ☐ — Preparer's social security no.

Firm's name (or yours if self-employed) and address ▶ — E.I. No. — ZIP code

**For Paperwork Reduction Act Notice, see separate Instructions for Forms 8804, 8805, and 8813.** Form **8804** (9-89)

**Form 8805** (September 1989) Department of the Treasury Internal Revenue Service

## Foreign Partner's Information Statement of Section 1446 Withholding Tax

▶ See separate Instructions for Forms 8804, 8805, and 8813. ▶ Attach to Form 8804.

OMB No. 1545-1119 Expires 7-31-92

**Copy A** for Internal Revenue Service

For partnership's calendar year 19 , or other tax year beginning , 19 , ending , 19

1 Foreign partner's name, address (number and street), city, province or state, postal code, and country

5 Partnership's name, address (number and street), city, state, and ZIP code (If a foreign address, see the Instructions.)

2a U.S. identifying number of foreign partner subject to withholding

6 Partnership's U.S. employer identification number

b Account number assigned by partnership (if any)

7a Withholding agent's name (if partnership is also the withholding agent, enter "SAME" and do not complete line 7b)

3 Type of partner: ☐ Individual ☐ Corporation ☐ Partnership ☐ Other (specify) ▶

4 Country code of partner (see listing of codes in the Instructions)

b Withholding agent's U.S. identifying number

8a Check if the partnership identified on line 5 owns an interest in one or more partnerships . . . ☐

b Check if the partnership income is exempt from U.S. tax with respect to this partner . . . ☐

9 Partnership's effectively connected taxable income allocable to partner for the tax year . . . 9

10 Enter the applicable tax rate—.28 (noncorporate partner) or .34 (corporate partner) . . . 10

11 Tentative section 1446 tax liability (multiply line 9 by line 10) . . . 11

12a Allocable share of total section 1445(a) tax withheld on a disposition of a U.S. real property interest by the partnership on line 5 during the partnership's tax year . 12a

b Allocable share of section 1445(e)(1) tax withheld . . . 12b

c Estimated tax paid by the partnership on behalf of this partner without using Rev. Proc. 88-21 reporting rules . . . 12c

d Total allocable share of section 1445/1446 withholding (add lines 12a through 12c) . . . 12d

13 Net section 1446 liability (subtract line 12d from line 11) . . . 13

14a Section 1446 tax payments (by the partnership) allocable to partner:

| Date | Amount | Date | Amount |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

b Total section 1446 tax payments allocable to partner (add the amount columns in line 14a) . . . 14b

c Allocable share of section 1446 tax paid or withheld by another partnership in which the partnership on line 5 was a partner during the tax year . . . 14c

d Allocable share of section 1446 payment made by the partnership with Form 8804 . . . 14d

15 Total tax creditable by partner under section 1446 (add lines 14b through 14d) (**Individual and corporate partners: Claim this amount as a credit against your U.S. income tax on Form 1040NR or 1120F.**) . . . 15

**For Paperwork Reduction Act Notice, see separate Instructions for Forms 8804, 8805, and 8813.** Form **8805** (9-89)

**Form 8813** (September 1989) Department of the Treasury Internal Revenue Service

## Partnership Withholding Tax Payment (Section 1446)

▶ See separate Instructions for Forms 8804, 8805, and 8813.

OMB No. 1545-1119 Expires 7-31-92

For calendar year 19 , or other tax year beginning , 19 , ending , 19

1 PARTNERSHIP'S name, address, and ZIP code (If a foreign address, see the Instructions.)

2 Partnership's U.S. employer identification number

3 Amount of this payment . . . 3

**For Paperwork Reduction Act Notice, see separate Instructions for Forms 8804, 8805, and 8813.** Form **8813** (9-89)

Department of the Treasury
**Internal Revenue Service**

# Instructions for Forms 8804, 8805, and 8813

(September 1989)

*(Section references are to the Internal Revenue Code unless otherwise noted.)*

**Paperwork Reduction Act Notice.**— We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are:

| Form | 8804 | 8805 | 8813 |
|---|---|---|---|
| **Recordkeeping** | 1 hr., 12 min. | 1 hr., 12 min. | 26 min. |
| **Learning about the law or the form** | 55 min. | 56 min. | 48 min. |
| **Preparing the form** | 26 min. | 31 min. | 31 min. |
| **Copying, assembling, and sending the form to IRS** | 20 min. | 17 min. | 10 min. |

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T FP; or the **Office of Management and Budget**, Paperwork Reduction Project (1545 1119), Washington, DC 20503.

## General Instructions

### A. Purpose of Forms

Forms 8804, 8805, and 8813 are to be used to pay and report only the section 1446 withholding tax that is based on effectively connected taxable income allocable to foreign partners, without regard to distributions.

**1. Form 8804**, Annual Return for Partnership Withholding Tax (Section 1446), is used to report the total liability under section 1446 for the partnership's tax year. Form 8804 is also a transmittal form for Form(s) 8805.

**2. Form 8805**, Foreign Partner's Information Statement of Section 1446 Withholding Tax, is used to show the amount of effectively connected taxable income and the tax payments allocable to the foreign partner for the partnership's tax year.

A separate Form 8805 must be filed for each foreign partner. A copy of each Form 8805 must be attached to the Form 8804 filed with IRS.

A foreign partner must attach Form 8805 to its U.S. income tax return to claim a credit for its share of the section 1446 tax withheld by the partnership. A foreign partnership that receives Form 8805 should see Instruction N. Any U.S. person that was erroneously made subject to the withholding tax would also receive Form 8805 from a partnership and should attach Form 8805 to its income tax return.

**3. Form 8813**, Partnership Withholding Tax Payment (Section 1446), is used to make payment to the Internal Revenue Service of withholding tax under section 1446. Each payment of section 1446 tax made during the partnership's tax year must be accompanied by Form 8813.

### B. Who Must File

Forms 8804 and 8805 must be filed by a U.S. or foreign partnership, or any person properly designated by such a partnership, in any tax year beginning after December 31, 1987, in which it has effectively connected gross income and foreign partners. These forms are to be filed without regard to whether the partnership is required to withhold tax under section 1446.

A publicly traded partnership must file these forms only if it is electing, or has elected, to pay section 1446 withholding tax based on effectively connected taxable income allocable to its foreign partners, instead of withholding the tax on distributions to its foreign partners (see Instruction M). A publicly traded partnership that does not make this election must not use Forms 8804, 8805, and 8813; instead, under the general rule applicable to publicly traded partnerships, it must: (1) withhold on distributions to its foreign partners, (2) comply with the regulations under section 1461 and Regulations section 1 6302-2, and (3) use **Forms 1042 and 1042S**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons; and Foreign Person's U.S. Source Income Subject to Withholding.

### C. When To File

**Forms 8804 and 8805**—Generally, file on or before the 15th day of the fourth month following the close of the tax year of the partnership, except that a partnership consisting entirely of nonresident alien partners is to file on or before the 15th day of the sixth month following the close of the tax year of the partnership. If you need more time, you may file **Form 2758**, Application for Extension of Time To File, to request an extension of time to file Form 8804. However, Form 2758 does not extend the time for payment of tax.

**Form 8813**—File on or before the 15th day of the fourth, sixth, ninth, and twelfth months of the partnership's tax year for U.S. income tax purposes.

**Note:** *See Rev. Proc. 89-31, 1989-20 I.R.B. 136, for reporting requirements in effect prior to the release of Forms 8804, 8805, and 8813.*

### D. Where To File

File Forms 8804, 8805, and 8813 with the Internal Revenue Service Center, P.O. Box 21086, Philadelphia, PA 19114.

### E. Requirement To Make Withholding Tax Payments

For tax years beginning after December 31, 1987, a foreign or domestic partnership that has effectively connected taxable income allocable to a foreign partner must pay a withholding tax equal to the applicable percentage (see Instruction I.1.c) of the effectively connected taxable income that is allocable to its foreign partners. However, this requirement does not apply to a partnership treated as a corporation under the general rule of section 7704(a). See Instruction H for a definition of "effectively connected taxable income."

### F. Withholding Agents

Section 1446 generally requires a partnership to pay a withholding tax with respect to effectively connected taxable income allocable to its foreign partners. A partnership that is required to pay such tax, but fails to do so, may be held liable for the payment of the tax, any applicable penalties, and interest. See Instruction K. The general partners are jointly and severally liable as withholding agents for the partnership. For ease of reference, these instructions refer to various requirements applicable to withholding agents as requirements applicable to partnerships themselves.

### G. Determination of Whether a Partner Is a Foreign Person

**1. In general.**—A partnership must determine whether any partner is a foreign person subject to section 1446. For purposes of section 1446, a foreign person is a nonresident alien individual, foreign corporation, foreign partnership, or foreign trust or estate. A partnership may determine a partner's status by relying upon a certification of non-foreign status (see Instruction G.2) or by any other means (see Instruction G.3).

**2. Certification of non-foreign status.**—

**a. In general.**—A partnership can determine that a partner is not a foreign person by obtaining a certification of non-foreign status from the partner. A partnership that has obtained such a certification may rely upon it to establish the non-foreign status of a partner. See "Effect of certification," below.

**b. Effect of certification.**—A partnership that has obtained a certification of non-foreign status in accordance with the rules in these instructions may rely upon the certification to determine that the partner is not subject to withholding, but only if the partnership does not have actual knowledge that the certification is false. If a partnership relies in good faith upon a certification, but it is subsequently determined that the certification was false, the partnership will not be subject to the liability discussed in Instruction F for failure to pay the withholding tax under section 1446. A certification that satisfies the requirements of these instructions will also satisfy the requirements for a certificate of non-foreign status under section 1445.

If a partnership has actual knowledge that a certification of non-foreign status is false, it will not be entitled to rely on that certification at any time after obtaining that knowledge. For this purpose, the knowledge of any general partner will be imputed to the partnership to give rise to a withholding liability under Instruction F. The knowledge of one of its limited partners will not be imputed to a partnership based solely upon that partner's status as a limited partner. Also, the partnership will be liable under section 1461 for any failure to pay the withholding tax under section 1446 for the tax year in which it obtained knowledge that a certification of non-foreign status is false. However, the partnership will not be liable for penalties for failure to make timely payments of installments of section 1446 withholding tax that were due prior to the time it obtained knowledge that a certification was false.

**c. Duration of certification.**—A partnership may rely on a partner's certification of non-foreign status until the earliest of:

1. the end of the third year after the tax year of the partnership during which the certification was obtained;

2. the date the partnership receives notice from the partner that it has become a foreign person; **OR**

3. the date the partnership has actual knowledge that the partner is, or has become, a foreign person.

**d. Form of certification.**—No particular form is required for certification of non-foreign status, nor is any particular language required. However, the certification must.

1. state that the partner is not a foreign person;

2. set forth the partner's name, U.S. taxpayer identifying number, and home address (in the case of an individual) or office address (in the case of an entity);

3. provide that the partner will notify the partnership within 60 days of a change to foreign status; **AND**

4. be signed under penalties of perjury.

An individual's identifying number is the individual's social security number (or such other taxpayer identification number as may have been assigned to a foreign individual by the IRS). Any other person's identifying number is its U.S. employer identification number. A certification of non-foreign status must be verified as true and signed under penalties of perjury by a responsible corporate officer in the case of a corporation, by a general partner in the case of a partnership, and by a trustee, executor, or equivalent fiduciary in the case of a trust or estate. A certification of non-foreign status may also be signed by a person authorized under a power of attorney in proper form executed by the partner, provided the power of attorney accompanies the certification.

**e. Certifications under section 1445.**—During a partnership's tax year beginning before July 1, 1989, but not thereafter, the partnership may, except as provided in this instruction, rely on a certification of non-foreign status provided by a partner under section 1445 and Regulations section 1.1445-2 or 1.1445-5.

For the purposes of section 1446 a partnership may not rely upon a certification of non-foreign status given by a foreign corporation that has based the certification on an election under section 897(i).

**f. Retention of certifications.**—A partnership must retain a certification of non-foreign status until the end of the fifth tax year after the last tax year in which the partnership relied upon the certification.

**g. Special rule for widely held partnerships.**—In addition to relying on a certification of non-foreign status, a widely held partnership (a partnership that has more than 200 partners, including a publicly traded partnership), that seeks to determine whether or not any of its partners are foreign persons may rely on the information provided to it by partners on a **Form 1001**, Ownership, Exemption, or Reduced Rate Certificate; **Form W-8**, Certificate of Foreign Status; or **Form W-9**, Request for Taxpayer Identification Number and Certification. In addition, a widely held partnership may rely on a certification under penalties of perjury from a nominee about the non-foreign status of partners owning partnership interests through the nominee. No particular form is required for a certification from a nominee, but the certification should identify the partner for whom the certification is made, and indicate the basis for the certification. In making such a certification a nominee may also rely on a certification of non-foreign status provided by a foreign partner under the rules of Instruction G.2, or may rely on information provided to it on Form 1001, Form W-8, or Form W-9. A nominee and a partnership may not rely on any of those forms after the date that such forms must be re-executed, nor on a certification of non-foreign status based upon an election under section 897(i).

A partnership that is permitted to rely on a certification of non-foreign status and the alternative forms of information (Form 1001, W-8, or W-9) in determining non-foreign status, and that relies in good faith on any of those shall not be subject to the liability imposed by Instruction F for a failure to withhold under section 1446. However, a partnership that has actual knowledge of the falsity of any of these forms of information shall not be entitled to rely on that form of information any time after obtaining that knowledge, and the partnership shall be liable under section 1461 for any failure to pay the withholding tax under section 1446 for the tax year in which it obtained that knowledge. The partnership will not be liable for penalties for failure to make timely payments of installments of the section 1446 withholding tax that were due prior to the time it obtained knowledge that the information on which it was entitled to rely was false. In the case of a widely held partnership, the documentation used to determine the non-foreign status of a partner must be retained until the end of the fifth tax year following the last tax year in which the partnership properly relied on the documentation.

**3. Use of means other than certification.**—A partnership is not required to obtain a certification of non-foreign status under the rules of Instruction G.2, but may instead rely on other means to ascertain the non-foreign status of the partner. If, however, the partnership relies on other means not specified in Instruction G.2, and erroneously determines that the partner was not a foreign person, then the partnership will be subjected to the liability described in Instruction F. A partnership is not required to rely on other means to determine the non-foreign status of a partner and may demand a certification of non-foreign status.

### H. Effectively Connected Taxable Income

**1. In general.**—The term "effectively connected taxable income" means the excess of the gross income of the partnership that is effectively connected, under the principles of section 864, or treated as effectively connected with the conduct of a trade or business in the United States, over the allowable deductions that are connected to such income. This income is to be computed with the following adjustments:

a. paragraph (1) of section 703(a) shall not apply;

b. the partnership shall be allowed a deduction for depletion with respect to oil and gas wells, but the amount of such deduction shall be determined without regard to sections 613 and 613A;



c. there shall not be taken into account any item of income, gain, loss, or deduction to the extent allocable to any partner that is not a foreign partner; **AND**

d. a partnership shall not take into account net operating loss carryovers and charitable contributions.

A partnership's effectively connected taxable income includes partnership income subject to a partner's election under section 871(d) or 882(d) (election to treat real property income as income connected with a United States business). It also includes any partnership income treated as effectively connected with the conduct of a U.S. trade or business pursuant to section 897 (disposition of investment in United States real property), and other items of partnership income treated as effectively connected under other provisions of the Internal Revenue Code, without regard to whether those amounts are taxable to the partner.

**2. Amount allocable to foreign partners.**—The amount of a partnership's effectively connected taxable income for the partnership's tax year that is allocable to a foreign partner under section 704 is equal to the foreign partner's distributive share of effectively connected gross income of the partnership for the partnership's tax year that is properly allocable to the partner under section 704, reduced by the foreign partner's distributive share of deductions of the partnership for such year that are connected with such income under section 873 or section 882(c)(1), and that are properly allocable to the partner under section 704. For purposes of the preceding sentence, a foreign partner's distributive share of effectively connected gross income and deductions connected with such income will be computed by taking into account any adjustments to the basis of partnership property described in section 743 pursuant to the partnership's election under section 754. A partnership's effectively connected taxable income shall not be allocable to a foreign partner to the extent such amounts are exempt from U.S. tax with respect to that partner by a treaty or reciprocal agreement, or a provision of the Internal Revenue Code.

### I. Amount of Withholding Tax

**1. Figuring the tax payments.**—

**a. In general.**—Under section 1446, a partnership is required to make installment payments of withholding tax based on the amount of effectively connected taxable income of the partnership allocable to its foreign partners without regard to whether distributions are made during the partnership's tax year. Installment payments of this withholding tax are generally to be made at the times specified in Instruction I.1.d, and at the applicable percentage specified in Instruction I.1.c. A partner's liability for the tax imposed under section 884 and the partner's distributive share of the partnership's tax credits shall not be taken into account in determining the amount of the payments.

**b. Amount of effectively connected taxable income subject to payment of withholding tax.**—**(i) In general.** The amount of a partnership's installment payment is equal to the sum of the installment payments for each of the partnership's foreign partners. For a foreign partner, the amount of an installment of the section 1446 withholding tax is correct if figured by applying the principles of section 6655(e)(2). Under these principles, the partnership's effectively connected income and deductions for each payment period are annualized, the foreign partner's allocable share of these amounts is determined, and the annualized section 1446 withholding tax is computed by applying the section 1446 applicable percentage to the partner's annualized effectively connected taxable income. The installment of section 1446 withholding tax for that foreign partner is the excess of the section 6655(e)(2)(B)(ii) applicable percentage of this annualized section 1446 withholding tax over the total of any amounts paid under section 1446 for that partner in prior installments for the partnership's tax year. To figure installment payments of section 1446 tax for a foreign partner under this method, use the worksheet on page 5.

**(ii) Safe harbor.**—Alternatively, each installment payment may be made in an amount equal to 25% of the withholding tax that would be payable on the amount of its effectively connected taxable income allocable to foreign partners for the prior year if the following 3 conditions are met:

1. The prior tax year consisted of 12 months,

2. the partnership filed an information return under section 6031 for the prior year, **AND**

3. the amount of effectively connected taxable income for the prior year was not less than 50% of the effectively connected taxable income as shown on the annual return (Form 8804) of section 1446 withholding tax that must be filed for the current year.

**c. Applicable percentage.**—For partners that are taxed as corporations, the section 1446 applicable percentage is 34%. For partners that are not taxable as corporations (e.g., partnerships, individuals, estates), the applicable percentage is 28%.

**d. Date payments are due.**—Payments of the withholding tax under section 1446 must generally be made during the tax year of the partnership in which such income is derived. A partnership must generally pay to IRS a portion of its estimated annual section 1446 payment for each foreign partner by the 15th day of the fourth, sixth, ninth, and twelfth months of the partnership's tax year for U.S. income tax purposes. Any additional amounts determined to be due are generally to be paid with the filing of Form 8804. However, if the partnership files Form 2758 to request an extension of time to file Form 8804, the balance of section 1446 withholding tax estimated to be due must be paid with Form 2758.

**2. Coordination with other withholding rules.**—

**a. Interest, dividends, etc.**—Fixed or determinable, annual or periodical income subject to tax under section 871(a) or 881 is not included in the partnership's effectively connected taxable income under section 1446. However, such amounts are independently subject to withholding under the requirements of sections 1441 and 1442 and the regulations thereunder

**b. Real property gains.**—

**(i) Domestic partnerships in general.** Domestic partnerships that are subject to the withholding requirements of section 1446, are not subject to the payment and reporting requirements of section 1445(e)(1) and the regulations thereunder for income from the disposition of a U.S. real property interest. A domestic partnership's compliance with the requirement to pay a withholding tax under section 1446 satisfies the requirements under section 1445(e)(1) for dispositions of U.S. real property interests. However, a domestic partnership that would otherwise be exempt from section 1445 withholding by operation of a nonrecognition provision must continue to comply with the requirement of Regulations section 1.1445-5(b)(2).

**(ii) Credit for section 1445(e)(1) withholding.** Any amounts withheld and paid over by a partnership under section 1445(e)(1) during the partnership's tax year for transactions occurring during tax years beginning after December 31, 1987, shall be allowed as a credit against the partnership's section 1446 tax liability for that tax year.

**(iii) Foreign partnerships.** A foreign partnership that is subject to withholding under section 1445(a) during a tax year, will be allowed to credit the amount withheld under section 1445(a) against its liability to pay the section 1446 withholding tax for that year.

### J. Reporting and Paying Over Withheld Tax

**1. Payments of tax during partnership tax year.**—The payments of withholding tax required to be made during a partnership's tax year are to be reported on Form 8813 and paid over to IRS (in U.S. currency) by the payment dates shown in Instruction I.1.d.

**2. Annual return of section 1446 tax.**—Every partnership with effectively connected gross income and foreign partners must file annual returns on Forms 8804 and 8805 by the due date shown in Instruction C. Any additional tax owed under section 1446 for the tax year of the partnership is generally to be paid to IRS (in U.S. currency) with Form 8804. Attach to Form 8804, a Form 8805 for each foreign partner even if no section 1446 withholding tax was paid. The annual return (Form 8804) is separate from Form 1065 and the attachments thereto, and is not to be filed as part of the partnership's Form 1065.

**3. Reporting to partners.**—When making a payment of withholding tax to IRS under section 1446, a partnership must notify each foreign partner of its allocable share of any section 1446 tax paid to IRS by the partnership. This statement may be used by the partner to adjust the amount of estimated tax that the partner must otherwise pay to IRS.

A partnership must annually provide foreign partners with a copy of Form 8805. This form is to be provided to the foreign partner even if no section 1446 withholding tax is paid. Form 8805 should be delivered to the foreign partner by the due date of the partnership return (including extensions).



**4. Payment without identifying number.**—A partnership that has not been assigned a U.S. identifying number (an Employer Identification Number ("EIN")) must obtain one, and must in any event pay any section 1446 withholding tax due. Indicate on line 2 of Form 8813 the date the partnership applied for its EIN. On receipt of its EIN the partnership must immediately provide that number to IRS using the address in Instruction D.

**5. Taxpayer identification numbers of partners.**—To assure proper crediting of the withholding tax when reporting to IRS, a partnership must provide a U.S. taxpayer identification number or an EIN for each foreign partner. The partnership should notify any foreign partner for whom it does not have such a number of the necessity of obtaining a U.S. identifying number. A partnership must pay the withholding tax for a foreign partner even if the partnership does not have a taxpayer identification number for that partner.

### K. Interest and Penalties

Interest and penalty charges are described below. If the partnership files Form 8804 late or fails to pay the tax when due, it may be liable for penalties and interest unless it can show that failure to file or pay was due to reasonable cause and not willful neglect.

**1. Interest.**—Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, and substantial understatements of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a rate determined under section 6621.

**2. Late filing of return.**—A partnership that fails to file Form 8804 when due (including extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month or fraction of a month the return is not filed. The penalty is imposed on the net amount due.

**3. Late payment of tax.**—Generally, the penalty for not paying tax when due is ½ of 1% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

**4. Failure to withhold and pay over tax.**—Any person required to withhold, truthfully account for, and pay over the withholding tax under section 1446, but who fails to do so, may be subject to a civil penalty under section 6672 equal to the amount that should have been withheld and paid over.

**5. Other penalties.**—There are also penalties that can be imposed for negligence, fraud, and substantial understatement of tax. See Sections 6653 and 6661.

### L. Treatment of Partners

**1. In general.**—A partnership's payment of section 1446 withholding tax on effectively connected taxable income allocable to a foreign partner relates to the partner's U.S. income tax liability for the partner's tax year in which the partner is subject to U.S. tax on that income.

Amounts paid by the partnership under section 1446 with respect to effectively connected taxable income allocable to a partner will be allowed to the partner as a credit under section 33. The partner may not claim an early refund of withholding tax paid under section 1446.

Amounts paid by a partnership under section 1446 with respect to a partner are to be treated as distributions made to that partner on the earlier of the last day of the partnership's tax year for which the amount was paid or the last day on which the partner owned an interest in the partnership during that year. The amounts paid are not refundable to the partnership.

**2. Substantiation of credit.**—A partner that seeks a credit against its U.S. income tax liability for amounts withheld and paid over under section 1446 must attach Copy C of Form 8805 to its U.S. income tax return for the tax year in which it claims the credit.

### M. Publicly Traded Partnerships

**1. In general.**—A publicly traded partnership, as described below, that has effectively connected income, gain or loss, must pay a tax under section 1446 by withholding from distributions to a foreign partner. In this situation, a publicly traded partnership is to use Forms 1042 and 1042S to report withholding from distributions, and is not to pay and report the withholding tax discussed in these instructions.

However, a publicly traded partnership can elect to pay a withholding tax based on effectively connected taxable income allocable to its foreign partners. A publicly traded partnership that makes this election is to report and pay the tax under the general rules of these instructions, instead of withholding on distributions.

**2. Definition of publicly traded partnership.**—For purposes of these instructions, the term "publicly traded partnership" means any partnership, interests in which are regularly traded on an established securities market (regardless of the number of its partners). However, such term does not include a publicly traded partnership treated as a corporation under the general rule of section 7704(a)

**3. Election to withhold based on effectively connected taxable income allocable to foreign partners instead of withholding on distributions.**—A publicly traded partnership will not be required to withhold on distributions under the generally applicable rules for Forms 1042 and 1042S if it elects instead to comply with the requirements of these instructions (relating to withholding on the effectively connected taxable income allocable to foreign partners). This election is retroactive to the partnership's first tax year beginning after December 31, 1987, and is revocable only with IRS consent.

A publicly traded partnership shall make this election by complying with the payment and reporting requirements of these instructions, by the later of the date on which Form 8804 is due for the partnership's first tax year beginning during 1989, or the date on which Form 8804 is due for the partnership's first tax year.

A partnership that makes this election must pay over all amounts that would have been withheld and paid over had this election been in effect on the later of June 15, 1989, or the due date (including extensions) of Form 8804 for the first tax year of the partnership. A publicly traded partnership that makes this election must attach a statement to its first annual return (Form 8804) of section 1446 tax indicating that the partnership is a publicly traded partnership that is electing not to withhold on distributions.

### N. Tiered Partnerships

**1. a. In general.**—The term "tiered partnership" is used in these instructions to describe the situation in which a partnership owns an interest in another partnership (the latter is hereafter referred to as a "subsidiary partnership"). A partnership that directly or indirectly owns a partnership interest in a subsidiary partnership shall be allowed a credit against its own section 1446 liability for any section 1446 tax paid by the subsidiary partnership with respect to that partnership interest.

**b. Publicly traded partnerships.**—A publicly traded partnership is required to notify its partners of the amount of section 1446 tax withheld after each distribution, and by supplying the partner with Form 1042S as required in Regulations section 1.1461-2.

**2. Reporting requirements.**—A partnership that directly or indirectly owns a partnership interest in a subsidiary partnership must comply with the reporting requirements of Instructions J.1, J.2, and J.3 for its foreign partners. A partnership that is a direct or indirect partner in a subsidiary partnership and that has had section 1446 tax payments made on its behalf, will receive a copy of Form 1042S or Form 8805. The partnership which is the direct or indirect partner must in turn file these forms with its Form 8804 and treat the amount withheld by the subsidiary partnership as a credit against its own liability to withhold under section 1446. The partnership that is a direct or indirect partner must also provide a copy of the forms it receives to its partners, along with the information described in Instruction J.3. These statements and forms will enable those partners to obtain appropriate credit for tax withheld under section 1446.

## Specific Instructions

**Partnership's address.**—If the partnership has a foreign address, enter the number and street, city, province or state, postal code, and country. Do not abbreviate the country name.

### Form 8804

**Lines 4a and 4b**

Figure the partnership's effectively connected taxable income based on the computation rules contained in General Instruction H.1. Enter the effectively connected taxable income allocable to noncorporate foreign partners in the designated space on line 4a. Enter the effectively connected taxable income allocable to corporate foreign partners in the designated space on line 4b.

Partnership effectively connected taxable income on which a foreign partner is exempt from U.S. tax by a treaty or other reciprocal agreement is deemed not to be allocable to that partner and is exempt from withholding under section 1446. However, this exemption from section 1446 withholding must be reported on Form 8805

### Line 6c

A foreign partnership must enter the amount of section 1446 tax shown as withheld on any Form 1042S or 8805 it receives from another partnership in which it owns an interest during its tax year. The partnership may credit this amount against its section 1446 liability for that tax year.

### Line 6d

This is applicable only to partnerships that are treated as foreign persons and subject to withholding under section 1445(a) upon the disposition of a U.S. real property interest. Enter amount of section 1445(a) tax shown on Form 8288-A or under Income Code 25 on Form 1042S received by the partnership. This amount is creditable against the partnership's section 1446 liability for the tax year in which the partnership disposed of the U.S. real property interest that gave rise to the section 1445(a) withholding.

### Line 6e

This is applicable to domestic partnerships that have withheld tax under section 1445(e)(1). Compliance with section 1446 will satisfy a domestic partnership's withholding obligation under section 1445(e)(1). However, a partnership that has withheld and paid over any tax under section 1445(e)(1) during a taxable year beginning after December 31, 1987, may credit such amounts against the partnership's section 1446 withholding liability for its tax year in which the section 1445(e)(1) tax was withheld. A domestic partnership must enter amounts withheld under section 1445(e)(1) on line 6e of Form 8804. **Note:** *No credit will be allowed for amounts withheld under section 1445(e)(1) after June 14, 1989.*

### Line 6f

A partnership that prior to June 15, 1989, made estimated tax payments on behalf of its foreign partners with respect to partnership income for partnership tax years beginning after December 31, 1987, instead of making payments in accordance with Rev. Proc. 88-21, 1988-1 C.B. 777 *(declared obsolete by Rev. Proc. 89-31)*, may credit such payments against the partnership's section 1446 liability for the same tax year. Enter on line 6f of Form 8804 these amounts paid by the partnership.

### Line 8

No refund may be claimed on line 8 for payments made in excess of the section 1446 tax owed, because the partners are entitled to credit against their income tax liabilities for the full amount paid.

## Form 8805

### Line 8b

Check the box on this line if any of the partnership's effectively connected taxable income is treated as not allocable to the foreign partner identified on line 1 and therefore exempt from section 1446 withholding, because the income is exempt from U.S. tax with respect to that foreign partner by a treaty, reciprocal exemption, or a provision of the Internal Revenue Code.

### Line 12a

The partnership must enter the partner's allocable share of the total section 1445(a) tax withheld, as entered on line 6d, Form 8804.

### Line 12b

Enter on line 12b the partner's allocable share of the section 1445(e)(1) tax withheld and entered by the partnership on line 6e, Form 8804.

### Line 14a

Enter the date and the partner's allocable share of section 1446 payments made for the tax year by the partnership during the tax year or with Form 2758.

### Line 14c

The partnership filing this Form 8805 must enter the partner's allocable share of the amount entered on line 6c, Form 8804.

**WORKSHEET TO FIGURE INSTALLMENT PAYMENTS OF SECTION 1446 TAX FOR A FOREIGN PARTNER**

**(Keep for Your Records—Do Not Send to Internal Revenue Service)**

| | | (a) 1st Installment | (b) 2nd Installment | (c) 3rd Installment | (d) 4th Installment |
|---|---|---|---|---|---|
| | | Period | | | |
| | | | First 3 months | First 6 months | First 9 months |
| (1) Enter the partnership's effectively connected taxable income for each period. | 1 | | | | |
| (2) Annualization amounts. | 2 | | 4 | 2 | 1.33333 |
| (3) Multiply line 1 by line 2 | 3 | | | | |
| | | Period | | | |
| | | First 3 months | First 5 months | First 8 months | First 11 months |
| (4) Enter the partnership's effectively connected taxable income for each period. | 4 | | | | |
| (5) Annualization amounts. | 5 | 4 | 2.4 | 1.5 | 1.09091 |
| (6) Multiply line 4 by line 5 | 6 | | | | |
| (7) Annualized effectively connected taxable income. In column (a), enter the amount from line 6, column (a). In columns (b), (c), and (d) enter the lesser of the amounts in each column on line 3 or line 6. | 7 | | | | |
| (8) Foreign partner's annualized effectively connected taxable income. Enter the foreign partner's share of line 7. | 8 | | | | |
| (9) Multiply line 8 by 28% (34% if the foreign partner is a corporation). | 9 | | | | |
| (10) Applicable percentage. | 10 | 22.5% | 45% | 67.5% | 90% |
| (11) Multiply line 9 by line 10 | 11 | | | | |
| (12) Enter the combined amounts of line 13 from all preceding columns. | 12 | | | | |
| (13) Installment payments of section 1446 tax due for foreign partner. Subtract line 12 from line 11. If less than zero, enter zero | 13 | | | | |



### Country Codes

Enter on line 4, Form 8805, the code, from the list below, for the country of which the partner is a resident for tax purposes. These codes are used by IRS to provide information to all tax treaty countries for purposes of their tax administration. Generally, the partner's country for both tax and mailing purposes will be the same. In some cases, however, two different countries are involved.

| Country | Code |
|---|---|
| Afghanistan | AF |
| Albania | AL |
| Algeria | AG |
| American Samoa | AQ |
| Andorra | AN |
| Angola | AO |
| Anguilla | AV |
| Antarctica | AY |
| Antigua and Barbuda | AC |
| Argentina | AR |
| Aruba | AA |
| Ashmore and Cartier Islands | AT |
| Australia | AS |
| Austria | AU |
| Azores | PO |
| Bahamas, The | BF |
| Bahrain | BA |
| Bangladesh | BG |
| Barbados | BB |
| Bassas da India | BS |
| Belgium | BE |
| Belize | BH |
| Benin | BN |
| Bermuda | BD |
| Bhutan | BT |
| Bolivia | BL |
| Botswana | BC |
| Bouvet Island | BV |
| Brazil | BR |
| British Indian Ocean Territory | IO |
| Brunei | BX |
| Bulgaria | BU |
| Burkina (Upper Volta) | UV |
| Burma | BM |
| Burundi | BY |
| Cambodia (Kampuchea) | CB |
| Cameroon | CM |
| Canada | CA |
| Canary Islands | SP |
| Cape Verde | CV |
| Cayman Islands | CJ |
| Central African Republic | CT |
| Chad | CD |
| Chile | CI |
| China, People's Republic of | CH |
| Christmas Island (Indian Ocean) | KT |
| Christmas Island (Pacific Ocean) | KR |
| Clipperton Island | IP |
| Cocos (Keeling) Islands | CK |
| Colombia | CO |
| Comoros | CN |
| Congo | CF |
| Cook Islands | CW |
| Coral Sea Islands Territory | CR |
| Costa Rica | CS |
| Cuba | CU |
| Cyprus | CY |
| Czechoslovakia | CZ |
| Denmark | DA |
| Djibouti | DJ |
| Dominica | DO |
| Dominican Republic | DR |
| Ecuador | EC |
| Egypt | EG |
| El Salvador | ES |
| Equatorial Guinea | EK |
| Ethiopia | ET |
| Europa Island | EU |
| Falkland Islands (Islas Malvinas) | FA |
| Faroe Islands | FO |
| Fiji | FJ |
| Finland | FI |
| France | FR |
| French Guiana | FG |
| French Polynesia | FP |
| French Southern and Antarctic Lands | FS |
| Gabon | GB |
| Gambia, The | GA |
| Gaza Strip | GZ |
| German Democratic Republic (East) | GC |
| Germany, Federal Republic of (West) | GE |
| Ghana | GH |
| Gibraltar | GI |
| Glorioso Islands | GO |
| Greece | GR |
| Greenland | GL |
| Grenada | GJ |
| Guadeloupe | GP |
| Guam | GQ |
| Guatemala | GT |
| Guernsey | GK |
| Guinea | GV |
| Guinea-Bissau | PU |
| Guyana | GY |
| Haiti | HA |
| Heard Island and McDonald Islands | HM |
| Honduras | HO |
| Hong Kong | HK |
| Hungary | HU |
| Iceland | IC |
| India | IN |
| Indonesia | ID |
| Iran | IR |
| Iraq | IZ |
| Iraq-Saudi Arabia Neutral Zone | IY |
| Ireland | EI |
| Isle of Man | IM |
| Israel | IS |
| Italy | IT |
| Ivory Coast | IV |
| Jamaica | JM |
| Jan Mayen | JN |
| Japan | JA |
| Jersey | JE |
| Johnston Atoll | JQ |
| Jordan | JO |
| Juan de Nova Island | JU |
| Kenya | KE |
| Kingman Reef | KQ |
| Kiribati | KR |
| Korea, Democratic People's Republic of (North) | KN |
| Korea, Republic of (South) | KS |
| Kuwait | KU |
| Laos | LA |
| Lebanon | LE |
| Lesotho | LT |
| Liberia | LI |
| Libya | LY |
| Liechtenstein | LS |
| Luxembourg | LU |
| Macau | MC |
| Madagascar | MA |
| Malawi | MI |
| Malaysia | MY |
| Maldives | MV |
| Mali | ML |
| Malta | MT |
| Marshall Islands | RM |
| Martinique | MB |
| Mauritania | MR |
| Mauritius | MP |
| Mayotte | MF |
| Mexico | MX |
| Micronesia, Federated States of | FM |
| Midway Islands | MQ |
| Monaco | MN |
| Mongolia | MG |
| Montserrat | MH |
| Morocco | MO |
| Mozambique | MZ |
| Namibia | WA |
| Nauru | NR |
| Navassa Island | BQ |
| Nepal | NP |
| Netherlands | NL |
| Netherlands Antilles | NA |
| New Caledonia | NC |
| New Zealand | NZ |
| Nicaragua | NU |
| Niger | NG |
| Nigeria | NI |
| Niue | NE |
| Norfolk Island | NF |
| Northern Ireland | UK |
| Northern Mariana Islands | CQ |
| Norway | NO |
| Oman | MU |
| Pakistan | PK |
| Palmyra Atoll | LQ |
| Panama | PM |
| Papua New Guinea | PP |
| Paracel Islands | PF |
| Paraguay | PA |
| Peru | PE |
| Philippines | RP |
| Pitcairn Islands | PC |
| Poland | PL |
| Portugal | PO |
| Puerto Rico | RQ |
| Qatar | QA |
| Reunion | RE |
| Romania | RO |
| Rwanda | RW |
| St. Kitts and Nevis | SC |
| St. Helena | SH |
| St. Lucia | ST |
| St. Pierre and Miquelon | SB |
| St. Vincent and the Grenadines | VC |
| San Marino | SM |
| Sao Tome and Principe | TP |
| Saudi Arabia | SA |
| Senegal | SG |
| Seychelles | SE |
| Sierra Leone | SL |
| Singapore | SN |
| Solomon Islands | BP |
| Somalia | SO |
| South Africa | SF |
| Spain | SP |
| Spratly Islands | PG |
| Sri Lanka | CE |
| Sudan | SU |
| Suriname | NS |
| Svalbard | SV |
| Swaziland | WZ |
| Sweden | SW |
| Switzerland | SZ |
| Syria | SY |
| Taiwan | TW |
| Tanzania, United Republic of | TZ |
| Thailand | TH |
| Togo | TO |
| Toketau | TL |
| Tonga | TN |
| Trinidad and Tobago | TD |
| Tromelin Island | TE |
| Trust Territory of the Pacific Islands | PS |
| Tunisia | TS |
| Turkey | TU |
| Turks and Caicos Islands | TK |
| Tuvalu | TV |
| Uganda | UG |
| Union of Soviet Socialist Republics | UR |
| United Arab Emirates | TC |
| United Kingdom | UK |
| Upper Volta (Burkina) | UV |
| Uruguay | UY |
| Vanuatu | NH |
| Vatican City | VT |
| Venezuela | VE |
| Vietnam | VM |
| Virgin Islands (British) | VI |
| Virgin Islands (U.S.) | VQ |
| Wake Island | WQ |
| Wallis and Futuna | WF |
| West Bank | WE |
| Western Sahara | WI |
| Western Samoa | WS |
| Yemen (Aden) | YS |
| Yemen (Sanaa) | YE |
| Yugoslavia | YO |
| Zaire | CG |
| Zambia | ZA |
| Zimbabwe | ZI |
| Other Countries | OC |



U.S. GOVERNMENT PRINTING OFFICE: 1989 O-[illegible]

# STATISTICS OF INCOME DIVISION
# PUBLICATIONS AND TAPES

**Statistical Information Services Desk**
**(202) 874-0410**
**FAX (202) 874-0922**

The following Statistics of Income reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)
Internal Revenue Service
P. O. Box 2608
Washington, DC 20013-2608

## BUSINESS SOURCE BOOKS:

- ***Corporation Source Book, 1988,*** **Publication 1053 -- Price $175.00**

This 481-page document presents detailed income statement, balance sheet, tax and selected items, by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased for $175 (issues prior to 1982 are for sale at $150 per year). A magnetic tape containing the tabular statistics for 1988 can be purchased for $1,500.

- *Partnership Source Book, 1957-1983,* **Publication 1289 -- Price $30.00**

This 291-page document shows key partnership data, for 1957 through 1983, by major and minor industries. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

| | | |
|---|---|---|
| o Number of partnerships | o Depréciation | o Payroll |
| o Number of partners | o Taxes paid deductions | o Payments to partners |
| o Business receipts | o Interest paid deductions | o Net income less deficits |

(A magnetic tape containing the tabular statistics for partnerships can be purchased for $300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *Statistics of Income Bulletin.*

- *Sole Proprietorship Source Book, 1957-1984,* **Publication 1323 -- Price $95.00**

This *Source Book* is a companion to that for partnerships, described above. It is a 251-page document showing key proprietorship data for 1957 through 1984; data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

| | | |
|---|---|---|
| o Number of businesses | o Depreciation | o Payroll deductions |
| o Business receipts | o Taxes paid deductions | o Net income less deficits |
| | o Interest paid deductions | |