

# Foreign-Controlled Domestic Corporations, 1999

by James R. Hobbs

For Tax Year 1999, the 59,514 domestic corporations each “controlled” by a foreign “person” generated \$2.2 trillion of total receipts and reported \$4.8 trillion of total assets on income tax returns filed with the Internal Revenue Service (IRS). These corporations were relatively few in numbers, just 1.2 percent of the U.S. total. However, they accounted for 11.5 percent of both the receipts and assets reported on all U.S. corporation income tax returns. They also accounted for 11.3 percent of the “taxable income” and 12.4 percent of the total income tax after credits reported on these returns.

The profits (i.e., “net income (less deficit)” shown in the statistics) reported by foreign-controlled domestic corporations (FCDC’s) for tax purposes under the Internal Revenue Code were \$60.2 billion for 1999. This was a substantial increase of nearly 50 percent from the \$40.6 billion reported for the prior year [1]. While the profits of FCDC’s dramatically increased, the estimated number of these corporations actually decreased by 3.5 percent between 1998 and 1999. Placed in context, the net income (less deficit) reported on all corporation income tax returns also increased, but by a much smaller 11 percent, from \$838.2 billion for 1998 to \$929.0 billion for 1999 [2].

Of all the FCDC’s, 27,509 reported (positive) net income for 1999, totaling \$100.0 billion, an increase from the \$75.4 billion reported for 1998. The profitable companies for 1999 also reported \$78.6 billion of taxable income after statutory special deductions (i.e., “income subject to tax” shown in the statistics), another significant increase over the previous year. Total statutory special deductions also increased between the 2 years, including the net operating loss deduction component of that total. The U.S. tax liability (i.e., “total income tax after credits”) of FCDC’s was \$23.9 billion, 31.0 percent greater than that of the prior year.

For 1999, the 3,077 “largest” companies (i.e., those with at least \$250 million of assets, or with at least \$50 million of receipts, or with both) accounted for most of the key financial items of all FCDC’s: 93.9 percent of total assets, 92.5 percent of total

receipts, 89.8 percent of taxable income, and 89.3 percent of total income tax after credits. After an overview of all FCDC’s, this article focuses on the largest foreign-controlled domestic companies and compares them to the largest domestic corporations not controlled by foreign persons.

Tables showing selected balance sheet, income statement, and tax items for FCDC’s are included at the end of this article. Table 1 shows historical FCDC data for selected tax years between 1971 and 1999. Table 2 includes information for all FCDC’s, classified by major industries that conform to the recently adopted North American Industry Classification System (NAICS). Tax Year 1999 is only the second year for which data are presented using NAICS. In years prior to 1998, the Enterprise Standard Industrial Classification system was used. Table 3 also presents data for all FCDC’s, classified by countries of the foreign owners, as well as age of the corporations. Table 4 presents information on the “largest” FCDC’s, classified by industrial sectors. For comparison purposes, this table also contains data for the largest domestic corporations not controlled or owned by foreign persons. For reasons explained later in this article, Table 4 excludes data from Forms 1120-REIT, 1120-RIC, and 1120S.

Direct Foreign Investment in the United States  
Direct foreign investment in the United States can take several forms, including corporations, partnerships, and even joint ventures. Under these forms of direct investment, the foreign investor may have sufficient equity in the enterprise to control and participate in managing its operations [3]. With regard to corporations, a foreign investor can either gain control of an existing U.S. company, create a new company incorporated in the United States, or operate in the United States through a branch of a foreign corporation. There are numerous factors involved in the decision of a foreign investor to operate in the United States through either a domestic or foreign corporation [4, 5].

This article focuses on domestic corporations that are controlled by foreign persons. For the foreign-controlled domestic corporations covered in this article, “control” is generally defined as ownership by any foreign person or entity (including an individual, corporation, partnership, estate, or trust), directly or

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indirectly, of 50 percent or more of a U.S. corporation's voting stock (or the value of all of the corporation's stock) at any time during the accounting period. (This is discussed in greater depth in the Data Sources and Limitations section. Also, a description of foreign persons and an explanation of the rules of constructive ownership are given in the Explanation of Selected Terms section.)

Foreign-controlled domestic corporations can file tax returns on: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics shown in this article, unless otherwise stated, include all of these return types. Data for all corporation income tax returns discussed in this article include (unless otherwise stated) the five form types listed above, plus two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively connected with a U.S. trade or business. All of these form types are included in the Statistics of Income Corporate Study, from which FCDC statistics are derived [6]. FCDC's cannot file Forms 1120-A, 1120-F, or 1120S.

### Foreign-Controlled Domestic Corporations

#### Growth of Corporations

Direct foreign investment in the United States through foreign-controlled domestic corporations grew steadily during the 1990-1999 period [7]. Total receipts of FCDC's increased from \$1.1 trillion for 1990 to \$2.2 trillion for 1999, a jump of 104.4 percent (using current dollars). In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$11.4 trillion for 1990 to \$18.9 trillion for 1999, a 65.6-percent increase. As a result of the relative rapid growth rate of FCDC's, their share of the receipts reported on all corporate returns increased from 9.3 percent for 1990 to 11.5 percent for 1999 (see Figure A).

There were an estimated 59,514 returns of foreign-controlled domestic corporations for 1999, a slight decrease from the estimated 61,658 returns for 1998. Returns of FCDC's comprised a rather constant percentage of all U.S. corporation income tax returns, generally between 1.2 percent and 1.4 percent for each year between 1990 and 1999. This is in contrast to the percentages of receipts and assets (discussed below) accounted for by FCDC's, both of which increased by more than 2 percent over this same time period.

To the extent that FCDC's filed consolidated income tax returns, the data included in this article actually represent more companies than the stated number of returns. FCDC's, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. Consolidated returns contained the combined financial data of two or more corporations in which a common parent corporation owned at least 80 percent of the stock of at least one member of the group, and at least 80 percent of the stock of each other member of the group was owned within the group. A consolidated return filed by a common parent was treated as a unit, with each statistical item being determined on the basis of the combined data of the affiliated group. For 1999, there were 6,093 consolidated returns filed by FCDC's, 10.2 percent of all FCDC returns. These returns accounted for \$4.3 trillion of assets (89.6 percent of the total for all FCDC's), \$1.9 trillion of receipts (86.7 percent of the total), \$52.4 billion of net income less deficits (87.0 percent of the total), \$66.0 billion of taxable income (84.0 percent of the total), and \$19.9 billion of total income tax after credits (83.2 percent of the total).

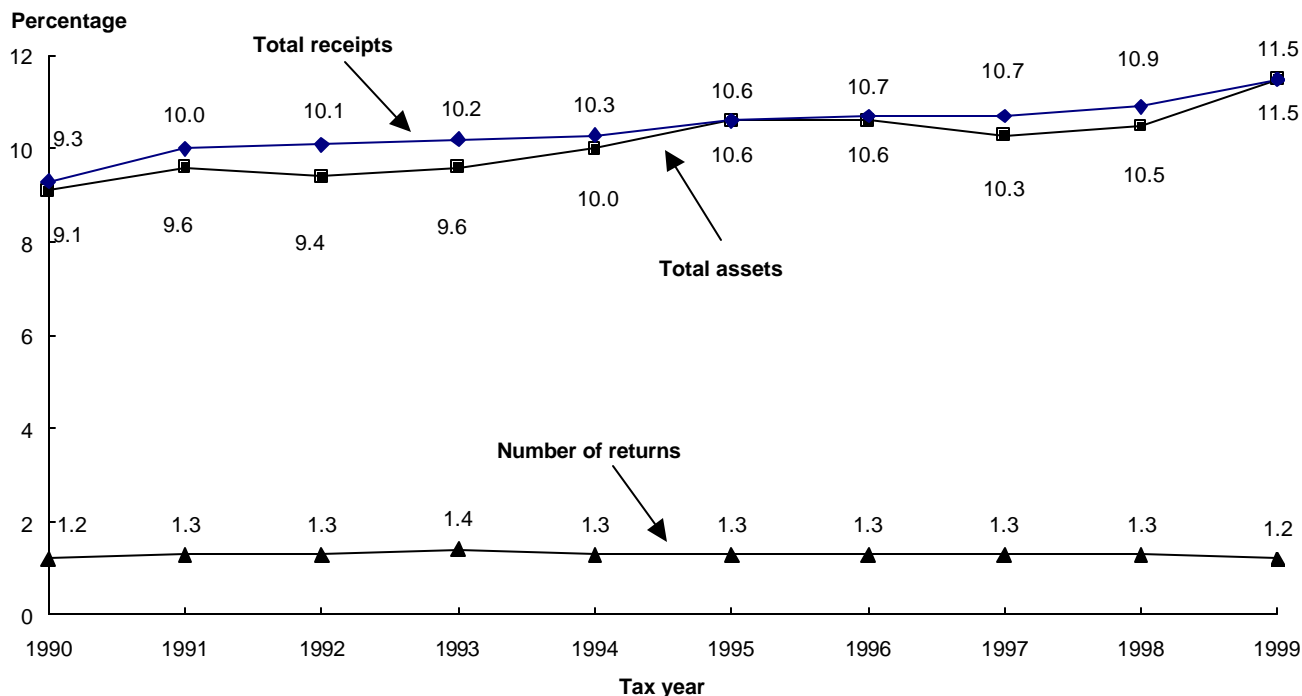
The assets of domestic corporations controlled by foreign persons increased by 21.5 percent between 1998 and 1999, more than the 11.0-percent increase for the assets reported on all U.S. corporation income tax returns [8]. As a result, the percentage of total corporate assets accounted for by FCDC's rose from 10.5 percent for 1998 to 11.5 percent for 1999. This new level is a considerable increase from the 9.1 percent for 1990.

The growth of FCDC's can also be measured from the early 1970's, when a question concerning foreign ownership of companies was first placed on

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Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1990-1999



the corporation income tax return. For 1971, the 5,154 companies reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent of the returns, 1.3 percent of the assets, and 2.1 percent of the receipts reported by all corporations for that year (see Table 1).

### Industry Characteristics

For 1999, foreign-controlled domestic corporations were involved in every type of industrial activity, but, based on number of returns, 87.2 percent were concentrated in four industrial divisions: (1) distribution and transportation of goods (20,055 returns); (2) finance, insurance, real estate, and rental and leasing (13,807 returns); (3) goods production (9,060 returns); and (4) professional and business services (8,955 returns). See Figure B. (The Data Sources and Limitations section discusses how returns were classified by industry.)

Companies in different industries often have different financial characteristics. For instance, the relative levels of total assets and total receipts of companies primarily engaged in wholesale trade activities differ significantly from those primarily

engaged in credit intermediation (e.g., savings institutions, commercial banks, and credit unions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.67 of receipts for each dollar of assets for 1999. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDC's produced only \$.09 of receipts for each dollar of assets. See Table 2.

Corporations classified in the distribution and transportation of goods industrial division accounted for 29.6 percent of the receipts for all FCDC's, a percentage somewhat similar to the 33.7 percent of the total returns they comprised. However, these companies reported only 8.4 percent of the total FCDC assets.

Corporations classified in the finance, insurance, real estate, and rental and leasing industrial division reported 39.7 percent of the assets of all FCDC's, a percentage significantly higher than the 23.2 percent of the total returns they represented. Additionally, these corporations produced only 13.1 percent of the total FCDC receipts.

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Figure B

## Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Industrial Divisions, Tax Year 1999

[Money amounts are in millions of dollars]

Industrial division	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All industries.....</b>	<b>59,514</b>	<b>100.00</b>	<b>4,761,072</b>	<b>100.00</b>	<b>2,167,523</b>	<b>100.00</b>
Raw materials and energy production.....	2,518	4.23	142,676	3.00	34,981	1.61
Goods production.....	9,060	15.22	1,432,225	30.08	1,008,695	46.54
Distribution and transportation of goods.....	20,055	33.70	398,377	8.37	641,433	29.59
Information.....	1,958	3.29	391,564	8.22	78,235	3.61
Finance, insurance, real estate, and rental and leasing.....	13,807	23.20	1,888,115	39.66	284,023	13.10
Professional and business services.....	8,955	15.05	443,882	9.32	85,318	3.94
Education, health, and social assistance.....	1,089	1.83	16,580	0.35	10,022	0.46
Leisure, accommodation, and food services.....	1,541	2.59	40,425	0.85	20,032	0.92
Other services.....	290	0.49	7,228	0.15	4,786	0.22
Not allocable.....	239	0.40	--	--	--	--

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

Corporations classified in the capital-intensive goods production industrial division reported 46.5 percent of the receipts and 30.1 percent of the assets of all FCDC's. Unlike the previous two industrial divisions, both of these percentages are significantly higher than the percentage (15.2 percent) of total FCDC returns they represented. These corporations were often large, with reported average amounts of receipts and assets of \$111.3 million and \$158.1 million, respectively.

Corporations classified in the professional and business services industrial division reported 9.3 percent of the assets and 3.9 percent of the receipts of all FCDC's. This division is opposite the goods production division in this regard. Both of the percentages for the services division are significantly lower than the percentage (15.1 percent) of total FCDC returns they represented. These service corporations were generally smaller than those in goods production, with reported average amounts of receipts and assets of \$9.5 million and \$49.6 million, respectively.

While foreign-controlled domestic corporations accounted for slightly more than one-tenth of the \$18.9 trillion of total receipts reported by all corporations filing U.S. income tax returns for 1999, these companies played disproportionately larger roles in certain industries. For instance, FCDC's produced

substantial portions of the total receipts reported for wholesale trade (22.5 percent), mining (21.1 percent), and manufacturing (18.7 percent). Conversely, FCDC involvement in a number of other industries was relatively low and accounted for a small percent of the receipts for all companies classified in the following industries: arts, entertainment, and recreation (3.8 percent); construction (3.3 percent); agriculture, forestry, fishing and hunting (2.7 percent); health care and social assistance (2.3 percent); and utilities (1.1 percent). See Figure C.

Statistics classified by industry do have certain limitations, which are discussed more thoroughly in the Data Sources and Limitations section, below. However, a brief point should be made here. FCDC's accounted for 22.5 percent and 18.7 percent of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling, and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of products and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being

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Figure C

## Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Total Receipts, by Industrial Sectors, Tax Year 1999

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
<b>All industries.....</b>	<b>18,892,386</b>	<b>2,167,523</b>	<b>11.47</b>
Raw materials and energy production.....	756,929	34,981	4.62
Agriculture, forestry, fishing, and hunting.....	115,898	3,174	2.74
Mining.....	124,847	26,332	21.09
Utilities.....	516,184	5,475	1.06
Goods production.....	6,197,687	1,008,695	16.28
Construction.....	990,662	32,833	3.31
Manufacturing.....	5,207,025	975,862	18.74
Distribution and transportation of goods.....	5,419,752	641,433	11.84
Wholesale and retail trade <sup>1</sup> .....	4,913,444	612,758	12.47
Wholesale trade.....	2,301,856	517,664	22.49
Retail trade.....	2,610,169	95,066	3.64
Transportation and warehousing.....	506,308	28,675	5.66
Information.....	889,707	78,235	8.79
Finance, insurance, real estate, and rental and leasing.....	3,224,006	284,023	8.81
Finance and insurance.....	3,008,131	261,614	8.70
Real estate and rental and leasing.....	215,875	22,409	10.38
Professional and business services.....	1,419,526	85,318	6.01
Professional, scientific, and technical services.....	604,083	32,487	5.38
Management of companies (holding companies).....	518,532	34,169	6.59
Administrative and support and waste management and remediation services.....	296,911	18,662	6.29
Education, health, and social assistance.....	408,996	10,022	2.45
Educational services.....	23,084	995	4.31
Health care and social assistance.....	385,913	9,026	2.34
Leisure, accommodation, and food services.....	418,933	20,032	4.78
Arts, entertainment, and recreation.....	76,849	2,946	3.83
Accommodation and food services.....	342,084	17,086	4.99
Other services.....	151,674	4,786	3.16
Not allocable.....	5,177	--	--

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

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

manufacturing, rather than trade. Conversely, many FCDC's acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These domestic companies would have been classified in the wholesale trade industrial grouping.

### Country Characteristics

Persons resident in any country throughout the world can control U.S. corporations. However, for 1999, owners from 20 countries controlled 73.3 percent of the 59,514 domestic corporations classified as 50-percent-or-more controlled by a foreign person. The

43,596 corporations controlled by persons resident in the 20 countries shown in Table 3 accounted for nearly all of the total FCDC financial items shown in that table, including 96.2 percent of total assets, 94.7 percent of total receipts, and 96.3 percent of total income tax after credits.

The countries represent the geographic location of the foreign owner's place of residence in the case of individuals; and place of incorporation, organization, creation, or administration in the case of corporations or other entities. Because holding companies located in a country different from that of the ultimate owner may directly own the stock of U.S. affiliates, the

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country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available.

Domestic corporations controlled by Japanese persons reported total receipts of \$454 billion for 1999, an amount substantially larger than that for any other country. These receipts represented 21.0 percent of the total for all FCDC's. Companies controlled by Japanese persons also accounted for the largest amount of receipts for each of the years in the 1990-1998 period (see Figure D). For 1999, domestic corporations with owners resident in Germany (\$311 billion), the United Kingdom (\$311 billion), the Netherlands (\$268 billion), and Canada (\$196 billion) also accounted for significant amounts of receipts. The most noteworthy changes between 1998 and 1999 were the large increases in receipts by U.K.-owned and Netherlands-owned domestic corporations, rising from \$244 billion and \$204 billion, respectively. During the same period, the receipts of corporations with owners resident in Japan rose slightly from \$448 billion, but the Japanese percentage of the total declined from 23.7 percent for 1998 to 21.0 percent for 1999.

For the top five countries mentioned above, there were some similarities and some differences among the industrial activities of the corporations that produced the receipts. Japanese-controlled corporations were concentrated in two industrial divisions, which produced most of the \$454 billion of receipts: distribution and transportation of goods (57.9 percent of the total) and goods production (33.7 percent). German, United Kingdom, and Netherlands-controlled corporations were concentrated in these two divisions, with additional significant receipts in finance, insurance, real estate, and rental and leasing. For Germany, goods production (64.0 percent of the total), distribution and transportation of goods (17.0 percent), and finance, insurance, real estate, and rental and leasing (13.8 percent) accounted for the bulk of the \$311 billion of receipts. The United Kingdom was similar to Germany in that goods production (58.5 percent of the total), distribution and transportation of goods (14.5 percent), and finance, insurance, real estate, and rental and leasing (13.2 percent) also accounted for the majority of its \$311 billion of receipts. For the Netherlands, the same three industrial divisions as Germany and the United Kingdom played significant roles in producing the

\$268 billion of receipts: goods production (47.0 percent of the total), finance, insurance, real estate, and rental and leasing (22.8 percent), and distribution and transportation of goods (19.8 percent). Finally, for Canada, the industrial distribution of the \$196 billion of receipts was somewhat broader than the previous four countries: goods production (39.3 percent of the total), distribution and transportation of goods (20.4 percent), finance, insurance, real estate, and rental and leasing (15.3 percent), and information (11.7 percent).

Domestic corporations controlled by persons resident in the Netherlands accounted for \$761 billion of assets, the largest portion held by any country. Corporations controlled by persons resident in the United Kingdom (\$739 billion), Germany (\$604 billion), Canada (\$578 billion), Japan (\$526 billion), and France (\$507 billion) also accounted for significant amounts of assets. Most of these countries reported an increase in assets during the 1998 and 1999 period, with the assets of corporations controlled by persons resident in the Netherlands, the United Kingdom, Germany, Canada, and France all increasing from \$631 billion, \$543 billion, \$462 billion, \$495 billion, and \$373 billion, respectively. However, the assets of Japanese-controlled corporations decreased from \$556 billion.

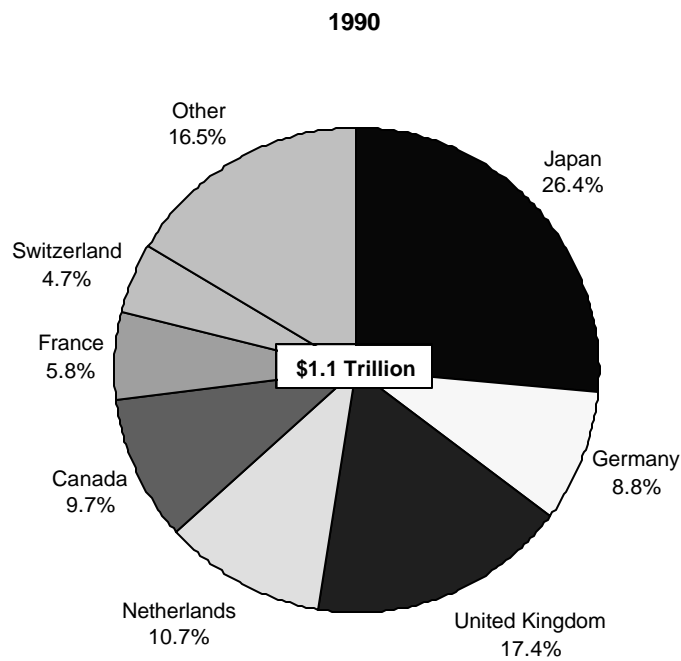
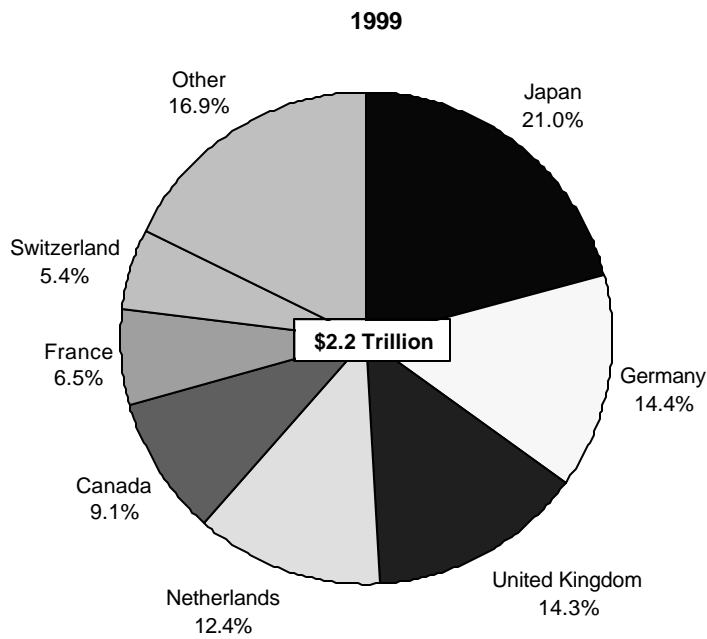
Although, for 1999, Japanese-controlled domestic corporations accounted for the largest part of the receipts reported for all FCDC's, while corporations controlled by persons resident in the Netherlands accounted for the largest part of the FCDC assets, neither country was responsible for the largest number of returns filed for FCDC's. Canadian-controlled domestic corporations filed the most returns, 8,596; Japanese-controlled domestic corporations were second with 7,175; United Kingdom-controlled domestic corporations were third with 5,174; and German-controlled domestic corporations were fourth with 4,061. There were only 1,833 Netherlands-controlled domestic corporations.

For 1999, Japanese-controlled domestic corporations reported the largest amount of U.S. tax liability (\$5.5 billion). U.K.-controlled corporations, with \$4.9 billion of tax liability, followed. The levels of receipts that the tax liabilities resulted from were somewhat different between the Japanese-controlled corporations and the U.K.-controlled corporations. For the

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Figure D

**Foreign-Controlled Domestic Corporations: Total Receipts for Selected Countries of Foreign Owners, Tax Years 1990 and 1999**



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Japanese-controlled corporations, tax liabilities were 1.2 percent of the \$454 billion of receipts. By comparison, tax liabilities were higher at 1.6 percent of the \$311 billion of receipts for the U.K.-controlled corporations. Many factors, including differences in industrial distributions and age distributions (discussed next), may have caused the resulting difference in these percentages.

### Age Characteristics

Table 3 presents FCDC data by the age of the corporations. "New" corporations are those with years of incorporation of 1997 and after reported on their income tax returns [9]. "Old" corporations are those incorporated in or prior to 1996, or with unknown (i.e., unreported) dates of incorporation.

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another example is a reorganization of an existing old corporation into a new corporation that results in it reporting a recent year of incorporation, even though it is an "old" business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return form, and recourse to other sources is not always practical. Thus, it is subject to greater levels of taxpayer reporting and data entry errors. Despite these limitations, an analysis of the data by age of the corporations is meaningful.

Nearly three-fourths of the foreign-controlled domestic corporations were incorporated prior to 1997, i.e., considered to be "old" corporations. These corporations tended to be larger than the "new" corporations, accounting for 83.4 percent of the FCDC assets and 88.4 percent of the receipts. Similarly, they reported 93.4 percent of the U.S. taxable income and 93.1 percent of the U.S. tax liabilities of all FCDC's.

The industrial activities of the two groups of corporations were similar in some respects and different in others. The industrial division of distribution and transportation of goods was predominant for

both old corporations (33.9 percent of the 44,596 returns were classified in this division) and new corporations (33.2 percent of the 14,918 returns). For the old corporations, this was followed by: finance, insurance, real estate, and rental and leasing (24.6 percent), goods production (15.4 percent), and professional and business services (13.9 percent). By comparison, the new corporations showed the following: finance, insurance, real estate, and rental and leasing (19.1 percent), professional and business services (18.5 percent), and goods production (14.7 percent). Perhaps the most significant industrial difference between the old and new corporations involved the information division. While only 2.1 percent of the old corporations were classified in this division, 6.9 percent of the new corporations were similarly classified.

Old corporations were generally more profitable than the newer corporations. For 1999, old corporations reported \$60.6 billion of net profits on \$1.9 trillion of receipts, while the new corporations reported \$0.4 billion of net losses on \$0.3 trillion of receipts. Similarly, the old corporations reported larger amounts of tax liabilities than did the newer corporations. The old corporations had \$22.3 billion of tax liabilities after credits, 93.1 percent of the total for all FCDC's. By comparison, these same old corporations accounted for 88.4 percent of the receipts for all FCDC's.

### Receipts, Deductions, and Profits

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries, as well as in the United States. The estimates shown in this article include business activities in the United States, as well as certain foreign activities as reported on tax returns of domestic corporations. Whether from domestic or foreign sources, income includes receipts from sales and operations, as well as investment income. However, foreign-source income is reported differently, depending on whether it is earned through a branch or through a foreign subsidiary of a domestic corporation. "Total receipts" shown in this article include the receipts of foreign branch operations of U.S. companies. Also included in these receipts are dividends remitted to U.S. corporations by their foreign subsidiaries. However, for the statistics, two items of constructive taxable income from related



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foreign corporations (i.e., includable income from Controlled Foreign Corporations and foreign dividend “gross-up”) are not included in “total receipts,” nor are they included in the statistics for “total receipts less total deductions.” These two items are, however, reflected in the data for “net income (less deficit)” [10]. (See the Explanation of Selected Terms section.)

Net income (less deficit) of FCDC's rose from \$40.6 billion for 1998 to \$60.2 billion for 1999.

The receipts and deductions shown in this article for foreign-controlled domestic corporations do not include amounts generated by their foreign parent companies. However, FCDC's could have had business

transactions with their foreign parent companies (as well as with other related foreign persons), and FCDC receipts and deductions stemming from these transactions are included in the statistics [11].

An FCDC that transacts business with a related foreign (or domestic) person must determine “transfer prices” for those transactions. These transactions may affect either the income or the deductions of the FCDC, such as the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined may affect the amount of net income or deficit reported on the U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide guidance in determining transfer prices. In general, the objective is to use “arm’s length prices.”

Over 87.1 percent of the \$2.2 trillion of total receipts reported by domestic corporations controlled by a foreign person consisted of “business receipts” (i.e., receipts from sales and operations). Taxable interest accounted for another 6.6 percent of the total receipts. These same companies reported \$2.1 trillion of total deductions. Cost of goods sold was 62.7 percent of that total, while interest paid accounted for an additional 6.9 percent. (See the Explanation of Selected Terms section.)

It is noteworthy to look at the “gross profit” of FCDC's. Gross profit is the difference between business receipts and cost of goods sold. The manufacturing and wholesale trade industrial sectors

accounted for most of the reported amounts of business receipts and cost of goods sold, but manufacturers reported substantially higher gross profits than did wholesalers. For every dollar of business receipts, manufacturers reported \$.71 of cost of goods sold. By comparison, wholesalers reported \$.82 of cost of goods sold for each dollar of business receipts. FCDC's were similar to other domestic corporations in this respect. For all corporation returns, cost of goods sold equaled \$.68 for every dollar of business receipts reported by manufacturers, and \$.81 by wholesalers.

Total receipts less total deductions for FCDC's equaled \$58.0 billion for 1999. This is slightly different from the \$60.2 billion of net income (less deficit) reported by these companies. Total receipts less total deductions include all of the income “actually” (as opposed to “constructively”) received by corporations and reported on tax returns. Unlike net income (less deficit), total receipts less total deductions include nontaxable interest on State and local government obligations and exclude the two items of constructive taxable income from related foreign corporations previously mentioned. For 1999, FCDC's received \$0.9 billion of tax-exempt interest on State and local government obligations and reported \$3.1 billion of constructive taxable income.

The previous paragraph discussed the difference, for statistical purposes, between “total receipts less total deductions” and net income (less deficit). It is also important to make a distinction between (positive) net income and taxable income (i.e., “income subject to tax” shown in the statistics). Because certain statutory special deductions, including the “net operating loss” deduction, were available to most companies in computing their taxable incomes, the statistics for net income are generally larger than the amounts shown for taxable income. For 1999, FCDC's reported \$100.0 billion of net income and \$78.6 billion of taxable income.

Net income (less deficit) for foreign-controlled domestic corporations was \$60.2 billion for 1999, up substantially from the \$40.6 billion for 1998. Net income (less deficit) reported on all corporation income tax returns also increased between 1998 and 1999, from \$838.2 billion to \$929.0 billion. Thus, while the net profits of all corporations grew by 10.8 percent, the net profits of FCDC's increased by the much larger level of 48.3 percent.

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The \$60.2 billion of total FCDC net income (less deficit) were the result of 27,509 corporations reporting \$100.0 billion of (positive) net income and 32,005 companies reporting \$39.8 billion of deficits [12]. Thus, less than one out of every two (46.2 percent) domestic corporations with foreign owners reported a (positive) net income for 1999. In comparison, 57.0 percent of all corporations filing U.S. income tax returns for the same year reported a (positive) net income.

The percentage of companies reporting (positive) net income varied greatly among the different industrial groups. At the industrial division level, the percentage ranged from a low of 35.4 percent for companies classified in professional and business services to a high of 77.2 percent for companies classified in other services. The range further broadens for the increasingly more specific industries at the industrial sector and major industry levels. At the major industry level, FCDC's classified as offices of health practitioners and outpatient care centers (98.4 percent); general merchandise retail stores (98.3 percent); sporting goods, hobby, book, and music retail stores (96.8 percent); truck transportation (96.4 percent); building material and garden equipment and supplies retail dealers (96.4 percent); heavy construction (93.9 percent); and furniture and related product manufacturers (93.0 percent) reported relatively high frequencies of companies with profits. On the opposite end, FCDC's classified as nonstore retailers (6.1 percent); electronics and appliance retail stores (13.2 percent); building, developing, and general contracting (14.9 percent); food services and drinking places (18.2 percent); and insurance carriers and related activities (21.7 percent) reported relatively low frequencies of companies with profits.

More than one of every two FCDC's reported a deficit for 1999. Collectively, these companies show \$39.8 billion in deficits, an increase over the \$34.8 billion reported for the previous year. Deficits could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see "net operating loss deduction" in the Explanation of Selected Terms section). When a company "carried back" a deficit to a previous tax year, it could file either Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*. Data from these forms are not included in the statis-

tics. Net operating losses "carried forward" to Tax Year 1999 from prior years are included in the statistics and further discussed in the next section.

### Taxes

For 1999, foreign-controlled domestic corporations reported \$78.6 billion of "income subject to tax" (for purposes of the statistics, this is the base on which the income tax was computed), resulting in \$27.4 billion of income tax. The \$28.1 billion of total income tax before credits reported by FCDC's consisted of the income tax, the alternative minimum tax, and certain other taxes. The alternative minimum tax was \$0.7 billion, and the remaining taxes comprised a very small part of the total.

The difference between the \$100.0 billion of (positive) net income and \$78.6 billion of income subject to tax was, for the most part, the result of statutory special deductions [13]. These deductions were allowed for most corporations in computing their taxable incomes and include the deduction for "net operating losses" (NOL's) from prior years. For 1999, the net operating loss deduction was \$15.6 billion and accounted for 70.8 percent of the \$22.1 billion of total statutory special deductions. FCDC's reduced their 1999 net incomes by 15.6 percent using NOL's carried over from prior years. (NOL's carried back to Tax Year 1999 from 2000 and beyond are not included in the statistics shown in this article.)

Tax credits totaling \$4.2 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$23.9 billion for 1999. The largest credits claimed were \$2.7 billion of foreign tax credits, \$0.7 billion of prior-year minimum tax credits, and \$0.6 billion of general business credits. Other credits included the U.S. possessions tax credit, the nonconventional source fuel credit, and the qualified electric vehicle credit. The \$23.9 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by IRS as a result of examination or enforcement activities.

The percentage of FCDC's reporting tax liabilities (i.e., total income tax after credits) for 1999 was 33.2 percent, down slightly from the 33.4 percent reported for the previous year. The percentages of FCDC's that had U.S. income tax liabilities varied considerably among countries and industries, but less

## Foreign-Controlled Domestic Corporations, 1999

so by age groups. For 1999, of the 20 countries shown in Table 3, Bermuda (17.6 percent), the Netherlands Antilles (21.6 percent), and Panama (22.2 percent) had the lowest percentages of companies with U.S. income tax liabilities, while Sweden (57.3 percent), Switzerland (48.0 percent), and Canada (43.5 percent) had the highest percentages. As an example of the differences among industries, there was a large range in the percentages of companies with tax liabilities among the major industries that make up the construction industrial sector. While 93.9 percent of the heavy construction companies reported tax liabilities, only 10.1 percent of the building, developing, and general contracting companies reported tax liabilities. By age classification, 33.6 percent of the "new" FCDC's reported U.S. income tax liabilities, while 33.0 percent of the "old" companies reported tax liabilities.

### The "Largest" Foreign-Controlled Domestic Corporations

The "largest" companies accounted for the majority of the key FCDC financial items. This article classifies the largest companies as those with at least \$250 million of total assets, or \$50 million of business receipts, or both. (Within the finance and insurance, and management of companies (holding companies) sectors, total receipts were used in place of business receipts for selecting the largest companies. Total receipts include both business receipts (i.e., gross receipts from sales and operations) plus investment income.)

Both size of assets and size of receipts were used to select the largest companies in order to obtain maximum coverage of the various industrial groupings [14]. As previously discussed, certain industries have different characteristics from other industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their assets. By comparison, credit intermediation corporations generally report large amounts of assets compared to their receipts. If either assets or receipts were used exclusively to select the largest companies, then the largest companies in one of these industrial groups would have been uncovered in comparison to the other group.

Table 4 shows data for the largest FCDC's by industrial sectors. This table also contains data for "other large domestic corporations." These other

large domestic corporations were not foreign-controlled or owned (i.e., they were either owned by domestic persons, or no separate foreign person owned 25 percent or more of the corporation's stock). This definition of "other large domestic

corporations" is used throughout this article, including the data shown in Figures E through G. (Thus, domestic corporations that had a foreign person who owned between 25 percent and 49 percent of the corporation's stock are not included in either of the two groups shown in Figures E through G, and Table 4.)

Data for domestic corporations that filed Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations) are excluded from the comparisons between large FCDC's and other large domestic corporations shown in Figures E through G, and Table 4. (However, returns filed on these forms are included in the data of other figures and tables contained in this article, as appropriate.) While corporations filing these income tax returns report their incomes, they generally have little or no tax liabilities. Through separate special provisions of the Internal Revenue Code applicable to each of these types of corporations, the incomes of these corporations are generally taxed at the shareholder level. The Explanation of Selected Terms section discusses in greater detail the nature of real estate investment trusts (REIT's), regulated investment companies (RIC's), and S corporations [15].

Table 4 shows that there were 17,208 large domestic corporations for 1999. Of this total, foreign persons controlled 3,077 corporations, or 17.9 percent. (This percentage is far larger than the 1.2 percent of all returns that FCDC's accounted for, regardless of size.) FCDC's accounted for 29.6 percent of large wholesalers, 26.3 percent of large real estate and rental and leasing companies, 26.1 percent of large manufacturers, and 24.1 percent of large mining companies. However, just 2.9 percent of large health care and social assistance companies, 5.6 percent of large retailers, and 6.0 percent of large utilities were FCDC's.

The "largest" companies accounted for 92.5 percent of the FCDC total receipts, but only 5.2 percent of the returns.

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For 1999, the largest companies reported 93.9 percent of the total assets, 92.5 percent of the total receipts, 89.8 percent of the taxable income, and 89.3 percent of the total income tax after credits, of all FCDC's. However, these 3,077 companies comprised just 5.2 percent of the number of income tax returns filed by FCDC's.

Table 4 shows that there were 14,131 large domestic corporations that did not have controlling foreign owners for 1999. These large companies accounted for a very small portion (0.7 percent) of the total number of income tax returns filed by domestic corporations without foreign owners, which was significantly less than the 5.2 percent for FCDC's. However, they did comprise a significant portion of the key financial items (total assets, total receipts, etc.) of this group of returns.

The largest companies generally report profits that are greater than those of the rest of the companies. For 1999, the largest FCDC's reported a combined profit of \$58.6 billion, while the smaller FCDC's reported a combined profit of \$1.6 billion. Later in this article, the profitability of the largest FCDC's is compared to that of the largest domestic corporation not foreign-controlled. This comparison includes industry characteristics of the corporations.

### Industry Characteristics

The industrial makeup of the largest companies is somewhat different between domestic corporations that are foreign-controlled and those that are not. For 1999, as an example, 39.9 percent of the largest FCDC's were classified as manufacturers, while 24.6 percent of the largest domestic companies that were not foreign-controlled were classified in the same industrial sector. Conversely, 13.3 percent of the largest domestic companies that were not foreign-controlled were retailers, while only 3.6 percent of the largest FCDC's were similarly classified. See Figure E.

Table 4 presents industrial-level data for selected items and percentages for the largest domestic corporations, both foreign- and non-foreign-controlled. In six of the nine industrial divisions shown in Table 4, the percentage of returns reporting (positive) net income was less for the largest FCDC's than for the other domestic companies (ODC's). The differences were relatively small for information companies (45.8 percent for FCDC's versus 49.4 percent for ODC's)

and for leisure, accommodation, and food services companies (63.8 percent for ODC's versus 67.3 percent for FCDC's). (See column 43 of the table.) There were much larger differences in some of the other divisions, such as education, health, and social assistance (45.4 percent for ODC's versus 68.8 percent for FCDC's), other services (53.4 percent for ODC's versus 68.8 percent for FCDC's), and professional and business services (67.4 percent for FCDC's versus 78.5 percent for ODC's). The percentages were higher for ODC's than for FCDC's in each of the following divisions: raw materials and energy production; goods production; distribution and transportation of goods; and finance, insurance, real estate, and rental and leasing.

Another key ratio is net income (less deficit) to total receipts. Figure F shows summary information for this ratio. For both 1998 and 1999, net income (less deficit) was a smaller percentage of total receipts for FCDC's as compared to ODC's. This was the case for both financial and nonfinancial industries. However, the differences between the ratios for FCDC's and ODC's narrowed for 1999, especially for the financial industries.

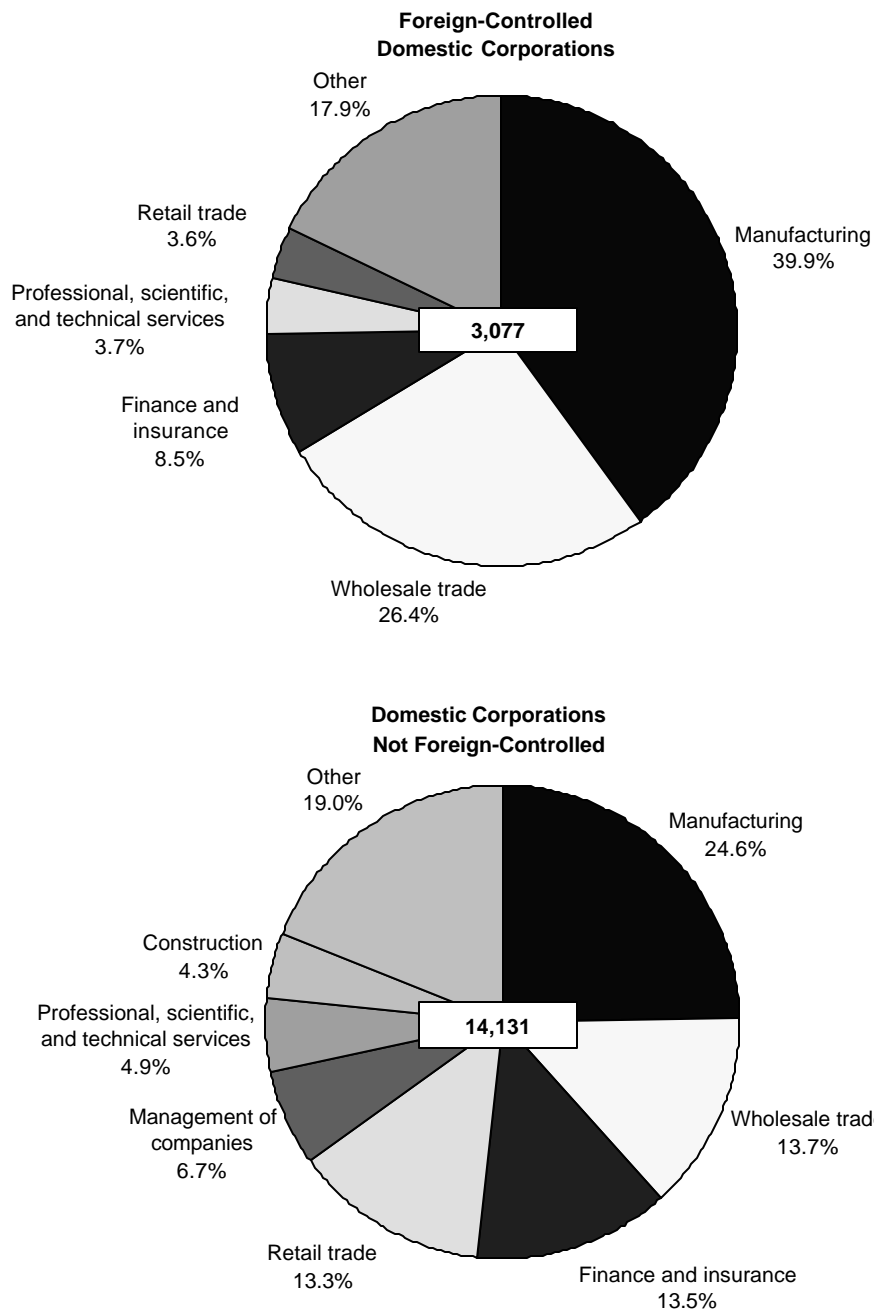
Table 4 (column 57) shows more detailed information on the ratio of net income (less deficit) to total receipts. Once again, for eight of the nine industrial divisions shown in this table, ODC's had higher percentages than did their foreign-controlled counterparts. The difference was most significant for the information division (7.4 percent for ODC's compared to -4.0 percent for FCDC's).

Because the finance, insurance, real estate, and rental and leasing industrial division includes a diverse group of business activities and corporations, it is important to take a more detailed look in this division at the ratios of net income (less deficit) to total receipts for both FCDC's and ODC's. First, the finance, insurance, real estate, and rental and leasing division generally includes two types of corporations which are taxed under special provisions of the Internal Revenue Code (IRC): regulated investment companies (RIC's) and real estate investment trusts (REIT's). RIC's are typically mutual funds, while REIT's invest in real estate and mortgages. In general, companies electing to qualify under either of these provisions must meet certain requirements, including those related to distributions of income to shareholders. Such income is then taxed at the

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Figure E

**"Large" Domestic Corporations: Number of Returns, by Control Status and Selected Industries, Tax Year 1999**

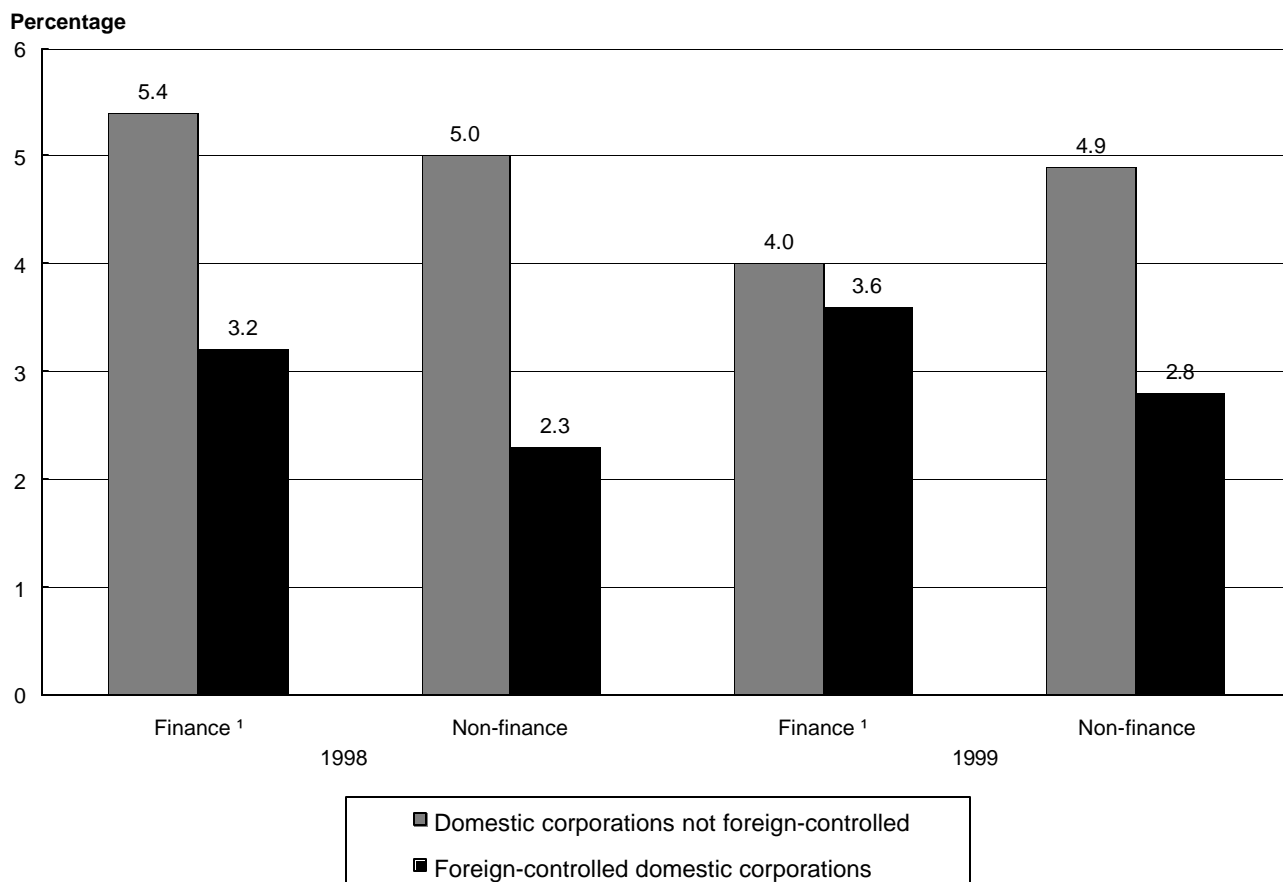


NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

# Foreign-Controlled Domestic Corporations, 1999

Figure F

**"Large" Domestic Corporations: Percentage of Net Income (Less Deficit) Divided by Total Receipts, by Control Status and Industry, Tax Years 1998 and 1999**



<sup>1</sup> Includes returns classified in the "finance, insurance, real estate, and rental and leasing" industrial division of the North American Industry Classification System.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

shareholder level. Thus, the tax liability of RIC's and REIT's is typically low. RIC's and REIT's played a much larger role for ODC's than for FCDC's. Because of the special provisions of the IRC, RIC's and REIT's have been excluded from the data shown in Table 4.

Looking at the ratios of net income (less deficit) to total receipts for both industrial sectors in finance, insurance, real estate, and rental and leasing shown in Table 4, the profitability of FCDC's was similar to

other domestic corporations for finance and insurance. However, a much larger difference in profitability occurred in real estate and rental and leasing. Other domestic corporations surpassed FCDC's for real estate and rental and leasing, 0.4 percent compared to -3.9 percent.

Profits affect the amount of retained earnings of corporations. Columns 12-14 of Table 4 show total, appropriated, and unappropriated retained earnings, respectively, of the corporations. Appropriated

## Foreign-Controlled Domestic Corporations, 1999

retained earnings were earnings set aside for specific purposes, such as reserves for plant expansion or bond retirements, and not available for distribution to stockholders. The amounts were reported in the end-of-year balance sheets of the corporations' books of account. They represent earnings and profits of the corporations retained from normal and discontinued operations of previous years, as well as "extraordinary" gains and losses, and prior period adjustments. The amounts are also after reductions for dividends and distributions made to stockholders. (For a more extensive discussion of retained earnings, see *Statistics of Income—1999, Corporation Income Tax Returns* [16].) For 1999, the largest FCDC's reported \$86.8 billion of total retained earnings (only 1.9 percent of their total assets), while other large domestic corporations reported \$2.4 trillion of retained earnings (9.5 percent of their total assets). It should be noted that retained earnings are a component of net worth and thus affect the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 4.

The ratio of taxable income (i.e., "income subject to tax") to total receipts is shown in column 61 of Table 4. FCDC's generally had lower ratios than those of other domestic corporations, and the ratios varied among the different industries. The differences in the ratios were greatest in the information industrial division (1.8 percent for FCDC's and 9.6 percent for other domestic corporations). At the industrial sector level, utilities and educational services both showed great differences between FCDC's and ODC's. Utilities controlled by foreign persons reported much larger ratios (11.9 percent) than did ODC's (7.9 percent). On the other hand, educational services companies controlled by foreign persons reported much smaller ratios (3.1 percent) than did ODC's (7.0 percent).

Table 4 also includes the ratio of total income tax after credits to total receipts (column 64). The total income tax after credits reported by both ODC's (\$148.2 billion) and FCDC's (\$21.4 billion) represents the tax liability of these companies as reported on their originally-filed U.S. income tax returns. However, it does not take into account either of the following changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of examination or enforcement activities. Among other reasons, corporations could file

amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the tax recapture of prior-year investment credits) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular income tax and the alternative minimum tax represented 99 percent or more of the total income tax for both ODC's and FCDC's [17].

Before looking at total income tax after credits for different industries, it is useful to examine the amount of tax liability as a percentage of the total receipts for all large domestic corporations. Figure G presents such data classified by 11 size categories of this percentage. For 1999, large FCDC's reported \$21.4 billion of total income tax after credits, 1.1 percent of their total receipts. Column 3 of Figure G shows that nearly one-third of these companies had no tax liability, that nearly six out of every ten companies had tax liabilities of less than 0.5 percent of their receipts, that over three-fourths had tax liabilities of less than 1.5 percent of their receipts, and that 91.4 percent had tax liabilities of less than 4 percent of their receipts. Only 109 of the 3,077 companies (3.5 percent) reported tax liabilities of 7.5 percent or more of their receipts. By comparison, large domestic corporations not foreign-controlled reported \$148.2 billion of total income tax after credits, 1.4 percent of their total receipts. The cumulative percentages for these domestic corporations shown in column 3 of Figure G are lower than those for FCDC's through size categories including tax liabilities of 7.5 percent of receipts. For example, 26.0 percent of the ODC's and 31.6 percent of the FCDC's had zero tax liabilities. There were 600 domestic corporations not foreign-controlled that reported tax liabilities of 7.5 percent or more of their receipts, 4.2 percent of the 14,131 corporations.

For eight of the nine industrial divisions shown in Table 4, ODC's have a higher percentage of total income tax after credits divided by total receipts than that for FCDC's. The greatest difference was in the information division, in which FCDC's reported taxes that amounted to 0.6 percent of their receipts, while

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Figure G

## "Large" Domestic Corporations: Selected Items, by Control Status and Percentage of Total Income Tax After Credits Divided by Total Receipts, Tax Year 1999

[Money amounts are in millions of dollars]

Control status and percentage of total income tax after credits divided by total receipts	Returns			Total assets	Total receipts	Net income (less deficit)	Total income tax after credits
	Number	Percentage of total	Cumulative percentage				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>"LARGE" FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>Total</b> .....	<b>3,077</b>	<b>N/A</b>	<b>N/A</b>	<b>4,472,411</b>	<b>2,005,819</b>	<b>58,566</b>	<b>21,372</b>
Percentage of total income tax after credits divided by total receipts:							
Zero <sup>1</sup> .....	971	31.6	31.6	1,009,151	393,190	-24,563	--
Greater than zero and under 0.5 percent.....	853	27.7	59.3	1,530,824	774,279	16,737	1,618
0.5 percent under 1.0 percent.....	292	9.5	68.8	484,706	219,153	6,692	1,656
1.0 percent under 1.5 percent.....	221	7.2	76.0	497,556	225,753	9,437	2,718
1.5 percent under 2.0 percent.....	156	5.1	81.0	149,832	108,382	6,006	1,927
2.0 percent under 3.0 percent.....	214	7.0	88.0	201,734	111,470	9,594	2,734
3.0 percent under 4.0 percent.....	104	3.4	91.4	79,479	58,865	6,590	2,045
4.0 percent under 5.0 percent.....	77	2.5	93.9	149,016	30,568	4,304	1,376
5.0 percent under 7.5 percent.....	80	2.6	96.5	195,145	51,875	11,288	3,329
7.5 percent under 10.0 percent.....	41	1.3	97.8	81,545	11,604	2,736	917
10.0 percent or more.....	68	2.2	100.0	93,423	20,680	9,745	3,052
<b>"LARGE" DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>Total</b> .....	<b>14,131</b>	<b>N/A</b>	<b>N/A</b>	<b>25,430,233</b>	<b>10,356,884</b>	<b>487,738</b>	<b>148,237</b>
Percentage of total income tax after credits divided by total receipts:							
Zero <sup>1</sup> .....	3,671	26.0	26.0	2,262,757	1,393,269	-94,283	3
Greater than zero and under 0.5 percent.....	3,702	26.2	52.2	5,929,291	3,306,486	70,221	5,699
0.5 percent under 1.0 percent.....	1,511	10.7	62.9	3,794,043	1,302,819	51,570	9,891
1.0 percent under 1.5 percent.....	991	7.0	69.9	3,019,531	1,175,199	58,795	14,110
1.5 percent under 2.0 percent.....	695	4.9	74.8	2,320,236	811,193	50,962	13,974
2.0 percent under 3.0 percent.....	993	7.0	81.8	1,942,014	926,314	84,531	22,966
3.0 percent under 4.0 percent.....	616	4.4	86.2	2,458,555	557,260	66,021	19,435
4.0 percent under 5.0 percent.....	484	3.4	89.6	799,468	218,782	29,543	9,589
5.0 percent under 7.5 percent.....	868	6.1	95.8	2,020,569	441,000	84,605	26,083
7.5 percent under 10.0 percent.....	338	2.4	98.1	438,524	99,433	27,985	8,497
10.0 percent or more.....	262	1.9	100.0	445,245	125,129	57,788	17,990

N/A--Not applicable.

<sup>1</sup> Includes returns with zero total receipts.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Detail may not add to totals because of rounding.

ODC's reported 3.1 percent. Some other divisions also had substantial differences in the percentages, with ODC's having the higher percentage: raw materials and energy production (1.5 percent versus 2.3 percent); and education, health, and social assistance (0.5 percent versus 1.1 percent). The percentages for goods production were similar between FCDC's and other domestic corporations, both rounded to 1.2 percent. Finance, insurance, real

estate, and rental and leasing companies formed the one division in which FCDC's had a higher percentage than did ODC's, 1.4 percent versus 1.2 percent. Two sectors compose this division: finance and insurance, and real estate and rental and leasing. FCDC's had slightly higher percentages than those for ODC's in both of these sectors.

ODC's claimed relatively more credits than did FCDC's. Thus, tax credits were factors that caused



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the percentages of total income tax after credits divided by total receipts for FCDC's to become more similar to those of the ODC's [18]. For 1999, large FCDC's claimed \$4.0 billion of credits, equaling 15.7 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$43.6 billion of credits during the same period, equaling 22.7 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$2.6 billion by large FCDC's and \$35.2 billion by other large domestic corporations.

The differences in financial characteristics of different industries once again become evident when reviewing the percentages shown in Table 4. For instance, when the percentage of net income (less deficit) divided by total receipts (column 57) is used, finance and insurance companies have a substantially higher percentage (4.0 percent for the largest FCDC's) than do wholesalers (2.1 percent). However, when total assets are used as the denominator in place of total receipts (column 55), the difference is reversed (the largest FCDC's in finance and insurance have a 0.6 percentage and those in wholesale trade have a 3.5 percentage). Because the distribution of industrial activities based on principal businesses is not the same for the largest FCDC's as it is for other domestic companies, this, again, illustrates the importance of comparing FCDC's to ODC's on an industrial basis.

### Age Characteristics

This study classifies companies into one of two age categories. "New" corporations are those with years of incorporation of 1997 and after reported on their income tax returns. "Old" corporations are those incorporated prior to 1997, or with unknown (i.e., unreported) dates of incorporation.

Looking at the age characteristics of both the largest FCDC's and other large domestic corporations provides some additional information on the attributes of FCDC's. For 1999, most of the largest corporations were old corporations. For the FCDC's, 2,668 of the 3,077 largest corporations were old corporations (86.7 percent). The other large domestic corporations were very similar to FCDC's in this respect, with 90.1 percent classified as old corporations (i.e., 12,728 out of 14,131).

In general, new ODC's reported lower profits than did their older counterparts. Startup costs of new businesses may be one reason for the lower profits. These new corporations reported amounts of net income (less deficit) equal to 2.9 percent of their total receipts for 1999, while the percentage was 4.8 for the older corporations. This type of difference also occurred for the FCDC's. While the new FCDC's reported amounts of net income (less deficit) equal to 0.4 percent of their total receipts, the percentage was substantially larger at 3.2 percent for the older FCDC's.

Thus, in addition to comparing FCDC's to other domestic corporations on the bases of industry and size, a thorough analysis would include comparisons based on the same age groupings. While this article has briefly looked at the age characteristics of FCDC's and other domestic corporations, a more detailed analysis is left for further study.

### Country Characteristics

The country information discussed in this section is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on the U.S. income tax returns of the foreign-controlled domestic corporations. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.)

The owners of over 73 percent of the 3,077 large FCDC's resided in just seven countries: Japan (732 FCDC's), the United Kingdom (350), Canada (339), Germany (284), the Netherlands (222), France (192), and Switzerland (139). Japanese persons controlled 24 percent of these large domestic corporations.

The seven countries noted above accounted for over 85 percent of the \$4.5 trillion of assets for all of the large FCDC's. Domestic corporations controlled by persons from the Netherlands reported the largest assets (\$0.7 trillion), followed by the United Kingdom (\$0.7 trillion), Germany (\$0.6 trillion), Canada (\$0.5 trillion), Japan (\$0.5 trillion), France (\$0.5 trillion), and Switzerland (\$0.3 trillion).

The same seven countries accounted for nearly 85 percent of the \$2.0 trillion of receipts for all of the large FCDC's. Domestic corporations controlled by persons from Japan reported the largest receipts (\$0.4 trillion), followed by Germany (\$0.3 trillion), the

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United Kingdom (\$0.3 trillion), the Netherlands (\$0.3 trillion), Canada (\$0.2 trillion), France (\$0.1 trillion), and Switzerland (\$0.1 trillion).

### Summary

Direct foreign investment and activity in the United States through FCDC's continued to grow for 1999. FCDC's reported \$2.2 trillion of total receipts for 1999, an increase of \$277.0 billion over the 1998 level. While total receipts reported on all U.S. corporation income tax returns increased by 9.1 percent over the previous year, receipts of domestic corporations controlled by foreign persons increased by 14.7 percent. As a result, the share of total corporate receipts accounted for by FCDC's rose to 11.5 percent.

Two industrial sectors, manufacturing and wholesale trade, generated 69 percent of the total receipts of all FCDC's. Manufacturers produced \$976 billion of receipts, while wholesalers accounted for an additional \$518 billion. From a country perspective, domestic corporations controlled by persons in Japan reported total receipts of \$454 billion, 21.0 percent of the FCDC total. In addition, Germany, the United Kingdom, the Netherlands, and Canada accounted for 14.4 percent, 14.3 percent, 12.4 percent, and 9.1 percent of the total, respectively.

The collective net income (less deficit) reported by foreign-controlled domestic corporations rose to \$60.2 billion, a 48.3-percent increase from the \$40.6 billion for 1998. Total income tax after credits moved in the same direction as did profits, increasing from \$18.3 billion for 1998 to \$23.9 billion for 1999, an increase of 31.0 percent.

Of the 59,514 foreign-controlled domestic corporations, the 3,077 "largest" companies accounted for most of the total amounts of key financial items (e.g., 93.9 percent of the total assets, 92.5 percent of the total receipts, 89.8 percent of the taxable income, and 89.3 percent of the total income tax after credits). In comparing these large companies to other large domestic companies on the basis of industry, the ratio related to profitability, i.e., net income (less deficit) compared to total receipts, was smaller for the FCDC's in most cases. While this article has been able to compare the profits of FCDC's to other domestic corporations on the same bases of size and industry, additional research is needed to explain the remaining differences in the profitability of the two

groups of companies with different owners [19].

When calculating the percentage of total income tax after credits to total receipts, for 1999, large FCDC's generally had percentages that were smaller than those of other large domestic corporations within the same industrial group. This calculation takes into account only the U.S. tax liabilities of the corporations. Additional data would be required to examine the worldwide tax liabilities of the corporations, which are beyond the scope of this article.

### Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income—1999, Corporation Income Tax Returns*.

*Alternative Minimum Tax.*--This tax was designed to ensure that a taxpayer with substantial economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. It is included in the amounts reported for both total income tax before (and after) credits.

*Business Receipts.*--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of goods sold" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts include rents reported as the principal business income by real estate operators and certain manufacturing, public utility, trade, and service corporations. Business receipts include such banking items as fees, commissions, trust department earnings, and service charges. Interest, the principal operating income of banking and savings institutions, was excluded from business receipts, but included in the separate statistics for "interest received." Also, premium income of most insurance companies was included in business receipts.

*Constructive Ownership Rules.*--The constructive ownership rules of Internal Revenue Code section 318 apply in determining if a U.S. corporation is foreign-owned. However, if a corporation is owned by two or more "unrelated" foreign persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons

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may have met the 50-percent-or-more ownership criterion. See also, Foreign Person, defined below.

*Constructive Taxable Income from Related Foreign Corporations.*--This item represented the sum of includable income from Controlled Foreign Corporations and foreign dividend gross-up. Includable income is deemed distributions, and represents the income of foreign corporations that is taxable to the U.S. parent corporation, regardless of whether or not it is actually received. Foreign dividend gross-up is an amount of income, taxable to the U.S. parent, that equals the foreign tax deemed paid based on both foreign dividends received and includable income from foreign corporations.

*Cost of Goods Sold.*--This item generally consisted of the direct costs incurred by corporations in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, sales and excise taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories.

*Current and Noncurrent Assets.*--In this article, current assets include cash, notes and accounts receivable (less the allowance for bad debts), inventories, investments in Government obligations, tax-exempt securities, and other current assets, such as short-term prepaid expenses. Noncurrent assets include loans to stockholders, mortgage and real estate loans, other investments, depreciable assets (less accumulated depreciation), depletable assets (less accumulated depletion), land, intangible assets (less accumulated amortization), and other assets, including those not identified on the tax return as either current or long-term.

*Current and Noncurrent Liabilities.*--In this article, current liabilities include accounts payable; mortgages, notes, and bonds payable in less than 1 year; and other current liabilities, such as accrued expenses. Noncurrent liabilities include loans from stockholders; mortgages, notes, and bonds payable in 1 year or more; and other liabilities, including those

not identified on the tax return as either current or long-term.

*Foreign Person.*--A foreign person (or entity) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a foreign estate or trust within the meaning of Internal Revenue Code (IRC) section 7701(a)(31), and (5) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

*Foreign Tax Credit.*--Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign source income is often taxed as well by the country where the income is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double taxation of foreign-source income. U.S. persons are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-sourced income. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

*Income Subject to Tax.*--For most corporations, income subject to tax, i.e., taxable income, was defined by Internal Revenue Code section 63 and consisted of (positive) net income minus certain statutory special deductions. There were special provisions in the Code for determining the taxable income of S corporations, life and nonlife insurance companies, regulated investment companies, and real estate investment trusts. On Form 1120, this item was reported on page 1, line 30.

*Net Income (or Deficit).*--This is the difference between taxable receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. In this article, for a group of returns, this item may be referred to as either "profits" (i.e., net income exceeds deficits) or "losses" (deficits

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exceed net income). It reflects not only actual receipts, but “constructive” receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend “gross-up”). Tax-exempt interest on State and local government obligations is excluded from this item, but is included in “total receipts.” Because certain statutory special deductions, such as the net operating loss deduction, reduce the corporation’s “taxable income” (or “income subject to tax”), the statistics for (positive) net income are generally larger than the amounts shown for (U.S.) “income subject to tax” (i.e., the base on which the income tax was computed). On Form 1120, “net income (or deficit)” was reported on page 1, line 28.

*Net Operating Loss Deduction (NOLD).*--For tax years beginning after August 5, 1997, a statutory “net operating loss” (NOL) for a given tax year could be carried back, in general, 2 years 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 to offset income for a period not exceeding 20 years. (For tax years beginning before August 6, 1997, NOL’s could be carried back 3 years, but forward for only 15 years.) The amount of the deduction included in the statistics, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (1999) tax year. Losses incurred after the 1999 Tax Year and carried back to that year at a later date were not reported on the tax returns used for this article. Net operating losses on which the 1999 deduction was based include: (1) the excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed for 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).

*Net Worth.*--This item represented the stockholders’ equity in the corporation, i.e., total assets less the claims of creditors. It is the net result of adding capital stock, paid-in or capital surplus, appropriated retained earnings, and unappropriated retained earnings, and then subtracting the cost of treasury stock. Treasury stock is common or preferred stock originally issued by the corporation which has been reacquired and held at the end of the accounting period by the issuing corporation. This item also included

“adjustments to shareholders’ equity.” These adjustments could be either positive or negative, and included unrealized gains and losses on securities held “available for sale.”

*Number of Returns.*--The data contained in this article are based on the number of returns filed for Tax Year 1999. For simplicity, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit. The number of returns shown in this article represent returns of “active” corporations, i.e., those which reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Part-year returns, those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. Continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations filed such returns. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

*Real Estate Investment Trusts.*--Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as a real estate investment trust (REIT). REIT’s generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; gains from the sale of stock, securities, and real property; abatements and refunds of taxes on real property;

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income and gains from foreclosure property; amounts received or accrued for entering into agreements to make loans secured by mortgages or to purchase or lease real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; dividends and gains from the sale of transferable shares in other REIT's; abatements and refunds of taxes on real property; income and gains from foreclosure property; amounts received or accrued for entering into agreements concerning real property; etc. The tax liability of REIT's is generally very low. This is because through a statutory special deduction for dividends paid, REIT's are not taxed on amounts distributed to shareholders. In general, REIT's must distribute to their shareholders at least 95 percent of their taxable income. Such distributions are taxed to the shareholders (i.e., beneficiaries).

*Regulated Investment Companies.*--A regulated investment company (RIC) is a domestic corporation registered with the Securities and Exchange Commission as a management company, business development company, unit investment trust, common trust fund, or a similar fund. Typically, it is a mutual fund. A RIC must meet certain Internal Revenue Code requirements, including deriving at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RIC's is generally very low. This is because through a statutory special deduction for dividends paid, RIC's are not taxed on amounts distributed to shareholders. In general, RIC's must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level.

*S Corporations.*--An S corporation is a corporation that has elected S corporation status and whose shareholders have agreed to that election. The number of shareholders of an S corporation is limited. Shareholders must be U.S. citizens or residents. Additionally, shareholders must be individuals, estates, or trusts. Other corporations, for instance, cannot be shareholders of S corporations. An S corporation must be a domestic corporation, with only one class of stock, and not a member of an affiliated

group eligible for inclusion in a consolidated return. An S corporation is mostly an income-reporting, but not taxpaying, entity. There is, in general, no corporate-level tax; instead, income is taxed to the shareholders immediately, whether or not actually distributed. Each shareholder's share of the net income from the corporation's ordinary trade or business activities, plus the income and expenses from the corporation's passive activities and portfolio investments, is passed through pro-rata on a per-share, daily basis.

*Statutory Special Deductions.*--This item was the sum of: (1) deductions for net operating losses of prior years, (2) intercorporate dividends received deductions, (3) deductions for dividends paid on certain preferred stock of public utilities, (4) deductions for dividends paid by regulated investment companies and real estate investment trusts, (5) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (6) Code section 806(a) small life insurance company deductions. Since these deductions were allowed by law in addition to ordinary and necessary business deductions, they are shown in the statistics as deductions from net income. In general, (positive) net income less statutory special deductions equals income subject to tax. However, there are exceptions to this generality for S corporations, insurance companies, RIC's, and REIT's.

*Total Assets.*--This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the allowance for bad debts.

*Total Income Tax Before and After Credits.*--For 1999, total income tax of FCDC's was primarily comprised of the income tax imposed on corporate income subject to tax (97.3 percent of the total tax) and the alternative minimum tax (2.6 percent). A small number of corporation income tax returns without net income reported amounts of income tax. The income tax, in these cases, resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. These provisions applied to FCDC's with life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture tax on investment credits.

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Thus, a small number of corporations without net income and income tax reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were the taxes on undistributed net capital gains of regulated investment companies. For 1999, the credits used to reduce the total income tax of FCDC's primarily included the foreign tax credit (65.2 percent of the \$4.2 billion of total credits), the prior-year minimum tax credit (17.5 percent), the general business credit (14.4 percent), and the U.S. possessions tax credit (1.9 percent). The statistics shown for this item may differ somewhat from the actual income tax collected and the final income tax liability of corporations for Tax Year 1999. Adjustments could be made to income tax returns after they were filed, which could affect the final tax liability. Such adjustments are not reflected in the statistics. Adjustments could result from tax examination and enforcement activities by IRS, or the use of carry-back provisions for net operating losses and unused foreign tax and general business credits by taxpayers.

*Total Receipts.*--This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts, before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. However, total receipts exclude certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Long-term capital gains of regulated investment companies, as well as both short-term and long-term capital gains of S corporations are also excluded.

*Total Receipts Less Total Deductions.*--This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local government

obligations, and excludes constructive taxable income from related foreign corporations.

### Data Sources and Limitations

#### Time Period Covered

Data for Tax Year 1999 are based on returns with accounting periods that ended between July 1999 and June 2000. The sampling frame for the 1999 statistics consisted, in general, of tax returns with these accounting periods that also posted to the IRS Business Master File between July 1999 and June 2001. Corporation returns were usually required to be filed within 2-1/2 months after the close of the accounting period. However, most corporations could receive filing extensions of 6 months. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1999, that span was from August 1998 through June 2000. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 1999.

#### Sample

This article presents statistical estimates based on a stratified sample of more than 10,100 unaudited tax returns selected from over 59,500 returns of active domestic corporations controlled by a foreign person filed for Tax Year 1999. The statistics for FCDC's are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDC's include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). As previously mentioned, FCDC's could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDC's shown in Figures E through G, and in Table 4, exclude Forms 1120-RIC and 1120-REIT.

Form 1120 sampled returns were stratified based on the size of total assets and the size of "proceeds" (which was used as a measure of income and was

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Figure H

**Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Divisions, Tax Year 1999**

Selected items	All industries	Goods production	Distribution and transportation of goods	Information	Finance, insurance, real estate, and rental and leasing	Professional and business services
	Coefficients of variation (percentages)					
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	4.11	8.97	7.50	23.89	8.14	11.06
Total assets.....	0.09	0.15	0.25	0.44	0.15	0.26
Total receipts.....	0.15	0.17	0.38	0.72	0.16	1.17
Net income.....	0.20	0.24	0.56	2.16	0.37	0.97
Deficit.....	0.53	0.70	1.56	1.06	1.10	3.13
Income subject to tax.....	0.21	0.25	0.63	2.49	0.44	1.00
Total income tax after credits.....	0.22	0.26	0.62	2.67	0.45	1.08

the larger of the absolute value of net income or deficit or the absolute value of “cash flow,” i.e., net income plus depreciation plus depletion). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled based solely on the size of total assets.

For 1999, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$10 million or more, or with “proceeds” of \$2.5 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income—1999, Corporation Income Tax Returns*.

Because the data presented 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. Figure H shows CV’s for selected financial data of selected industrial divisions. For a general discussion of CV’s, see the Appendix located near the back of this issue of the *Statistics of Income Bulletin*.

### Nonsampling Limitations

Nonsampling errors can be categorized as coverage errors, nonresponse errors, processing errors, or response errors. These errors can be the result of the inability to obtain information about all returns in the sample, differing interpretations of tax concepts or instructions by the taxpayer, inability of a corporation to provide accurate information at the time of

filing (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating for missing data, and failure to represent all population units.

Returns were selected for this study based on taxpayers’ responses to two questions that appeared on the various types of Form 1120. The first question asked whether any “foreign person” owned, directly or indirectly, 25 percent or more of the filing corporation’s voting stock, or the total value of all the corporation’s stock, at any time during the tax year. If this question was answered “Yes,” then a second question asked for the percentage owned [20]. If the first question was answered “Yes,” and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics [21, 22]. Taxpayers sometimes incorrectly answered these questions or did not answer them at all [23]. However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 1998 and 1999, were researched, and the answers to the questions were verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during administrative or statistical processing. For 1999, the North American Industry Classification System (NAICS) was used as a classifier of the returns. The industry

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code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may summarize the activity of a company engaged in several businesses or may have been a consolidated return filed for an affiliated group of corporations that conducted different business activities. To the extent that some consolidated (and non-consolidated) returns covered corporations that 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.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same industry. For instance, those FCDC's that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies were classified as wholesalers. However, other domestic corporations that were also distributors may have been included in consolidated returns covering both the manufacture and distribution of similar products and classified as manufacturers.

Each return was assigned a foreign country code during statistical processing that identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. 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 foreign parent, the data may not be entirely related to the foreign country under which they are shown.

### Notes and References

- [1] For 1998 data covering FCDC's, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 1998," *Statistics of Income Bulletin*, Summer 2001, Volume 21, Number 1. In addition, FCDC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats.
- [2] Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Winter 2001-2002, Volume 21, Number 3; (2) *Statistics of Income—Corporation Income Tax Returns*, selected years; (3) *Source Book*

*of Statistics of Income—Corporation Income Tax Returns*, selected years; and (4) unpublished *Statistics of Income* tabulations.

- [3] Direct investment is different from portfolio investment in that the latter exerts no control over the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments, an increase in the value of the shares of stock, or both.
- [4] 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."
- [5] There are separate tabulations covering foreign-controlled domestic corporations and branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business in *Statistics of Income—1999, Corporation Income Tax Returns*.
- [6] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for "all corporations" exclude certain out-of-scope returns, such as returns for homeowners' associations (Form 1120-H) and certain political organizations (Form 1120-POL). For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—1999, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, and mutual savings banks). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.



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[7] For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject, including: (a) "Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 2000," September 2001; (b) "U.S. Affiliates of Foreign Companies: Operations in 1999," August 2001; and (c) "Foreign Direct Investment in the United States: New Investment in 2000," June 2001. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at: [www.bea.doc.gov](http://www.bea.doc.gov). The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to time periods covered and levels of foreign ownership.

[8] The 21.5-percent increase between 1998 and 1999 in the assets of domestic corporations controlled by foreign persons, as well as the 11.0-percent increase for all corporations, may overstate the actual "growth in investment." Assets are generally reported at book value on tax returns (i.e., at the value at the time of acquisition). The book value of newly-acquired assets is generally greater than the book value of similar assets they replaced. Therefore, new corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a different portion of FCDC's than they did for other companies, the comparability of 21.5 percent to 11.0 percent (above) may be limited.

[9] Dates of incorporation are reported, for example, on Form 1120, page 1, question C.

[10] In general, the computation of net income (less deficit) can be shown as follows:

*Begin With:* Total Receipts  
(Includes Business Receipts)  
*Less:* Total Deductions  
(Includes Cost of Goods Sold)

*Equals:* Total Receipts Less Total Deductions  
*Plus:* Constructive Taxable Income from Related Foreign Corporations  
(Includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-Up)

*Less:* Tax-Exempt Interest on State and Local Government Obligations (Included in Total Receipts, above)

*Equals:* Net Income (Less Deficit)

[11] For the most recent detailed information on transactions between "foreign-owned domestic corporations" and their related foreign persons, see Duffy, Heather R., "Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 1998," *Statistics of Income Bulletin*, Fall 2001, Volume 21, Number 2. Unfortunately, the data contained in that article are not completely comparable to the data contained in this article. The articles cover different time periods. Also, the statistics contained in the above-mentioned article are for U.S. corporations that were owned, 25 percent or more, by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the "foreign-owned" study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25 Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.

[12] The 32,005 companies reporting a deficit may include a small number of "break-even" companies, i.e., those whose receipts and deductions were equal.

[13] There were certain exceptions to the relationship of net income minus statutory special deductions equaling income subject to tax. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Also, the tax bases of life insurance companies, regulated investment

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companies, and real estate investment trusts were not defined as net income less statutory special deductions.

- [14] Most, if not all, of the largest FCDC's and other domestic corporations were selected for this study at the 100-percent sampling rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data. A complete discussion on sampling rates is presented in *Statistics of Income—1999, Corporation Income Tax Returns*.
- [15] Shown below are data for all REIT's, RIC's, and S corporations filed by foreign-controlled domestic corporations (FCDC's) and by other domestic corporations (ODC's). Money amounts are in millions of dollars.

Type of corporation and item	FCDC's	ODC's
<b>Real Estate Investment Trusts:</b>		
Number of returns	32	1,039
Total assets	21,335	505,661
Total receipts	1,440	50,234
Net income (less deficit)	842	29,523
Income subject to tax	--	10
Total income tax after credits	*	73
<b>Regulated Investment Companies:</b>		
Number of returns	93	10,225
Total assets	52,812	7,053,018
Total receipts	2,678	298,743
Net income (less deficit)	2,435	223,518
Income subject to tax	--	59
Total income tax after credits	--	21
<b>S Corporations:</b>		
Number of returns	--	2,725,775
Total assets	--	1,628,693
Total receipts	--	3,300,869
Net income (less deficit)	--	137,349
Income subject to tax	--	1,075
Total income tax after credits	--	460
* Less than \$500,000.		

- [16] The expected date of publication for *Statistics of Income—1999, Corporation Income Tax Returns*, IRS Publication 16, is September 2002.
- [17] One focus of this article is U.S. total income tax after credits. The reader might chose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax

credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. Using this procedure, the foreign tax credit approximates the foreign tax liabilities of the corporations. Table 4 shows amounts of foreign tax credits in addition to U.S. total income tax after credits.

- [18] The narrowing of the differences between the two types of corporations by replacing “net income (less deficit)” with “total income tax after credits” as the numerator in the calculation may reflect the following: (1) the elimination of deficits, (2) the amount of statutory special deductions, and (3) the amounts of credits claimed against taxes. Each of these items is shown in Table 4.
- [19] See Grubert, Harry, “Another Look at the Low Taxable Income of Foreign-Controlled Companies in the United States,” U.S. Department of the Treasury, Office of Tax Analysis, Paper 74, 1997; Mataloni, Raymond J., Jr., “An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies,” U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, March 2000; and “Tax Administration: Foreign- and U.S.-Controlled Corporations That Did Not Pay U.S. Income Taxes, 1989-95,” U.S. General Accounting Office, GAO/GGD-99-39, March 1999.
- [20] On Form 1120, Page 3, Schedule K, the actual questions were: “(10) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?” and “(10a) If ‘Yes,’ enter percentage owned.” There was an additional question used for the country distribution of these statistics, which was: “(10b) If ‘Yes,’ enter owner’s country.”
- [21] Returns for this study may exclude certain domestic companies that are effectively controlled by foreign persons, such as public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings.

## Foreign-Controlled Domestic Corporations, 1999

[22] The Statistics of Income program also compiles data on domestic corporations with 25-percent to 49-percent foreign ownership. If a company was classified as an FCDC based on 50-percent or more foreign stock ownership, then it was not included in the 25-percent to 49-percent foreign ownership category, even if it had an unrelated foreign owner with 25-percent to 49-percent stock ownership. For 1999, there were only 4,360 returns that indicated a level of

foreign ownership between 25 percent and 49 percent. These companies reported \$246.4 billion of assets, \$120.3 billion of receipts, \$4.0 billion of taxable income, and \$1.0 billion of total income tax after credits. All of these amounts were small in comparison to data for the FCDC's.

[23] The FCDC statistics include data from returns in which the first question (see footnote 20) was answered "Yes," and the second question covering percentage owned was not answered.

IRS Statistics of Income Bulletin, Summer 2002, Publication 1136 (Rev. 08-2002.)

# Foreign-Controlled Domestic Corporations, 1999

**Table 1.--Foreign-Controlled Domestic Corporations: Selected Items for Selected Tax Years 1971-1999**

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

Item	1971	1990	1995	1997	1998	1999
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL CORPORATIONS</b>						
Number of returns, total.....	1,733,332	3,716,650	4,474,167	4,710,083	4,848,888	4,935,904
Number with net income.....	1,063,940	1,910,670	2,455,492	2,647,474	2,760,814	2,812,175
Total assets.....	2,889,221	18,190,058	26,013,689	33,029,652	37,347,353	41,464,153
Total receipts.....	1,906,008	11,409,520	14,539,050	16,609,707	17,323,955	18,892,386
Business receipts.....	1,763,760	9,860,442	12,785,798	14,460,929	15,010,265	16,313,971
Interest received <sup>1</sup> .....	65,596	942,238	993,173	1,140,011	1,276,769	1,301,772
Total deductions.....	1,824,063	11,032,575	13,821,278	15,704,242	16,489,425	17,966,972
Cost of goods sold.....	1,241,282	6,610,770	8,206,073	9,114,246	9,362,392	10,284,098
Interest paid.....	64,697	825,372	744,765	866,474	966,659	1,018,972
Total receipts less total deductions.....	81,945	376,945	717,773	905,465	834,530	925,414
Net income (less deficit).....	79,700	370,633	714,193	915,397	838,224	928,956
Net income.....	96,688	552,527	880,653	1,117,825	1,091,150	1,229,296
Deficit.....	16,988	181,894	166,460	202,429	252,926	300,340
Income subject to tax.....	83,165	366,353	564,733	683,793	663,386	693,736
Total income tax before credits.....	37,510	128,186	198,787	239,394	231,400	241,988
Income tax.....	37,143	119,434	193,564	235,325	228,022	238,722
Total income tax after credits.....	30,220	96,403	156,393	184,176	181,545	193,028
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
Number of returns, total.....	5,154	44,113	60,157	61,621	61,658	59,514
Number with net income.....	2,575	17,360	26,397	29,504	29,172	27,509
Total assets.....	36,674	1,652,255	2,762,747	3,392,051	3,917,687	4,761,072
Total receipts.....	39,181	1,060,295	1,536,705	1,781,382	1,890,493	2,167,523
Business receipts.....	38,043	950,083	1,372,489	1,582,576	1,662,560	1,888,652
Interest received <sup>1</sup> .....	420	67,315	96,269	114,610	129,040	142,325
Total deductions.....	38,050	1,056,921	1,499,219	1,730,418	1,851,059	2,109,522
Cost of goods sold.....	28,804	709,052	1,000,691	1,119,276	1,177,416	1,322,100
Interest paid.....	733	77,562	92,417	112,219	128,845	144,833
Total receipts less total deductions.....	1,132	3,374	37,486	50,964	39,434	58,002
Net income (less deficit).....	1,111	3,966	38,455	52,365	40,615	60,213
Net income.....	1,496	29,410	64,339	79,352	75,409	99,974
Deficit.....	384	25,444	25,884	26,987	34,794	39,762
Income subject to tax.....	1,344	23,704	43,111	61,798	59,352	78,638
Total income tax before credits.....	650	8,719	15,834	22,492	21,262	28,107
Income tax.....	631	8,008	14,956	21,589	20,599	27,358
Total income tax after credits.....	610	7,438	13,157	19,730	18,273	23,937
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS</b>						
Number of returns, total.....	0.30	1.19	1.34	1.31	1.27	1.21
Number with net income.....	0.24	0.91	1.08	1.11	1.06	0.98
Total assets.....	1.27	9.08	10.62	10.27	10.49	11.48
Total receipts.....	2.06	9.29	10.57	10.72	10.91	11.47
Business receipts.....	2.16	9.64	10.73	10.94	11.08	11.58
Interest received <sup>1</sup> .....	0.64	7.14	9.69	10.05	10.11	10.93
Total deductions.....	2.09	9.58	10.85	11.02	11.23	11.74
Cost of goods sold.....	2.32	10.73	12.19	12.28	12.58	12.86
Interest paid.....	1.13	9.40	12.41	12.95	13.33	14.21
Total receipts less total deductions.....	1.38	0.90	5.22	5.63	4.73	6.27
Net income (less deficit).....	1.39	1.07	5.38	5.72	4.85	6.48
Net income.....	1.55	5.32	7.31	7.10	6.91	8.13
Deficit.....	2.26	13.99	15.55	13.33	13.76	13.24
Income subject to tax.....	1.62	6.47	7.63	9.04	8.95	11.34
Total income tax before credits.....	1.73	6.80	7.97	9.40	9.19	11.62
Income tax.....	1.70	6.70	7.73	9.17	9.03	11.46
Total income tax after credits.....	2.02	7.72	8.41	10.71	10.07	12.40

<sup>1</sup> Excludes interest received on State and local government obligations.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data; see *Statistics of Income--Corporation Income Tax Returns*, selected years, for discussions of changes affecting the comparability of the data over time.

# Foreign-Controlled Domestic Corporations, 1999

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 1999**

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

Major industry	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax	
							Before credits	After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries.....</b>	<b>59,514</b>	<b>4,761,072</b>	<b>1,306,903</b>	<b>2,167,523</b>	<b>60,213</b>	<b>78,638</b>	<b>28,107</b>	<b>23,937</b>
<b>Raw materials and energy production.....</b>	<b>2,518</b>	<b>142,676</b>	<b>71,503</b>	<b>34,981</b>	<b>1,261</b>	<b>1,911</b>	<b>746</b>	<b>483</b>
Agriculture, forestry, fishing, and hunting.....	1,331	5,941	2,557	3,174	-79	99	34	28
Agricultural production.....	934	4,996	2,217	2,362	-116	72	24	21
Forestry and logging.....	290	422	146	121	-6	2	1	1
Support activities and fishing, hunting, and trapping.....	107	523	195	690	43	25	9	7
Mining.....	1,076	99,362	49,627	26,332	585	1,230	500	274
Utilities.....	112	37,372	19,319	5,475	754	583	213	181
<b>Goods production.....</b>	<b>9,060</b>	<b>1,432,225</b>	<b>550,688</b>	<b>1,008,695</b>	<b>33,081</b>	<b>40,959</b>	<b>14,607</b>	<b>11,860</b>
Construction.....	2,783	37,005	10,332	32,833	164	449	164	146
Building, developing, and general contracting.....	2,217	20,563	6,368	16,387	-41	250	92	88
Heavy construction.....	297	14,505	3,221	13,911	182	144	52	39
Special trade contractors.....	269	1,936	743	2,535	23	54	19	19
Manufacturing.....	6,277	1,395,220	540,356	975,862	32,917	40,510	14,443	11,714
Food manufacturing.....	661	70,734	21,267	50,057	1,064	1,300	461	342
Beverage and tobacco product manufacturing.....	47	13,173	723	13,457	1,396	1,329	465	459
Textile mills and textile product mills.....	144	6,565	2,097	5,601	44	195	70	69
Apparel manufacturing.....	182	3,527	579	5,650	-287	42	15	14
Leather and allied product manufacturing.....	8	265	107	473	3	8	3	3
Wood product manufacturing.....	230	2,384	1,040	3,667	117	172	59	56
Paper manufacturing.....	194	19,571	5,051	21,309	-169	407	162	137
Printing and related support activities.....	54	16,750	5,169	10,475	-43	43	25	23
Petroleum and coal products manufacturing.....	25	255,061	145,136	135,763	4,569	5,136	1,849	859
Chemical manufacturing.....	522	290,736	99,275	170,489	12,443	13,753	4,866	3,930
Plastics and rubber products manufacturing.....	383	104,619	72,944	39,120	903	1,058	388	332
Nonmetallic mineral product manufacturing.....	205	50,181	18,755	33,218	2,279	2,319	822	750
Primary metal manufacturing.....	184	25,392	6,939	26,776	-215	621	235	221
Fabricated metal product manufacturing.....	580	35,470	9,448	32,196	1,063	1,234	435	410
Machinery manufacturing.....	798	78,266	23,522	51,344	103	1,318	463	443
Computer and electronic product manufacturing.....	917	139,158	54,661	108,537	1,869	2,576	958	792
Electrical equipment, appliance, and component manufacturing.....	225	17,528	5,528	21,967	906	1,055	369	330
Transportation equipment manufacturing.....	364	230,363	58,481	218,867	6,810	7,141	2,518	2,304
Furniture and related product manufacturing.....	100	950	322	1,830	76	93	33	32
Miscellaneous manufacturing.....	455	34,526	9,313	25,067	-15	710	249	207
<b>Distribution and transportation of goods.....</b>	<b>20,055</b>	<b>398,377</b>	<b>98,973</b>	<b>641,433</b>	<b>10,463</b>	<b>13,678</b>	<b>4,909</b>	<b>4,508</b>
Wholesale and retail trade <sup>1</sup> .....	18,455	365,130	87,850	612,758	10,141	13,098	4,692	4,303
Wholesale trade.....	15,311	309,289	72,414	517,664	9,359	10,810	3,893	3,550
Wholesale trade, durable goods.....	9,841	239,409	54,320	391,668	7,430	7,551	2,761	2,461
Wholesale trade, nondurable goods.....	5,470	69,880	18,094	125,996	1,929	3,259	1,132	1,089
Retail trade.....	3,143	55,829	15,429	95,066	784	2,288	799	752
Motor vehicle dealers and parts dealers.....	85	2,237	449	5,450	81	118	41	39
Furniture and home furnishings stores.....	34	2,036	651	3,288	73	144	50	50
Electronics and appliance stores.....	884	5,698	598	5,977	-812	52	18	18
Building material and garden equipment and supplies dealers.....	83	2,083	1,929	2,790	219	218	76	59
Food, beverage, and liquor stores.....	87	24,396	6,611	53,546	866	763	267	241
Health and personal care stores.....	49	1,882	446	3,461	172	173	60	59
Gasoline stations.....	273	101	53	347	-5	1	( <sup>2</sup> )	( <sup>2</sup> )
Clothing and clothing accessories stores.....	569	10,758	3,485	11,287	41	472	165	165
Sporting goods, hobby, book, and music stores.....	156	460	195	1,268	2	32	11	11
General merchandise stores.....	233	414	149	946	187	187	65	64
Miscellaneous store retailers.....	311	3,078	725	3,004	-27	75	27	26
Nonstore retailers.....	378	2,687	138	3,702	-13	52	19	19

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 1999**  
**--Continued**

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

Major industry	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax	
							Before credits	After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Distribution and transportation of goods--continued</b>								
Transportation and warehousing.....	1,600	33,247	11,123	28,675	322	580	216	206
Air, rail, and water transportation.....	426	13,468	4,725	9,020	139	134	59	59
Truck transportation.....	84	1,840	323	2,586	125	46	16	15
Transit and ground passenger transportation.....	22	9,602	3,487	5,952	-158	34	13	12
Pipeline transportation.....	10	1,090	695	243	49	75	26	24
Other transportation and support activities.....	979	5,934	1,393	9,530	86	232	80	74
Warehousing and storage.....	79	1,312	501	1,343	81	60	23	22
<b>Information.....</b>	<b>1,958</b>	<b>391,564</b>	<b>173,780</b>	<b>78,235</b>	<b>-3,645</b>	<b>1,669</b>	<b>591</b>	<b>520</b>
Publishing industries.....	321	69,723	14,872	30,422	-44	1,035	363	319
Motion picture and sound recording industries.....	328	262,289	129,401	32,208	-1,128	355	125	108
Broadcasting and telecommunications.....	626	56,880	29,088	13,251	-2,344	119	49	46
Information services and data processing services.....	682	2,673	418	2,354	-129	160	55	46
<b>Finance, insurance, real estate, and rental and leasing.....</b>	<b>13,807</b>	<b>1,888,115</b>	<b>295,138</b>	<b>284,023</b>	<b>13,843</b>	<b>12,795</b>	<b>4,552</b>	<b>4,223</b>
Finance and insurance.....	2,505	1,776,153	266,370	261,614	13,601	11,375	4,018	3,706
Credit intermediation.....	246	213,171	18,756	18,783	56	1,429	499	474
Securities, commodity contracts, and other financial investments and related activities.....	1,391	821,960	40,553	87,993	5,472	4,688	1,670	1,479
Insurance carriers and related activities.....	492	649,521	138,652	149,655	4,555	4,989	1,755	1,659
Other financial vehicles and other investment companies.....	376	91,501	68,408	5,182	3,518	269	94	94
Real estate and rental and leasing.....	11,303	111,962	28,768	22,409	242	1,421	533	516
Real estate.....	10,967	61,782	19,408	11,570	939	1,317	463	456
Rental and leasing services.....	314	49,604	8,897	10,717	-614	102	70	60
Lessors of nonfinancial intangible assets (except copyrighted works).....	22	575	463	122	-84	2	1	1
<b>Professional and business services.....</b>	<b>8,955</b>	<b>443,882</b>	<b>95,789</b>	<b>85,318</b>	<b>4,759</b>	<b>6,827</b>	<b>2,403</b>	<b>2,061</b>
Professional, scientific, and technical services.....	5,480	38,365	13,801	32,487	-156	1,367	474	432
Management of companies (holding companies).....	2,053	382,473	74,046	34,169	4,950	5,215	1,843	1,545
Administrative and support and waste management and remediation services.....	1,422	23,044	7,942	18,662	-35	245	87	84
Administrative and support services.....	1,353	15,511	3,697	16,395	44	219	76	75
Waste management and remediation services.....	69	7,533	4,245	2,267	-79	26	11	9
<b>Education, health, and social assistance.....</b>	<b>1,089</b>	<b>16,580</b>	<b>5,868</b>	<b>10,022</b>	<b>178</b>	<b>161</b>	<b>59</b>	<b>52</b>
Educational services.....	778	1,456	183	995	4	15	5	3
Health care and social assistance.....	311	15,124	5,685	9,026	174	146	54	49
Offices of health practitioners and outpatient care centers.....	193	10,804	4,487	4,857	162	110	39	37
Miscellaneous health care and social assistance.....	111	2,704	874	2,431	44	29	12	10
Hospitals, nursing, and residential care facilities.....	7	1,616	324	1,738	-33	7	2	2
<b>Leisure, accommodation, and food services.....</b>	<b>1,541</b>	<b>40,425</b>	<b>15,147</b>	<b>20,032</b>	<b>254</b>	<b>539</b>	<b>202</b>	<b>192</b>
Arts, entertainment, and recreation.....	574	5,447	1,404	2,946	-29	110	39	37
Other arts, entertainment, and recreation.....	432	1,585	393	1,290	32	61	21	19
Amusement, gambling, and recreation industries.....	143	3,862	1,011	1,657	-61	49	18	18
Accommodation and food services.....	967	34,978	13,744	17,086	283	429	163	156
Accommodation.....	533	29,582	12,741	9,732	252	403	152	145
Food services and drinking places.....	434	5,396	1,003	7,354	30	26	11	10
<b>Other services.....</b>	<b>290</b>	<b>7,228</b>	<b>18</b>	<b>4,786</b>	<b>20</b>	<b>98</b>	<b>38</b>	<b>37</b>
Repair and maintenance.....	127	2,425	426	2,890	63	67	27	27
Personal and laundry services.....	163	4,803	-408	1,896	-43	30	10	10
<b>Not allocable.....</b>	<b>239</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-1</b>	<b>--</b>	<b>--</b>	<b>--</b>

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

<sup>2</sup> Less than \$500,000.

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

# Foreign-Controlled Domestic Corporations, 1999

**Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Countries of Foreign Owners, Tax Year 1999**

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

Age of corporations and countries of foreign owners	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax	
							Before credits	After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All corporations.....</b>	<b>59,514</b>	<b>4,761,072</b>	<b>1,306,903</b>	<b>2,167,523</b>	<b>60,213</b>	<b>78,638</b>	<b>28,107</b>	<b>23,937</b>
<b>Age of corporations:</b>								
Old corporations:								
Number or amount.....	44,596	3,972,795	1,069,418	1,916,953	60,597	73,450	26,232	22,290
Percentage of total.....	74.9	83.4	81.8	88.4	100.6	93.4	93.3	93.1
New corporations:								
Number or amount.....	14,918	788,277	237,484	250,571	-384	5,188	1,875	1,647
Percentage of total.....	25.1	16.6	18.2	11.6	-0.6	6.6	6.7	6.9
<b>Countries of foreign owners:</b>								
Total for selected countries.....	43,596	4,577,915	1,263,631	2,051,930	60,405	76,011	27,159	23,048
Australia.....	759	175,059	75,964	32,711	64	1,047	370	252
Belgium.....	415	32,073	8,481	22,325	893	1,030	365	339
Bermuda.....	512	137,045	93,446	23,282	-508	255	101	71
Canada.....	8,596	578,377	185,296	196,408	1,364	5,609	2,018	1,840
Finland.....	83	11,632	2,337	14,371	600	658	231	230
France.....	1,962	506,991	123,160	141,394	6,668	4,904	1,754	1,612
Germany.....	4,061	604,468	130,336	311,348	8,688	8,381	3,075	2,532
Italy.....	1,067	13,569	3,694	12,580	212	459	161	153
Japan.....	7,175	526,480	125,755	454,322	14,048	17,058	6,087	5,528
Leeward Islands.....	1,916	16,037	4,459	12,519	81	602	213	209
Luxembourg.....	370	39,087	14,578	18,977	538	694	244	201
Mexico.....	1,948	18,329	5,312	11,411	-555	350	120	113
Netherlands.....	1,833	760,582	214,468	268,194	5,708	7,943	2,830	2,412
Netherlands Antilles.....	560	12,976	3,960	8,374	19	199	72	66
Panama.....	1,400	8,468	224	3,009	27	82	27	27
South Korea, Republic of.....	1,001	18,465	1,202	31,987	-562	231	83	77
Sweden.....	225	64,608	7,526	46,237	891	1,260	458	407
Switzerland.....	1,714	303,330	56,081	117,651	6,436	6,587	2,325	2,031
Taiwan.....	2,825	11,171	2,529	13,858	-342	257	86	70
United Kingdom.....	5,174	739,168	204,823	310,972	16,135	18,405	6,539	4,878
All other countries.....	15,918	183,157	43,272	115,593	-192	2,627	948	889

NOTES: "New" corporations were those with dates of incorporation between 1997 and 2000; "old" corporations were those with dates of incorporation prior to 1997, or with unknown dates of incorporation. Detail may not add to totals because of rounding.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>3,077</b>	<b>2,064</b>	<b>2,101</b>	<b>4,472,412</b>	<b>1,870,909</b>	<b>2,601,503</b>	<b>19,372</b>
Raw materials and energy production.....	81	47	49	133,684	33,114	100,570	326
Agriculture, forestry, fishing and hunting.....	15	7	7	2,394	936	1,458	--
Mining.....	53	31	33	94,519	27,152	67,367	183
Utilities.....	13	9	9	36,771	5,026	31,745	143
Goods production.....	1,290	847	883	1,381,332	436,414	944,917	2,857
Construction.....	63	35	36	29,371	15,253	14,118	55
Manufacturing.....	1,227	812	847	1,351,960	421,161	930,799	2,802
Distribution and transportation of goods.....	994	712	705	357,040	192,948	164,092	278
Wholesale and retail trade <sup>1</sup> .....	924	664	656	327,565	186,386	141,180	248
Wholesale trade.....	812	587	580	277,129	167,545	109,584	219
Retail trade.....	112	77	76	50,436	18,841	31,596	29
Transportation and warehousing.....	70	48	49	29,474	6,562	22,912	30
Information.....	83	38	40	384,731	108,773	275,958	937
Finance, insurance, real estate, and rental and leasing.....	317	209	211	1,751,448	819,879	931,569	13,943
Finance and insurance.....	261	178	178	1,678,441	783,843	894,598	13,682
Real estate and rental and leasing.....	56	31	33	73,007	36,036	36,971	261
Professional and business services.....	227	153	153	411,746	269,129	142,617	95
Professional, scientific, and technical services.....	113	69	69	28,540	11,776	16,764	29
Management of companies (holding companies).....	77	60	60	362,980	252,691	110,290	28
Administrative and support and waste management and remediation services.....	37	24	24	20,225	4,662	15,564	37
Education, health, and social assistance.....	16	11	11	15,306	3,223	12,083	480
Educational services.....	4	4	4	817	169	648	--
Health care and social assistance.....	12	7	7	14,489	3,054	11,435	480
Leisure, accommodation, and food services.....	52	35	37	30,957	4,499	26,459	455
Arts, entertainment, and recreation.....	9	5	6	2,501	584	1,917	1
Accommodation and food services.....	43	30	31	28,456	3,914	24,542	454
Other services.....	16	11	11	6,169	2,931	3,238	1
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>14,131</b>	<b>10,432</b>	<b>10,463</b>	<b>25,430,232</b>	<b>10,024,421</b>	<b>15,405,811</b>	<b>51,051</b>
Raw materials and energy production.....	454	303	306	1,341,268	289,461	1,051,807	731
Agriculture, forestry, fishing and hunting.....	85	59	57	17,707	6,229	11,478	4
Mining.....	167	83	83	208,519	78,771	129,748	185
Utilities.....	202	161	166	1,115,042	204,461	910,582	543
Goods production.....	4,080	2,999	3,026	4,980,002	1,861,465	3,118,537	31,455
Construction.....	605	519	527	94,224	56,464	37,760	213
Manufacturing.....	3,475	2,480	2,499	4,885,777	1,805,001	3,080,776	31,241
Distribution and transportation of goods.....	4,151	3,278	3,247	1,461,146	571,475	889,671	3,664
Wholesale and retail trade <sup>1</sup> .....	3,817	3,059	3,026	1,081,643	500,498	581,144	3,072
Wholesale trade.....	1,932	1,561	1,534	388,724	201,694	187,030	2,153
Retail trade.....	1,884	1,498	1,492	692,919	298,804	394,115	919
Transportation and warehousing.....	335	220	221	379,504	70,977	308,527	591
Information.....	632	312	319	1,810,543	421,040	1,389,503	2,905
Finance, insurance, real estate, and rental and leasing.....	2,066	1,587	1,617	10,107,300	3,536,189	6,571,111	8,867
Finance and insurance.....	1,908	1,497	1,521	9,977,808	3,512,983	6,464,825	8,721
Real estate and rental and leasing.....	157	90	96	129,492	23,206	106,286	146
Professional and business services.....	1,941	1,524	1,526	5,342,113	3,279,096	2,063,017	2,672
Professional, scientific, and technical services.....	687	439	440	173,310	83,092	90,218	98
Management of companies (holding companies).....	952	901	904	5,039,567	3,163,863	1,875,704	2,492
Administrative and support and waste management and remediation services.....	302	183	181	129,235	32,141	97,094	82
Education, health, and social assistance.....	425	193	180	146,299	31,178	115,121	106
Educational services.....	29	18	17	4,986	1,884	3,102	9
Health care and social assistance.....	396	175	163	141,313	29,294	112,020	97
Leisure, accommodation, and food services.....	309	197	202	215,857	28,921	186,935	641
Arts, entertainment, and recreation.....	72	43	45	37,699	8,391	29,308	543
Accommodation and food services.....	236	154	157	178,157	20,530	157,628	98
Other services.....	73	39	40	25,704	5,596	20,109	10

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>1,803,256</b>	<b>1,484,803</b>	<b>95,493</b>	<b>1,184,353</b>	<b>86,831</b>	<b>6,674</b>	<b>80,158</b>
Raw materials and energy production.....	23,939	41,463	2,536	68,282	-6,083	126	-6,208
Agriculture, forestry, fishing and hunting.....	401	1,078	80	915	-109	--	-109
Mining.....	21,458	24,774	438	48,288	-7,704	126	-7,829
Utilities.....	2,080	15,611	2,018	19,079	1,730	--	1,730
Goods production.....	405,243	439,957	53,736	536,132	40,390	828	39,562
Construction.....	14,586	5,691	541	9,095	-9,468	1	-9,469
Manufacturing.....	390,657	434,266	53,195	527,037	49,859	827	49,031
Distribution and transportation of goods.....	170,263	95,564	8,429	91,212	7,639	17	7,622
Wholesale and retail trade <sup>1</sup> .....	164,036	82,314	8,182	81,215	7,675	13	7,662
Wholesale trade.....	147,592	62,738	8,039	66,799	7,372	10	7,363
Retail trade.....	16,444	19,577	143	14,415	302	3	300
Transportation and warehousing.....	6,227	13,250	247	9,998	-36	4	-40
Information.....	103,403	108,095	8,696	173,233	629	6	622
Finance, insurance, real estate, and rental and leasing.....	825,434	710,798	14,831	215,216	45,555	5,644	39,911
Finance and insurance.....	799,596	682,531	12,406	196,314	47,541	5,637	41,903
Real estate and rental and leasing.....	25,838	28,268	2,425	18,902	-1,986	7	-1,992
Professional and business services.....	265,642	64,222	4,082	81,882	4,131	52	4,079
Professional, scientific, and technical services.....	11,077	5,898	1,164	11,565	-4,148	37	-4,185
Management of companies (holding companies).....	249,751	50,160	791	63,069	9,470	15	9,455
Administrative and support and waste management and remediation services.....	4,813	8,165	2,127	7,247	-1,191	--	-1,191
Education, health, and social assistance.....	3,173	6,256	2,057	5,877	-455	--	-455
Educational services.....	145	323	106	350	-20	--	-20
Health care and social assistance.....	3,029	5,933	1,951	5,527	-435	--	-435
Leisure, accommodation, and food services.....	4,885	13,118	1,027	12,954	-3,715	1	-3,716
Arts, entertainment, and recreation.....	687	803	126	1,011	-393	1	-394
Accommodation and food services.....	4,199	12,315	902	11,942	-3,322	--	-3,322
Other services.....	1,274	5,328	98	-433	-1,260	--	-1,260
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>11,798,132</b>	<b>7,807,284</b>	<b>70,584</b>	<b>5,824,816</b>	<b>2,409,612</b>	<b>88,886</b>	<b>2,320,727</b>
Raw materials and energy production.....	285,980	595,381	1,809	459,907	121,800	3,230	118,570
Agriculture, forestry, fishing and hunting.....	5,435	5,329	55	6,943	3,275	1	3,273
Mining.....	37,094	69,043	807	102,382	20,476	11	20,466
Utilities.....	243,451	521,009	947	350,582	98,050	3,218	94,832
Goods production.....	1,697,789	1,663,090	26,487	1,619,123	802,350	4,820	797,530
Construction.....	36,598	27,299	557	30,327	15,987	127	15,860
Manufacturing.....	1,661,191	1,635,791	25,930	1,588,796	786,364	4,693	781,670
Distribution and transportation of goods.....	466,529	455,308	7,111	539,309	234,464	237	234,227
Wholesale and retail trade <sup>1</sup> .....	386,788	291,335	6,550	403,519	183,750	220	183,530
Wholesale trade.....	141,335	114,182	3,459	133,206	57,636	154	57,482
Retail trade.....	245,454	177,153	3,092	270,313	126,114	66	126,048
Transportation and warehousing.....	79,740	163,973	560	135,790	50,714	17	50,697
Information.....	391,105	672,033	3,927	747,405	137,289	169	137,120
Finance, insurance, real estate, and rental and leasing.....	5,139,909	3,524,917	27,381	1,442,474	826,104	79,210	746,895
Finance and insurance.....	5,103,440	3,463,003	25,941	1,411,365	816,528	79,193	737,336
Real estate and rental and leasing.....	36,469	61,914	1,441	31,109	9,576	17	9,559
Professional and business services.....	3,751,645	720,181	2,468	870,286	272,606	1,061	271,545
Professional, scientific, and technical services.....	61,188	42,227	942	69,895	7,959	73	7,887
Management of companies (holding companies).....	3,654,514	626,626	1,288	758,428	257,375	936	256,440
Administrative and support and waste management and remediation services.....	35,943	51,328	238	41,964	7,271	53	7,219
Education, health, and social assistance.....	29,625	62,599	309	54,076	-9,186	6	-9,192
Educational services.....	1,283	889	7	2,814	353	--	353
Health care and social assistance.....	28,341	61,710	302	51,262	-9,539	6	-9,545
Leisure, accommodation, and food services.....	31,293	101,870	1,084	82,694	19,960	134	19,826
Arts, entertainment, and recreation.....	6,145	19,369	875	12,185	2,386	10	2,376
Accommodation and food services.....	25,147	82,501	209	70,510	17,574	124	17,450
Other services.....	4,259	11,905	8	9,541	4,225	19	4,206

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Receipts						Dividends received from:	
	Total	Business receipts	Interest <sup>2</sup>	Rents	Royalties	Domestic corporations	Foreign corporations	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>								
<b>All industries.....</b>	<b>2,005,821</b>	<b>1,746,233</b>	<b>137,583</b>	<b>9,992</b>	<b>13,656</b>	<b>2,609</b>	<b>5,072</b>	
Raw materials and energy production.....	30,227	26,358	1,394	93	459	4	214	
Agriculture, forestry, fishing and hunting.....	1,762	1,682	28	1	2	--	9	
Mining.....	23,722	21,118	976	42	457	4	118	
Utilities.....	4,743	3,558	390	50	--	--	87	
Goods production.....	961,339	896,689	19,808	4,866	9,280	669	2,912	
Construction.....	29,722	28,229	482	180	56	3	20	
Manufacturing.....	931,617	868,460	19,325	4,685	9,224	667	2,892	
Distribution and transportation of goods.....	574,832	550,114	6,773	1,738	827	101	187	
Wholesale and retail trade <sup>1</sup> .....	549,645	528,710	6,056	1,608	799	100	186	
Wholesale trade.....	462,471	445,390	4,998	1,248	485	80	91	
Retail trade.....	87,174	83,320	1,057	361	314	20	95	
Transportation and warehousing.....	25,187	21,404	717	130	28	1	1	
Information.....	72,998	61,214	5,892	158	2,120	56	183	
Finance, insurance, real estate, and rental and leasing.....	268,017	146,157	80,241	2,116	206	1,265	932	
Finance and insurance.....	253,449	135,980	77,839	1,751	187	1,263	931	
Real estate and rental and leasing.....	14,568	10,177	2,402	365	20	1	--	
Professional and business services.....	69,719	40,340	22,748	868	320	513	581	
Professional, scientific, and technical services.....	21,552	20,201	248	40	269	32	131	
Management of companies (holding companies).....	32,300	4,978	22,054	817	47	481	412	
Administrative and support and waste management and remediation services.....	15,867	15,161	446	10	4	1	38	
Education, health, and social assistance.....	8,897	8,496	31	21	31	--	9	
Educational services.....	456	420	3	1	23	--	5	
Health care and social assistance.....	8,441	8,076	28	21	9	--	4	
Leisure, accommodation, and food services.....	15,790	13,186	461	129	410	2	48	
Arts, entertainment, and recreation.....	1,128	1,006	64	9	--	1	--	
Accommodation and food services.....	14,662	12,180	397	120	409	1	48	
Other services.....	4,003	3,681	235	2	2	--	7	
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>								
<b>All industries.....</b>	<b>10,356,882</b>	<b>8,671,405</b>	<b>886,684</b>	<b>74,632</b>	<b>89,204</b>	<b>15,928</b>	<b>58,785</b>	
Raw materials and energy production.....	580,708	537,004	11,684	2,861	641	478	1,760	
Agriculture, forestry, fishing and hunting.....	16,809	15,907	187	42	97	19	43	
Mining.....	68,600	60,131	3,265	362	408	157	836	
Utilities.....	495,300	460,967	8,232	2,457	137	303	881	
Goods production.....	3,455,271	3,127,107	89,493	22,495	61,654	2,044	40,155	
Construction.....	145,571	140,567	1,057	481	129	19	37	
Manufacturing.....	3,309,700	2,986,540	88,436	22,014	61,525	2,025	40,118	
Distribution and transportation of goods.....	2,332,226	2,250,073	20,286	5,386	7,199	326	1,665	
Wholesale and retail trade <sup>1</sup> .....	2,029,457	1,959,988	16,451	4,032	7,005	257	1,395	
Wholesale trade.....	761,438	739,679	4,618	1,240	2,545	115	1,175	
Retail trade.....	1,268,019	1,220,308	11,834	2,793	4,460	142	220	
Transportation and warehousing.....	302,769	290,085	3,835	1,353	194	69	270	
Information.....	703,539	593,106	23,942	5,000	8,664	2,167	10,145	
Finance, insurance, real estate, and rental and leasing.....	2,236,201	1,527,326	454,836	10,715	473	9,514	2,530	
Finance and insurance.....	2,170,862	1,469,319	453,154	10,385	406	9,500	2,513	
Real estate and rental and leasing.....	65,339	58,007	1,681	330	67	15	17	
Professional and business services.....	725,528	340,374	281,052	26,464	6,168	1,305	2,315	
Professional, scientific, and technical services.....	172,201	159,471	2,372	352	4,115	33	487	
Management of companies (holding companies).....	444,246	80,062	277,071	25,493	299	1,227	1,267	
Administrative and support and waste management and remediation services.....	109,081	100,840	1,609	619	1,755	44	561	
Education, health, and social assistance.....	131,431	124,080	1,331	486	494	26	21	
Educational services.....	5,348	5,100	57	15	56	--	2	
Health care and social assistance.....	126,083	118,980	1,274	471	437	26	19	
Leisure, accommodation, and food services.....	172,337	153,617	3,829	1,148	3,802	48	177	
Arts, entertainment, and recreation.....	23,724	21,165	743	90	130	6	4	
Accommodation and food services.....	148,613	132,453	3,086	1,058	3,672	42	173	
Other services.....	19,641	18,718	231	78	109	19	16	

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>1,949,353</b>	<b>1,228,807</b>	<b>12,321</b>	<b>132,234</b>	<b>139,370</b>	<b>26,415</b>	<b>76,111</b>
Raw materials and energy production.....	29,008	15,829	112	1,517	2,325	857	2,282
Agriculture, forestry, fishing and hunting.....	1,744	1,122	15	118	106	24	51
Mining.....	23,253	12,410	77	1,180	1,791	698	2,030
Utilities.....	4,011	2,297	20	218	428	135	202
Goods production.....	929,031	643,938	3,180	53,624	37,664	13,421	40,324
Construction.....	29,259	22,865	210	1,873	490	311	414
Manufacturing.....	899,772	621,072	2,969	51,751	37,173	13,110	39,909
Distribution and transportation of goods.....	563,785	437,206	1,540	29,194	12,841	4,921	18,062
Wholesale and retail trade <sup>1</sup> .....	538,869	428,284	1,439	24,773	11,634	4,221	16,964
Wholesale trade.....	452,775	369,569	1,181	15,629	9,172	2,891	15,196
Retail trade.....	86,094	58,715	259	9,144	2,462	1,330	1,768
Transportation and warehousing.....	24,916	8,922	101	4,421	1,207	700	1,098
Information.....	75,993	25,588	1,182	10,117	9,116	1,363	5,386
Finance, insurance, real estate, and rental and leasing.....	258,574	79,247	5,118	22,407	59,237	2,984	6,721
Finance and insurance.....	243,447	76,650	5,054	20,993	56,207	2,636	3,077
Real estate and rental and leasing.....	15,127	2,597	64	1,414	3,029	348	3,644
Professional and business services.....	64,971	16,814	1,083	10,172	16,438	1,913	2,446
Professional, scientific, and technical services.....	21,211	8,920	356	4,590	457	893	447
Management of companies (holding companies).....	27,848	162	684	3,347	15,118	467	1,384
Administrative and support and waste management and remediation services.....	15,912	7,732	42	2,235	863	553	615
Education, health, and social assistance.....	8,669	2,096	30	1,961	442	232	251
Educational services.....	447	148	8	96	15	17	8
Health care and social assistance.....	8,221	1,948	21	1,864	427	215	243
Leisure, accommodation, and food services.....	15,336	5,789	62	2,831	950	647	544
Arts, entertainment, and recreation.....	1,122	281	7	210	126	44	97
Accommodation and food services.....	14,214	5,508	54	2,621	824	603	447
Other services.....	3,985	2,300	15	411	358	77	97
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>9,900,221</b>	<b>5,446,460</b>	<b>59,547</b>	<b>984,718</b>	<b>717,828</b>	<b>204,394</b>	<b>379,543</b>
Raw materials and energy production.....	544,560	338,107	2,123	21,075	35,911	21,070	34,417
Agriculture, forestry, fishing and hunting.....	16,365	12,121	107	693	524	218	509
Mining.....	70,287	37,525	470	3,703	5,914	1,916	5,625
Utilities.....	457,909	288,462	1,545	16,679	29,473	18,935	28,283
Goods production.....	3,297,915	2,128,333	17,090	244,872	134,237	70,493	136,233
Construction.....	139,885	112,499	1,285	6,369	1,894	1,772	1,589
Manufacturing.....	3,158,030	2,015,834	15,805	238,503	132,343	68,721	134,644
Distribution and transportation of goods.....	2,281,993	1,564,395	8,593	241,765	39,144	37,249	54,236
Wholesale and retail trade <sup>1</sup> .....	1,986,304	1,493,884	6,958	176,137	29,104	25,733	32,968
Wholesale trade.....	749,230	615,593	3,026	42,022	11,307	6,642	10,919
Retail trade.....	1,237,075	878,291	3,932	134,114	17,797	19,091	22,049
Transportation and warehousing.....	295,689	70,511	1,634	65,629	10,041	11,516	21,269
Information.....	653,087	139,278	6,380	123,635	48,898	19,704	63,406
Finance, insurance, real estate, and rental and leasing.....	2,138,508	1,070,592	13,807	161,947	270,526	26,689	34,683
Finance and insurance.....	2,073,406	1,053,444	13,258	153,387	265,255	25,189	20,940
Real estate and rental and leasing.....	65,103	17,148	550	8,560	5,271	1,500	13,743
Professional and business services.....	667,210	106,077	9,214	119,051	174,167	17,048	44,887
Professional, scientific, and technical services.....	166,146	59,790	3,894	42,739	3,579	4,854	3,890
Management of companies (holding companies).....	394,392	914	4,765	56,522	166,925	7,336	37,249
Administrative and support and waste management and remediation services.....	106,672	45,374	555	19,790	3,663	4,858	3,748
Education, health, and social assistance.....	131,371	29,262	878	38,802	5,032	4,121	3,530
Educational services.....	5,116	1,457	44	1,444	90	137	165
Health care and social assistance.....	126,256	27,805	834	37,358	4,942	3,984	3,365
Leisure, accommodation, and food services.....	166,562	62,411	1,334	30,197	9,081	7,350	7,479
Arts, entertainment, and recreation.....	23,874	5,677	397	4,461	1,799	1,516	1,720
Accommodation and food services.....	142,688	56,733	937	25,735	7,283	5,835	5,759
Other services.....	19,013	8,004	129	3,375	831	671	673

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
	(29)	(30)	(31)	(32)	(33)	Total (34)	Net operating loss deduction (35)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>56,468</b>	<b>2,924</b>	<b>58,566</b>	<b>85,233</b>	<b>-26,667</b>	<b>15,329</b>	<b>12,304</b>
Raw materials and energy production.....	1,219	118	1,336	2,502	-1,166	893	794
Agriculture, forestry, fishing and hunting.....	17	3	20	75	-54	10	9
Mining.....	470	112	581	1,614	-1,032	631	534
Utilities.....	732	3	734	814	-79	252	251
Goods production.....	32,308	1,585	33,862	44,104	-10,242	5,556	3,852
Construction.....	462	10	471	735	-264	413	407
Manufacturing.....	31,845	1,575	33,390	43,369	-9,979	5,144	3,445
Distribution and transportation of goods.....	11,047	69	11,113	15,640	-4,527	3,823	3,622
Wholesale and retail trade <sup>1</sup> .....	10,776	66	10,839	15,058	-4,219	3,638	3,438
Wholesale trade.....	9,696	56	9,750	12,628	-2,878	3,298	3,205
Retail trade.....	1,080	9	1,089	2,430	-1,340	340	233
Transportation and warehousing.....	271	4	274	583	-309	185	184
Information.....	-2,996	85	-2,914	1,817	-4,732	516	475
Finance, insurance, real estate, and rental and leasing.....	9,443	740	9,569	14,228	-4,659	3,256	2,632
Finance and insurance.....	10,002	738	10,136	13,737	-3,601	3,041	2,418
Real estate and rental and leasing.....	-559	2	-567	491	-1,058	215	215
Professional and business services.....	4,748	298	4,873	5,905	-1,032	829	474
Professional, scientific, and technical services.....	341	46	385	970	-584	195	168
Management of companies (holding companies).....	4,452	252	4,532	4,742	-210	547	220
Administrative and support and waste management and remediation services.....	-45	--	-44	194	-238	87	87
Education, health, and social assistance.....	228	13	241	314	-73	176	176
Educational services.....	9	8	16	16	--	3	3
Health care and social assistance.....	219	5	225	297	-73	174	174
Leisure, accommodation, and food services.....	454	15	469	648	-179	278	276
Arts, entertainment, and recreation.....	6	--	6	37	-31	10	9
Accommodation and food services.....	448	15	463	611	-148	268	267
Other services.....	18	--	18	75	-57	1	1
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>456,661</b>	<b>51,474</b>	<b>487,736</b>	<b>597,221</b>	<b>-109,485</b>	<b>58,018</b>	<b>31,587</b>
Raw materials and energy production.....	36,148	1,296	37,080	44,757	-7,676	2,844	2,346
Agriculture, forestry, fishing and hunting.....	444	91	533	781	-248	116	80
Mining.....	-1,687	374	-1,314	3,287	-4,602	882	703
Utilities.....	37,391	832	37,862	40,688	-2,826	1,845	1,563
Goods production.....	157,356	37,181	192,546	220,479	-27,933	21,861	9,185
Construction.....	5,687	12	5,675	6,228	-552	445	430
Manufacturing.....	151,669	37,168	186,871	214,251	-27,380	21,416	8,756
Distribution and transportation of goods.....	50,233	2,350	52,246	70,055	-17,809	4,225	3,826
Wholesale and retail trade <sup>1</sup> .....	43,153	2,044	44,911	58,685	-13,775	3,403	3,091
Wholesale trade.....	12,209	1,520	13,604	17,020	-3,416	1,081	897
Retail trade.....	30,944	524	31,307	41,666	-10,359	2,322	2,194
Transportation and warehousing.....	7,081	307	7,335	11,370	-4,035	822	735
Information.....	50,452	2,555	52,217	81,943	-29,726	14,731	8,426
Finance, insurance, real estate, and rental and leasing.....	97,692	4,625	89,473	102,886	-13,413	9,757	4,564
Finance and insurance.....	97,456	4,600	89,217	100,931	-11,713	9,414	4,233
Real estate and rental and leasing.....	236	25	256	1,955	-1,699	343	331
Professional and business services.....	58,317	2,596	56,939	62,774	-5,835	3,213	1,918
Professional, scientific, and technical services.....	6,055	399	6,295	9,600	-3,305	1,004	806
Management of companies (holding companies).....	49,854	1,547	47,603	49,055	-1,452	1,675	612
Administrative and support and waste management and remediation services.....	2,408	651	3,042	4,120	-1,079	534	500
Education, health, and social assistance.....	60	11	-8	4,627	-4,635	372	352
Educational services.....	232	2	228	375	-147	1	1
Health care and social assistance.....	-172	10	-236	4,252	-4,488	371	352
Leisure, accommodation, and food services.....	5,775	854	6,617	8,855	-2,238	955	924
Arts, entertainment, and recreation.....	-150	1	-154	824	-978	158	154
Accommodation and food services.....	5,925	853	6,771	8,031	-1,260	797	770
Other services.....	627	5	625	844	-219	61	47

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Income subject to tax	Income tax before credits			Credits		Total income tax after credits
		Total	Income tax	Alternative minimum tax	Total	Foreign tax credit	
		(36)	(37)	(38)	(39)	(40)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>70,612</b>	<b>25,350</b>	<b>24,667</b>	<b>673</b>	<b>3,976</b>	<b>2,594</b>	<b>21,372</b>
Raw materials and energy production.....	1,644	648	575	73	207	155	441
Agriculture, forestry, fishing and hunting.....	65	23	23	--	5	3	17
Mining.....	1,017	420	355	65	172	152	248
Utilities.....	562	205	197	9	30	--	175
Goods production.....	38,883	13,888	13,586	297	2,706	1,881	11,182
Construction.....	324	122	112	9	15	9	106
Manufacturing.....	38,559	13,767	13,474	288	2,691	1,873	11,076
Distribution and transportation of goods.....	11,829	4,294	4,121	171	388	64	3,906
Wholesale and retail trade <sup>1</sup> .....	11,430	4,142	3,983	157	380	63	3,761
Wholesale trade.....	9,341	3,409	3,253	155	335	45	3,074
Retail trade.....	2,090	732	730	3	45	18	687
Transportation and warehousing.....	399	153	138	14	8	1	145
Information.....	1,321	472	462	10	62	47	410
Finance, insurance, real estate, and rental and leasing.....	11,121	3,969	3,891	76	311	208	3,658
Finance and insurance.....	10,845	3,835	3,794	40	305	207	3,531
Real estate and rental and leasing.....	276	133	96	37	6	1	127
Professional and business services.....	5,231	1,854	1,830	24	293	234	1,560
Professional, scientific, and technical services.....	801	281	279	3	33	21	248
Management of companies (holding companies).....	4,324	1,531	1,514	17	258	212	1,273
Administrative and support and waste management and remediation services.....	107	41	37	4	2	--	39
Education, health, and social assistance.....	137	51	48	4	5	5	46
Educational services.....	14	5	5	--	3	3	2
Health care and social assistance.....	124	47	43	3	3	3	44
Leisure, accommodation, and food services.....	371	143	129	13	4	--	139
Arts, entertainment, and recreation.....	28	11	10	1	--	--	11
Accommodation and food services.....	343	132	120	12	4	--	128
Other services.....	74	30	25	4	--	--	30
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>543,563</b>	<b>191,863</b>	<b>189,956</b>	<b>1,992</b>	<b>43,627</b>	<b>35,185</b>	<b>148,236</b>
Raw materials and energy production.....	41,970	14,909	14,681	211	1,594	712	13,315
Agriculture, forestry, fishing and hunting.....	672	236	234	2	46	32	190
Mining.....	2,413	913	843	57	409	337	504
Utilities.....	38,886	13,760	13,604	152	1,139	344	12,621
Goods production.....	200,281	70,645	70,015	737	27,785	23,974	42,860
Construction.....	5,784	2,050	2,011	31	138	66	1,912
Manufacturing.....	194,497	68,594	68,004	706	27,647	23,908	40,947
Distribution and transportation of goods.....	65,893	23,215	23,044	192	1,978	1,123	21,237
Wholesale and retail trade <sup>1</sup> .....	55,337	19,441	19,354	109	1,401	954	18,040
Wholesale trade.....	15,978	5,602	5,556	60	776	633	4,826
Retail trade.....	39,359	13,839	13,798	49	625	320	13,214
Transportation and warehousing.....	10,556	3,774	3,690	83	577	169	3,197
Information.....	67,451	23,635	23,592	45	2,093	1,513	21,542
Finance, insurance, real estate, and rental and leasing.....	95,402	33,903	33,277	603	6,145	4,907	27,758
Finance and insurance.....	93,784	33,285	32,713	549	6,068	4,895	27,216
Real estate and rental and leasing.....	1,619	618	564	54	76	12	542
Professional and business services.....	59,618	20,922	20,825	97	3,177	2,351	17,744
Professional, scientific, and technical services.....	8,609	3,028	3,004	23	600	529	2,428
Management of companies (holding companies).....	47,414	16,615	16,567	48	2,173	1,482	14,441
Administrative and support and waste management and remediation services.....	3,594	1,279	1,254	25	403	340	876
Education, health, and social assistance.....	4,261	1,497	1,488	9	43	10	1,454
Educational services.....	374	130	130	--	3	3	127
Health care and social assistance.....	3,887	1,367	1,358	9	39	6	1,327
Leisure, accommodation, and food services.....	7,902	2,862	2,761	97	791	581	2,071
Arts, entertainment, and recreation.....	668	274	233	39	35	28	239
Accommodation and food services.....	7,234	2,588	2,528	58	756	552	1,832
Other services.....	784	275	273	1	21	15	254

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages					Total liabilities divided by net worth
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>67.08</b>	<b>68.28</b>	<b>40.32</b>	<b>33.20</b>	<b>26.48</b>	<b>277.62</b>
Raw materials and energy production.....	58.02	60.49	17.91	31.02	51.08	95.78
Agriculture, forestry, fishing and hunting.....	46.67	46.67	16.75	45.03	38.22	161.64
Mining.....	58.49	62.26	22.70	26.21	51.09	95.74
Utilities.....	69.23	69.23	5.66	42.45	51.89	92.72
Goods production.....	65.66	68.45	29.34	31.85	38.81	157.65
Construction.....	55.56	57.14	49.66	19.38	30.97	222.95
Manufacturing.....	66.18	69.03	28.90	32.12	38.98	156.52
Distribution and transportation of goods.....	71.63	70.93	47.69	26.77	25.55	291.44
Wholesale and retail trade <sup>1</sup> .....	71.86	71.00	50.08	25.13	24.79	303.33
Wholesale trade.....	72.29	71.43	53.26	22.64	24.10	314.87
Retail trade.....	68.75	67.86	32.60	38.82	28.58	249.89
Transportation and warehousing.....	68.57	70.00	21.13	44.95	33.92	194.81
Information.....	45.78	48.19	26.88	28.10	45.03	122.09
Finance, insurance, real estate, and rental and leasing.....	65.93	66.56	47.13	40.58	12.29	713.81
Finance and insurance.....	68.20	68.20	47.64	40.66	11.70	754.98
Real estate and rental and leasing.....	55.36	58.93	35.39	38.72	25.89	286.24
Professional and business services.....	67.40	67.40	64.52	15.60	19.89	402.85
Professional, scientific, and technical services.....	61.06	61.06	38.81	20.67	40.52	146.78
Management of companies (holding companies).....	77.92	77.92	68.81	13.82	17.38	475.53
Administrative and support and waste management and remediation services.....	64.86	64.86	23.80	40.37	35.83	179.08
Education, health, and social assistance.....	68.75	68.75	20.73	40.87	38.40	160.44
Educational services.....	100.00	100.00	17.75	39.53	42.84	133.71
Health care and social assistance.....	58.33	58.33	20.91	40.95	38.15	162.15
Leisure, accommodation, and food services.....	67.31	71.15	15.78	42.37	41.85	138.98
Arts, entertainment, and recreation.....	55.56	66.67	27.47	32.11	40.42	147.38
Accommodation and food services.....	69.77	72.09	14.76	43.28	41.97	138.29
Other services.....	68.75	68.75	20.65	86.37	-7.02	-1,524.71
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>73.82</b>	<b>74.04</b>	<b>46.39</b>	<b>30.70</b>	<b>22.91</b>	<b>336.58</b>
Raw materials and energy production.....	66.74	67.40	21.32	44.39	34.29	191.64
Agriculture, forestry, fishing and hunting.....	69.41	67.06	30.69	30.10	39.21	155.03
Mining.....	49.70	49.70	17.79	33.11	49.10	103.67
Utilities.....	79.70	82.18	21.83	46.73	31.44	218.05
Goods production.....	73.50	74.17	34.09	33.40	32.51	207.57
Construction.....	85.79	87.11	38.84	28.97	32.19	210.69
Manufacturing.....	71.37	71.91	34.00	33.48	32.52	207.51
Distribution and transportation of goods.....	78.97	78.22	31.93	31.16	36.91	170.93
Wholesale and retail trade <sup>1</sup> .....	80.14	79.28	35.76	26.93	37.31	168.05
Wholesale trade.....	80.80	79.40	36.36	29.37	34.27	191.82
Retail trade.....	79.51	79.19	35.42	25.57	39.01	156.34
Transportation and warehousing.....	65.67	65.97	21.01	43.21	35.78	179.48
Information.....	49.37	50.47	21.60	37.12	41.28	142.24
Finance, insurance, real estate, and rental and leasing.....	76.82	78.27	50.85	34.87	14.27	600.69
Finance and insurance.....	78.46	79.72	51.15	34.71	14.15	606.96
Real estate and rental and leasing.....	57.32	61.15	28.16	47.81	24.02	316.25
Professional and business services.....	78.52	78.62	70.23	13.48	16.29	513.83
Professional, scientific, and technical services.....	63.90	64.05	35.31	24.37	40.33	147.96
Management of companies (holding companies).....	94.64	94.96	72.52	12.43	15.05	564.48
Administrative and support and waste management and remediation services.....	60.60	59.93	27.81	39.72	32.47	207.97
Education, health, and social assistance.....	45.41	42.35	20.25	42.79	36.96	170.55
Educational services.....	62.07	58.62	25.73	17.83	56.44	77.19
Health care and social assistance.....	44.19	41.16	20.06	43.67	36.28	175.67
Leisure, accommodation, and food services.....	63.75	65.37	14.50	47.19	38.31	161.03
Arts, entertainment, and recreation.....	59.72	62.50	16.30	51.38	32.32	209.39
Accommodation and food services.....	65.25	66.53	14.12	46.31	39.58	152.67
Other services.....	53.42	54.79	16.57	46.32	37.12	169.42

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>44.85</b>	<b>70.37</b>	<b>6.95</b>	<b>1.26</b>	<b>4.77</b>	<b>2.82</b>
Raw materials and energy production.....	22.61	60.05	7.69	0.91	1.79	4.03
Agriculture, forestry, fishing and hunting.....	73.60	66.71	6.02	0.71	1.86	0.96
Mining.....	25.10	58.77	7.55	0.50	0.97	1.98
Utilities.....	12.90	64.56	9.02	1.99	3.84	15.43
Goods production.....	69.60	71.81	3.92	2.34	6.03	3.36
Construction.....	101.20	81.00	1.65	1.57	5.08	1.55
Manufacturing.....	68.91	71.51	3.99	2.36	6.04	3.42
Distribution and transportation of goods.....	161.00	79.48	2.23	3.09	12.11	1.92
Wholesale and retail trade <sup>1</sup> .....	167.80	81.01	2.12	3.29	13.27	1.96
Wholesale trade.....	166.88	82.98	1.98	3.50	14.52	2.10
Retail trade.....	172.84	70.47	2.82	2.14	7.49	1.24
Transportation and warehousing.....	85.45	41.68	4.79	0.92	2.71	1.08
Information.....	18.97	41.80	12.49	-0.78	-1.73	-4.10
Finance, insurance, real estate, and rental and leasing.....	15.30	54.22	22.10	0.54	4.39	3.52
Finance and insurance.....	15.10	56.37	22.18	0.60	5.09	3.95
Real estate and rental and leasing.....	19.95	25.52	20.79	-0.77	-2.96	-3.84
Professional and business services.....	16.93	41.68	23.58	1.15	5.80	6.81
Professional, scientific, and technical services.....	75.52	44.16	2.12	1.19	2.95	1.58
Management of companies (holding companies).....	8.90	3.25	46.80	1.23	7.06	13.78
Administrative and support and waste management and remediation services.....	78.45	51.00	5.44	-0.22	-0.62	-0.28
Education, health, and social assistance.....	58.13	24.67	4.97	1.49	3.88	2.56
Educational services.....	55.81	35.24	3.29	1.10	2.57	1.97
Health care and social assistance.....	58.26	24.12	5.06	1.51	3.96	2.59
Leisure, accommodation, and food services.....	51.01	43.90	6.02	1.47	3.50	2.88
Arts, entertainment, and recreation.....	45.10	27.93	11.17	0.24	0.59	0.53
Accommodation and food services.....	51.53	45.22	5.62	1.57	3.75	3.06
Other services.....	64.89	62.48	8.94	0.29	-4.16	0.45
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>40.73</b>	<b>62.81</b>	<b>6.93</b>	<b>1.80</b>	<b>7.84</b>	<b>4.41</b>
Raw materials and energy production.....	43.30	62.96	6.18	2.70	7.86	6.22
Agriculture, forestry, fishing and hunting.....	94.93	76.20	3.12	2.51	6.39	2.64
Mining.....	32.90	62.41	8.62	-0.81	-1.65	-2.46
Utilities.....	44.42	62.58	5.95	3.35	10.67	7.55
Goods production.....	69.38	68.06	3.88	3.16	9.72	4.55
Construction.....	154.49	80.03	1.30	6.04	18.75	3.91
Manufacturing.....	67.74	67.50	4.00	3.10	9.55	4.58
Distribution and transportation of goods.....	159.62	69.53	1.68	3.44	9.31	2.15
Wholesale and retail trade <sup>1</sup> .....	187.63	76.22	1.43	3.99	10.69	2.13
Wholesale trade.....	195.88	83.22	1.48	3.14	9.17	1.60
Retail trade.....	183.00	71.97	1.40	4.47	11.45	2.44
Transportation and warehousing.....	79.78	24.31	3.32	1.87	5.21	2.34
Information.....	38.86	23.48	6.95	2.79	6.75	7.17
Finance, insurance, real estate, and rental and leasing.....	22.12	70.10	12.10	0.97	6.77	4.37
Finance and insurance.....	21.76	71.70	12.22	0.98	6.91	4.49
Real estate and rental and leasing.....	50.46	29.56	8.07	0.18	0.76	0.36
Professional and business services.....	13.58	31.16	24.01	1.09	6.70	8.04
Professional, scientific, and technical services.....	99.36	37.49	2.08	3.49	8.66	3.52
Management of companies (holding companies).....	8.82	1.14	37.57	0.99	6.57	11.22
Administrative and support and waste management and remediation services.....	84.41	45.00	3.36	1.86	5.74	2.21
Education, health, and social assistance.....	89.84	23.58	3.83	0.04	0.11	0.05
Educational services.....	107.26	28.57	1.68	4.65	8.24	4.34
Health care and social assistance.....	89.22	23.37	3.92	-0.12	-0.34	-0.14
Leisure, accommodation, and food services.....	79.84	40.63	5.27	2.68	6.98	3.35
Arts, entertainment, and recreation.....	62.93	26.82	7.58	-0.40	-1.23	-0.63
Accommodation and food services.....	83.42	42.83	4.90	3.33	8.40	3.99
Other services.....	76.41	42.76	4.23	2.44	6.57	3.19

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
	(55)	(56)	(57)	(58)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>				
<b>All industries.....</b>	<b>1.31</b>	<b>4.94</b>	<b>2.92</b>	<b>14.44</b>
Raw materials and energy production.....	1.00	1.96	4.42	31.73
Agriculture, forestry, fishing and hunting.....	0.84	2.19	1.14	12.00
Mining.....	0.61	1.20	2.45	33.09
Utilities.....	2.00	3.85	15.48	30.84
Goods production.....	2.45	6.32	3.52	8.73
Construction.....	1.60	5.18	1.58	55.37
Manufacturing.....	2.47	6.34	3.58	7.94
Distribution and transportation of goods.....	3.11	12.18	1.93	23.16
Wholesale and retail trade <sup>1</sup> .....	3.31	13.35	1.97	22.83
Wholesale trade.....	3.52	14.60	2.11	25.38
Retail trade.....	2.16	7.55	1.25	9.59
Transportation and warehousing.....	0.93	2.74	1.09	31.56
Information.....	-0.76	-1.68	-3.99	26.14
Finance, insurance, real estate, and rental and leasing.....	0.55	4.45	3.57	18.50
Finance and insurance.....	0.60	5.16	4.00	17.60
Real estate and rental and leasing.....	-0.78	-3.00	-3.89	43.79
Professional and business services.....	1.18	5.95	6.99	8.03
Professional, scientific, and technical services.....	1.35	3.33	1.79	17.32
Management of companies (holding companies).....	1.25	7.19	14.03	4.64
Administrative and support and waste management and remediation services.....	-0.22	-0.61	-0.28	44.85
Education, health, and social assistance.....	1.57	4.10	2.71	56.05
Educational services.....	1.96	4.57	3.51	18.75
Health care and social assistance.....	1.55	4.07	2.67	58.59
Leisure, accommodation, and food services.....	1.52	3.62	2.97	42.59
Arts, entertainment, and recreation.....	0.24	0.59	0.53	24.32
Accommodation and food services.....	1.63	3.88	3.16	43.70
Other services.....	0.29	-4.16	0.45	1.33
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>				
<b>All industries.....</b>	<b>1.92</b>	<b>8.37</b>	<b>4.71</b>	<b>5.29</b>
Raw materials and energy production.....	2.76	8.06	6.39	5.24
Agriculture, forestry, fishing and hunting.....	3.01	7.68	3.17	10.24
Mining.....	-0.63	-1.28	-1.92	21.39
Utilities.....	3.40	10.80	7.64	3.84
Goods production.....	3.87	11.89	5.57	4.17
Construction.....	6.02	18.71	3.90	6.90
Manufacturing.....	3.82	11.76	5.65	4.09
Distribution and transportation of goods.....	3.58	9.69	2.24	5.46
Wholesale and retail trade <sup>1</sup> .....	4.15	11.13	2.21	5.27
Wholesale trade.....	3.50	10.21	1.79	5.27
Retail trade.....	4.52	11.58	2.47	5.27
Transportation and warehousing.....	1.93	5.40	2.42	6.46
Information.....	2.88	6.99	7.42	10.28
Finance, insurance, real estate, and rental and leasing.....	0.89	6.20	4.00	4.44
Finance and insurance.....	0.89	6.32	4.11	4.19
Real estate and rental and leasing.....	0.20	0.82	0.39	16.93
Professional and business services.....	1.07	6.54	7.85	3.06
Professional, scientific, and technical services.....	3.63	9.01	3.66	8.40
Management of companies (holding companies).....	0.94	6.28	10.72	1.25
Administrative and support and waste management and remediation services.....	2.35	7.25	2.79	12.14
Education, health, and social assistance.....	-0.01	-0.01	-0.01	7.61
Educational services.....	4.57	8.10	4.26	0.27
Health care and social assistance.....	-0.17	-0.46	-0.19	8.28
Leisure, accommodation, and food services.....	3.07	8.00	3.84	10.43
Arts, entertainment, and recreation.....	-0.41	-1.26	-0.65	18.69
Accommodation and food services.....	3.80	9.60	4.56	9.59
Other services.....	2.43	6.55	3.18	5.57

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
(59)	(60)	(61)	(62)	(63)	(64)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>1.58</b>	<b>5.96</b>	<b>3.52</b>	<b>0.48</b>	<b>1.80</b>	<b>1.07</b>
Raw materials and energy production.....	1.23	2.41	5.44	0.33	0.65	1.46
Agriculture, forestry, fishing and hunting.....	2.72	7.10	3.69	0.71	1.86	0.96
Mining.....	1.08	2.11	4.29	0.26	0.51	1.05
Utilities.....	1.53	2.95	11.85	0.48	0.92	3.69
Goods production.....	2.81	7.25	4.04	0.81	2.09	1.16
Construction.....	1.10	3.56	1.09	0.36	1.17	0.36
Manufacturing.....	2.85	7.32	4.14	0.82	2.10	1.19
Distribution and transportation of goods.....	3.31	12.97	2.06	1.09	4.28	0.68
Wholesale and retail trade <sup>1</sup> .....	3.49	14.07	2.08	1.15	4.63	0.68
Wholesale trade.....	3.37	13.98	2.02	1.11	4.60	0.66
Retail trade.....	4.14	14.50	2.40	1.36	4.77	0.79
Transportation and warehousing.....	1.35	3.99	1.58	0.49	1.45	0.58
Information.....	0.34	0.76	1.81	0.11	0.24	0.56
Finance, insurance, real estate, and rental and leasing.....	0.63	5.17	4.15	0.21	1.70	1.36
Finance and insurance.....	0.65	5.52	4.28	0.21	1.80	1.39
Real estate and rental and leasing.....	0.38	1.46	1.89	0.17	0.67	0.87
Professional and business services.....	1.27	6.39	7.50	0.38	1.91	2.24
Professional, scientific, and technical services.....	2.81	6.93	3.72	0.87	2.14	1.15
Management of companies (holding companies).....	1.19	6.86	13.39	0.35	2.02	3.94
Administrative and support and waste management and remediation services.....	0.53	1.48	0.67	0.19	0.54	0.25
Education, health, and social assistance.....	0.90	2.33	1.54	0.30	0.78	0.52
Educational services.....	1.71	4.00	3.07	0.24	0.57	0.44
Health care and social assistance.....	0.86	2.24	1.47	0.30	0.80	0.52
Leisure, accommodation, and food services.....	1.20	2.86	2.35	0.45	1.07	0.88
Arts, entertainment, and recreation.....	1.12	2.77	2.48	0.44	1.09	0.98
Accommodation and food services.....	1.21	2.87	2.34	0.45	1.07	0.87
Other services.....	1.20	-17.09	1.85	0.49	-6.93	0.75
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>2.14</b>	<b>9.33</b>	<b>5.25</b>	<b>0.58</b>	<b>2.54</b>	<b>1.43</b>
Raw materials and energy production.....	3.13	9.13	7.23	0.99	2.90	2.29
Agriculture, forestry, fishing and hunting.....	3.80	9.68	4.00	1.07	2.74	1.13
Mining.....	1.16	2.36	3.52	0.24	0.49	0.73
Utilities.....	3.49	11.09	7.85	1.13	3.60	2.55
Goods production.....	4.02	12.37	5.80	0.86	2.65	1.24
Construction.....	6.14	19.07	3.97	2.03	6.30	1.31
Manufacturing.....	3.98	12.24	5.88	0.84	2.58	1.24
Distribution and transportation of goods.....	4.51	12.22	2.83	1.45	3.94	0.91
Wholesale and retail trade <sup>1</sup> .....	5.12	13.71	2.73	1.67	4.47	0.89
Wholesale trade.....	4.11	11.99	2.10	1.24	3.62	0.63
Retail trade.....	5.68	14.56	3.10	1.91	4.89	1.04
Transportation and warehousing.....	2.78	7.77	3.49	0.84	2.35	1.06
Information.....	3.73	9.02	9.59	1.19	2.88	3.06
Finance, insurance, real estate, and rental and leasing.....	0.94	6.61	4.27	0.27	1.92	1.24
Finance and insurance.....	0.94	6.64	4.32	0.27	1.93	1.25
Real estate and rental and leasing.....	1.25	5.20	2.48	0.42	1.74	0.83
Professional and business services.....	1.12	6.85	8.22	0.33	2.04	2.45
Professional, scientific, and technical services.....	4.97	12.32	5.00	1.40	3.47	1.41
Management of companies (holding companies).....	0.94	6.25	10.67	0.29	1.90	3.25
Administrative and support and waste management and remediation services.....	2.78	8.56	3.29	0.68	2.09	0.80
Education, health, and social assistance.....	2.91	7.88	3.24	0.99	2.69	1.11
Educational services.....	7.50	13.29	6.99	2.55	4.51	2.37
Health care and social assistance.....	2.75	7.58	3.08	0.94	2.59	1.05
Leisure, accommodation, and food services.....	3.66	9.56	4.59	0.96	2.50	1.20
Arts, entertainment, and recreation.....	1.77	5.48	2.82	0.63	1.96	1.01
Accommodation and food services.....	4.06	10.26	4.87	1.03	2.60	1.23
Other services.....	3.05	8.22	3.99	0.99	2.66	1.29

Footnotes at end of table.

## Foreign-Controlled Domestic Corporations, 1999

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 1999--Continued**

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**Footnotes**

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

<sup>2</sup> Excludes interest received on State and local government obligations, which totaled \$20.4 billion for large domestic corporations not foreign-controlled, and \$0.8 billion for large foreign-controlled domestic corporations.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts were used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). "New" corporations were those with dates of incorporation between 1997 and 2000; "old" corporations were those with dates of incorporation prior to 1997, or with unknown dates of incorporation. Percentages were calculated using rounded data. Detail may not add to totals because of rounding.