

Foreign Recipients of U.S. Partnership Income, 1990

Data Release

Under the Tax Reform Act of 1986, U.S. partnerships are required to withhold income tax on "effectively connected taxable income" deemed allocable to foreign partners. The U.S. partnership must file a Form 8805, *Foreign Partner's Information Statement of Section 1446 Withholding Tax*, for each foreign partner. This form identifies the partner by name, address and type of partner (individual, corporation, partnership, or other), as well as the income attributable to that partner, and the tax withheld on that income by the partnership. The 1990 withholding rate for income allocable to foreign corporate partners was 34 percent. The 1990 withholding rate for income allocable to all other foreign partners was 28 percent. The U.S. partnership must file a Form 8804, *Annual Return for Partnership Withholding Tax (Section 1446)*, for itself. This form lists the income attributable to foreign partners as a whole, and the tax withheld from that income. Data from Form 8804 are not included in this data release.

Table 1 shows the number of Forms 8805 filed for Calendar Year 1990, as well as the taxable income attribut-

able to the partners, tax withheld, Internal Revenue Code section 1445 credit taken, and net tax withheld under Internal Revenue Code section 1446. The table shows totals for all types of foreign partners, with separate totals for individual partners and corporate partners.

The Internal Revenue Code section 1445 credit refers to the withholding on amounts realized on the disposition of a U.S. real property interest. When a U.S. partnership disposes of a U.S. real property interest, a withholding tax is imposed on any gain from that disposition that is allocable to a foreign person. The partnership, when computing the amount to be withheld from the foreign partner's allocable income for the particular year, may deduct any amount already withheld on the allocable gain from the distribution of the U.S. real property interest.

The term "effectively connected taxable income" refers to the taxable income of the partnership which is effectively connected with the conduct of a trade or business in the United States (see Internal Revenue Code section 1446(c) for further explanation).

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Table 1.--Foreign Recipients of U.S. Partnership Income: U.S. Income and Tax Withheld as Reported on Form 8805, by Selected Type of Recipient and Country of Residence

[Money amounts are in whole dollars]

Country	Number of Forms 8805 filed	Taxable income	U.S. tax withheld		
			Total	Code section 1445 credit	Net tax withheld
	(1)	(2)	(3)	(4)	(5)
ALL RECIPIENTS ¹					
All countries.....	30,645	429,255,092	140,701,926	3,436,031	137,265,895
Bermuda.....	23	9,984,330	3,206,285	--	3,206,285
British Virgin Islands.....	32	5,749,318	1,965,049	--	1,965,049
Canada.....	2,883	64,362,602	22,453,072	348,529	22,104,543
France.....	144	30,489,949	10,562,827	195,433	10,367,394
Japan.....	1,354	61,756,886	22,037,939	634	22,037,305
Mexico.....	381	3,448,891	1,110,383	426	1,109,957
Netherlands.....	795	16,407,809	5,272,436	1,725,348	3,547,088
Switzerland.....	623	5,751,713	1,967,227	35,531	1,931,696
United Kingdom.....	434	36,559,963	12,397,892	255,480	12,142,411
West Germany.....	21,683	96,386,860	33,050,108	557,363	32,492,745
Other countries.....	2,293	98,356,771	26,678,708	317,286	26,361,422
INDIVIDUALS					
All countries.....	27,848	159,038,702	45,843,312	1,966,585	43,876,727
Bermuda.....	3	70,962	19,888	--	19,888
British Virgin Islands.....	10	4,137	1,460	--	1,460
Canada.....	2,198	10,115,556	2,998,163	172,385	2,825,778
France.....	104	12,753,852	3,599,730	195,433	3,404,297
Japan.....	990	3,782,654	1,112,840	192	1,112,648
Mexico.....	326	3,114,803	996,794	426	996,368
Netherlands.....	536	6,527,792	1,930,439	914,182	1,016,258
Switzerland.....	444	4,337,072	1,382,218	35,531	1,346,687
United Kingdom.....	322	9,673,419	2,958,403	10,892	2,947,511
West Germany.....	21,271	71,535,598	23,188,409	402,416	22,785,993
Other countries.....	1,644	37,122,858	7,654,967	235,127	7,419,840
CORPORATIONS					
All countries.....	2,286	217,399,834	76,243,155	536,392	75,706,763
Bermuda.....	14	144,132	50,041	--	50,041
British Virgin Islands.....	17	5,458,477	1,866,110	--	1,866,110
Canada.....	542	40,548,376	13,891,454	128,714	13,762,740
France.....	39	17,734,559	6,962,666	--	6,962,666
Japan.....	344	51,819,557	19,201,790	442	19,201,348
Mexico.....	11	119,063	59,194	--	59,194
Netherlands.....	240	7,000,876	2,533,304	80,488	2,452,816
Switzerland.....	164	1,329,392	553,193	--	553,193
United Kingdom.....	98	26,826,287	9,401,117	244,588	9,156,529
West Germany.....	257	18,749,658	6,762,421	--	6,762,421
Other countries.....	560	47,669,458	14,961,865	82,160	14,879,706

¹ Includes "persons" other than individuals and corporations, not shown separately.

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