

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Data Release

An annual feature of the *Statistics of Income—Corporation Income Tax Returns*, is the statistics on foreign corporations with income effectively connected with a U.S. trade or business [1]. These are corporations incorporated abroad, but with U.S. operations. For Tax Year 1995, there were 11,333 such corporations. Statistics on them have only recently become available for 1995, although the tables for 1996 and 1997 have already been published in the Corporation Statistics of Income report. Data for 1995 are being published at this time so that the historical time series on these corporations can be more complete. While the statistics are mostly based on Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, they also include data on foreign insurance companies from Form 1120L, *U.S. Life Insurance Company Income Tax Return*, and Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*.

The late publication of the 1995 data was the result of a problem in distinguishing the 1120-F form with foreign corporations with income effectively connected with a U.S. business operation. As a result, some Form 1120-F returns were not originally subject to sampling. These returns were subsequently identified and the updated sample that resulted used for the statistics.

The effect of including the revised data on foreign corporations in the 1995 U.S. totals for all corporations is considered minor, so no revisions of the U.S. totals are planned. One example of the effect these revisions would have had on the total number of returns for Tax Year 1995 is that they would have increased by only .01 percent. Other effects, equally minor, would have been to increase total receipts, income subject to tax (the base on which tax was computed), and total income tax before and after credits by less than .01 percent. Balance sheet data are unaffected because the balance sheet data reported on Form 1120-F returns are not used for Statistics of Income on the assumption that they may

include large amounts of assets and liabilities held abroad that have little to do with U.S. operations.

Foreign Corporation returns with income effectively connected with a U.S. trade or business may also report any income and tax that are not effectively connected with a U.S. trade or business. The “not effectively connected” income and tax are reported on Section I of Form 1120-F. The tax from Section I is not included in “Total income tax” nor in “Total income tax after credits.” U.S. income tax paid or withheld at the source on non-effectively connected income is also shown. This amount is not included in the data for tax due or for overpayment because it is not based on income that was effectively connected with U.S. operations.

Data Sources and Limitations

Most of the statistics shown are based on a sample of Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, with income effectively connected with U.S. business operations. The statistics also include data on foreign insurance companies filing on Form 1120L, *U.S. Life Insurance Company Income Tax Return*, and Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*. These samples of returns were stratified based on size of total assets. Since the data presented here are estimates based on samples, they are subject to sampling error. Coefficients of variation (CV's) are used to measure the magnitude of this sampling error. For a detailed discussion of the CV's, see *Statistics of Income—1995, Corporation Income Tax Returns*.

All data are from returns with accounting periods that ended in the 12-month span beginning in July 1995 and ending in June 1996.

Explanation of Selected Terms

Brief definitions of some of the terms used in the tables are provided below. For additional information about the changes in law, terms used in the tables, and the sample design for 1995, see *Statistics of Income—1995, Corporation Income Tax Returns*.

Branch Tax.—The U.S. earnings and profits of a foreign corporation were subject to a branch profits tax without consideration to the ratio of U.S. income to the total income of the foreign corporation. A 30-percent rate of tax was imposed on the earnings and

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profits. The tax also applied to the interest paid by or to a foreign corporation from its U.S. operations that were not reinvested in a U.S. trade or business by the close of the tax year or that were divested in a later tax year.

Tax from Section I.— This tax, as well as the income from which the tax is based, is reported on Section I of Form 1120-F. The tax was imposed on U.S.-source income not directly related to a business activity conducted in the United States, (not effectively connected income). These certain gains, profits, and income from U.S. sources were generally taxed at a flat 30-percent rate or at tax treaty rates if lower. The tax treaty rates resulted from negotiated treaties between the United States and the country in which the foreign company was incorporated. Section I tax is not included in “total income tax” nor in “total income tax after credits,” but is included in the tables since it was reported on the 1120-F returns with income effectively connected with a trade or business.

Tax from Section II.—This tax was based on income effectively connected with a U.S. trade or business reported on Section II of Form 1120-F. The income was subject to regular U.S. corporate tax rates. Tax from Section II includes regular income tax, recapture taxes, alternative minimum tax, environmental, and any income or total tax adjustments, minus foreign tax, nonconventional source fuel, qualified electric vehicle, general business, orphan drug, and prior-year minimum tax credits. Foreign corporations which did not conduct business activities in

the United States could elect to treat income from U.S. real property as effectively connected income and were allowed regular business deductions against that income. Foreign companies organized in U.S. possessions to conduct banking business were generally required to report interest received on U.S. obligations as effectively connected income. Any gain or loss from the disposition of U.S. real property by foreign corporations was also treated as effectively connected income for U.S. tax purposes. The portion of U.S.- source income of resident foreign corporations was included in the statistics for income subject to tax.

U.S. Tax Paid or Withheld at Source on Effectively Connected Income.—Resident foreign corporations, which conducted a trade or business in the U.S., reported taxes paid or withheld from the gains from any disposition of U.S. real property (as reported on Form 8288-A). These resident corporations also reported taxes paid or withheld on effectively connected income allocable to foreign partners (as reported on Form 8805).

U.S. Tax Paid or Withheld at Source on Non-Effectively Connected Income.—These were U.S. taxes paid or withheld by resident foreign corporations on income not directly related to a U.S. trade or business.

Notes and References

- [1] For data on years other than 1995 see Tables 10 and 11 in *Statistics of Income—Corporation Income Tax Returns* (Publication 16).

SOURCE: IRS, *Statistics of Income Bulletin*, Spring 2001, Publication 1136 (Revised 5-01).

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups

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

Item	All industries	Industrial divisions and selected major industries				
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	11,333	236	290	*40	375	166
Total receipts.....	94,303,867	84,805	198,056	*236,386	2,898,422	1,002,812
Business receipts.....	31,108,517	69,960	135,234	*203,951	2,790,234	968,902
Interest on State and local Government obligations.....	100,503	--	--	--	*43	--
Other interest.....	56,264,866	592	1,019	*2,400	38,235	4,089
Rents.....	568,870	*734	*3	*15,733	*1,760	*5,014
Royalties.....	66,483	*50	*184	--	*50,941	--
Net short-term capital gain reduced by net long-term capital loss.....	235,662	--	*307	--	--	--
Net long-term capital gain reduced by net short-term capital loss.....	604,243	*4,745	*21,665	10	*23	*1,214
Net gain, noncapital assets.....	818,531	*1,656	*7,735	--	*74	*211
Dividends received from domestic corporations.....	62,754	*29	--	--	*21	--
Dividends received from foreign corporations.....	4,916	--	--	--	--	--
Other receipts.....	4,468,521	7,038	31,909	*14,290	17,091	23,382
Total deductions.....	93,413,613	79,395	323,808	*257,678	2,976,890	1,179,234
Cost of goods sold.....	22,800,358	*9,178	91,893	*192,992	2,342,321	385,596
Compensation of officers.....	470,961	*751	9,991	--	6,882	*299
Salaries and wages.....	2,871,184	*6,285	31,347	*19,855	89,265	49,148
Repairs.....	204,127	1,408	*554	*629	12,339	26,765
Bad debts.....	1,900,249	*80	--	*11	8,673	*15,181
Rent paid on business property.....	1,119,946	*492	*3,541	*4,635	7,856	243,831
Taxes paid.....	1,042,196	3,571	3,862	*3,355	22,442	7,301
Interest paid.....	47,741,983	6,332	*6,177	*1,511	49,377	16,851
Contributions or gifts.....	5,208	*22	25	(¹)	*374	--
Amortization.....	205,334	*336	*15,432	6	11,578	--
Depreciation.....	984,393	20,785	40,689	*9,996	63,029	68,709
Depletion.....	16,573	259	4,817	--	*7,721	--
Advertising.....	132,133	*496	30	*50	42,640	*9,276
Pension, profit-sharing, stock bonus, and annuity plans.....	95,081	--	961	*78	*3,641	*2,323
Employee benefit programs.....	295,269	*14	*6,737	*278	8,897	*5,220
Net loss, noncapital assets.....	1,089,307	*2,500	*2,170	79	*2,334	*37,393
Other deductions.....	12,439,311	26,887	105,583	*24,202	297,522	311,339
Total receipts less total deductions.....	890,255	5,409	-125,753	*-21,292	-78,468	-176,422

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	All industries	Industrial divisions and selected major industries				
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities
	(1)	(2)	(3)	(4)	(5)	(6)
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--	--
Net income (less deficit).....	789,897	5,409	-125,753	*-21,292	-78,511	-176,422
Income subject to tax.....	3,242,462	*7,673	*18,025	*595	126,373	*2,285
Total income tax ²	1,206,150	2,767	6,840	*560	43,521	*911
Regular tax.....	1,089,573	*2,483	*6,011	*39	42,596	*748
Recapture taxes.....	--	--	--	--	--	--
Alternative minimum tax.....	33,424	*98	*93	*521	*178	129
Environmental tax.....	4,314	--	*20	--	*86	--
Branch tax.....	78,676	186	*716	--	*661	*34
Personal holding company tax.....	*1	--	--	--	--	--
Foreign tax credit.....	*175	--	--	--	8	--
Nonconventional source fuel credit.....	1,014	--	--	--	--	--
General business credit.....	1,021	9	--	--	29	--
Prior-year minimum tax credit.....	11,954	--	--	--	--	--
Total income tax after credits.....	1,191,985	2,758	6,840	*560	43,484	*911
Tax from Section I ³	82,656	*7	*17	*1	*1,854	2
Tax from Section II ²⁴	926,299	2,572	*6,124	*560	42,823	*878
U.S. income tax paid or withheld at source on non-effectively connected income.....	61,480	--	*43	1	*958	*309
U.S. income tax paid or withheld at source on effectively connected income.....	213,289	*710	*2,084	3,811	35,828	*3,248

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued					
	Wholesale and retail trade				Finance, insurance, and real estate	
	Total	Wholesale trade		Retail trade	Total	Banking
		Total	Miscellaneous wholesale trade			
(7)	(8)	(9)	(10)	(11)	(12)	
Number of returns, total.....	555	459	348	96	8,836	302
Total receipts.....	14,217,429	14,015,462	12,884,067	201,967	74,816,370	60,244,736
Business receipts.....	14,222,769	14,022,609	12,901,044	*200,160	12,052,182	3,263,354
Interest on State and local Government obligations.....	*1	(1)	(1)	1	100,385	33,571
Other interest.....	13,022	13,013	6,818	*10	56,188,939	53,486,956
Rents.....	*1,173	*1,173	*1,079	--	526,371	170,667
Royalties.....	--	--	--	--	12,693	97
Net short-term capital gain reduced by net long-term capital loss.....	--	--	--	--	235,279	31,990
Net long-term capital gain reduced by net short-term capital loss.....	*1,696	--	--	*1,696	570,047	58,013
Net gain, noncapital assets.....	*264	*264	*10	--	807,785	799,754
Dividends received from domestic corporations.....	*1,111	*1,111	*1,111	--	61,420	4,139
Dividends received from foreign corporations.....	10	10	10	--	4,906	858
Other receipts.....	-22,618	-22,718	-26,006	*100	4,256,363	2,395,335
Total deductions.....	14,233,377	14,031,390	12,894,228	201,987	73,474,992	59,393,244
Cost of goods sold.....	13,619,773	13,469,757	12,508,733	*150,016	6,000,606	--
Compensation of officers.....	8,573	8,230	5,357	*343	433,829	411,901
Salaries and wages.....	148,209	135,874	85,936	*12,335	2,320,611	1,876,245
Repairs.....	2,582	1,935	1,310	*647	149,280	66,495
Bad debts.....	6,679	6,650	*5,816	*28	1,868,575	1,734,698
Rent paid on business property.....	30,835	25,207	20,030	*5,628	809,713	590,953
Taxes paid.....	61,099	59,854	50,611	*1,245	893,165	505,629
Interest paid.....	58,027	57,272	45,558	*755	47,527,756	46,887,147
Contributions or gifts.....	78	78	*66	--	4,322	3,337
Amortization.....	757	341	36	*417	175,783	44,032
Depreciation.....	14,493	13,679	8,319	*814	674,054	350,303
Depletion.....	*2,825	*2,825	*2,825	--	*951	922
Advertising.....	21,407	19,544	9,552	*1,863	42,823	27,586
Pension, profit-sharing, stock bonus, and annuity plans.....	5,026	*3,306	*3,122	*1,719	72,739	51,789
Employee benefit programs.....	9,439	9,110	5,099	*329	253,974	222,575
Net loss, noncapital assets.....	*51,024	*51,024	*50,974	--	990,012	819,306
Other deductions.....	192,551	166,704	90,885	25,846	11,256,798	5,800,325
Total receipts less total deductions.....	-15,948	-15,928	-10,161	-21	1,341,378	851,492

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued					
	Wholesale and retail trade				Finance, insurance, and real estate	
	Total	Wholesale trade		Retail trade	Total	Banking
		Total	Miscellaneous wholesale trade			
(7)	(8)	(9)	(10)	(11)	(12)	
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--	--
Net income (less deficit).....	-15,950	-15,928	-10,161	-22	1,241,139	817,921
Income subject to tax.....	137,998	137,251	113,747	*746	2,919,046	1,858,233
Total income tax ²	48,991	48,841	39,463	*149	1,089,740	735,125
Regular tax.....	45,028	44,878	36,734	*149	983,676	649,097
Recapture taxes.....	--	--	--	--	--	--
Alternative minimum tax.....	*66	*66	*64	--	29,752	16,556
Environmental tax.....	139	139	117	--	4,004	2,870
Branch tax.....	*3,758	*3,758	*2,547	--	72,145	66,603
Personal holding company tax.....	--	--	--	--	*1	--
Foreign tax credit.....	9	9	9	--	*135	--
Nonconventional source fuel credit.....	--	--	--	--	1,014	1,014
General business credit.....	*29	*29	*29	--	954	399
Prior-year minimum tax credit.....	1,073	1,073	1,073	--	10,843	3,096
Total income tax after credits.....	47,879	47,729	38,350	*149	1,076,795	730,617
Tax from Section I ³	*8	*1	*1	7	80,624	68,074
Tax from Section II ²⁴	44,120	43,971	35,804	*149	817,640	663,238
U.S. income tax paid or withheld at source on non-effectively connected income.....	*1	*1	*1	--	59,968	52,848
U.S. income tax paid or withheld at source on effectively connected income.....	*7,214	*7,173	*2,630	*40	148,983	23,765

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued				
	Finance, insurance, and real estate--continued			Services	Nature of business not allocable
	Insurance	Real estate	Holding and other investment companies, except bank holding companies		
(13)	(14)	(15)	(16)	(17)	
Number of returns, total.....	1,031	6,147	1,246	774	*60
Total receipts.....	12,108,592	1,710,041	195,985	849,516	*72
Business receipts.....	7,576,795	1,051,402	*21,206	665,285	--
Interest on State and local Government obligations.....	65,143	1,637	*27	*74	--
Other interest.....	2,521,192	90,241	21,227	16,566	*3
Rents.....	166,360	174,448	3,534	*18,080	--
Royalties.....	--	2,466	10,129	*2,615	--
Net short-term capital gain reduced by net long-term capital loss.....	75,509	*3,500	*14,750	*76	--
Net long-term capital gain reduced by net short-term capital loss.....	175,607	264,388	69,409	*4,802	*41
Net gain, noncapital assets.....	1,667	6,175	*189	*807	--
Dividends received from domestic corporations.....	56,488	*618	*7	*173	--
Dividends received from foreign corporations.....	4,045	--	*3	--	--
Other receipts.....	1,465,787	115,166	55,504	141,038	*28
Total deductions.....	11,486,501	2,004,798	234,781	887,463	*775
Cost of goods sold.....	5,958,550	37,170	*2,383	157,999	--
Compensation of officers.....	*10,998	2,969	*576	10,636	--
Salaries and wages.....	344,187	61,288	*7,371	206,245	*218
Repairs.....	119	80,796	*517	10,570	--
Bad debts.....	20,211	94,773	*18,893	1,049	--
Rent paid on business property.....	40,859	174,448	*432	19,010	*35
Taxes paid.....	176,067	196,072	6,513	47,295	*105
Interest paid.....	131,438	384,282	33,775	75,952	--
Contributions or gifts.....	*715	*220	49	386	--
Amortization.....	93,635	36,127	1,920	1,441	--
Depreciation.....	59,048	258,001	2,617	92,637	--
Depletion.....	--	*1	*29	--	--
Advertising.....	7,241	7,931	*36	15,410	--
Pension, profit-sharing, stock bonus, and annuity plans.....	19,696	*338	113	*10,313	--
Employee benefit programs.....	27,852	1,439	*106	10,711	--
Net loss, noncapital assets.....	233	165,169	*5,126	3,722	*74
Other deductions.....	4,595,654	503,776	154,327	224,086	*344
Total receipts less total deductions.....	622,091	-294,757	-38,796	-37,947	*-703

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 1.--Foreign Corporations With and Without Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued				
	Finance, insurance, and real estate--continued			Services	Nature of business not allocable
	Insurance	Real estate	Holding and other investment companies, except bank holding companies		
				(13)	(14)
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--
Net income (less deficit).....	557,094	-296,394	-38,823	-38,021	*-703
Income subject to tax.....	666,765	145,641	55,980	30,429	*39
Total income tax ²	214,180	51,881	21,342	12,819	*1
Regular tax.....	207,079	42,567	18,061	8,990	*1
Recapture taxes.....	--	--	--	--	--
Alternative minimum tax.....	6,143	5,221	*1,708	*2,587	--
Environmental tax.....	804	*107	*10	65	--
Branch tax.....	--	3,979	1,562	1,177	--
Personal holding company tax.....	--	--	--	--	--
Foreign tax credit.....	72	*44	*18	*24	--
Nonconventional source fuel credit.....	--	--	--	--	--
General business credit.....	297	*156	*102	--	--
Prior-year minimum tax credit.....	7,538	*210	--	*38	--
Total income tax after credits.....	206,273	51,471	21,222	12,758	*1
Tax from Section I ³	*2,400	3,275	6,478	*131	*10
Tax from Section II ²⁴	*21,365	46,167	19,660	11,581	*1
U.S. income tax paid or withheld at source on non-effectively connected income.....	1,092	2,728	3,205	*195	*5
U.S. income tax paid or withheld at source on effectively connected income.....	*34,595	59,168	30,738	11,386	*26

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

¹ Less than \$500 per return.

² Includes adjustments to income tax and to total tax, which are not shown separately.

³ Not included in total income tax shown above.

⁴ Tax from section II is the amount reported on Form 1120-F; therefore, foreign insurance corporations reporting on Form 1120-L and 1120-PC will not have an amount included in tax from section II. Tax from section II is included in total income tax after credits.

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

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups

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

Item	All industries	Industrial divisions and selected major industries				
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	4,839	125	83	*14	151	*25
Total receipts.....	61,197,311	60,499	100,664	*74,378	1,038,548	*82,959
Business receipts.....	20,759,284	48,312	43,017	*73,754	878,903	*79,556
Interest on State and local Government obligations.....	61,627	--	--	--	*43	--
Other interest.....	34,297,512	384	*111	--	14,564	*1,099
Rents.....	370,894	*616	--	--	*1,609	31
Royalties.....	5,193	*50	--	--	536	--
Net short-term capital gain reduced by net long-term capital loss.....	208,899	--	*307	--	--	--
Net long-term capital gain reduced by net short-term capital loss.....	487,510	*4,621	*21,664	--	*23	23
Net gain, noncapital assets.....	721,547	*1,656	*4,658	--	*74	--
Dividends received from domestic corporations.....	52,823	--	--	--	*21	--
Dividends received from foreign corporations.....	2,298	--	--	--	--	--
Other receipts.....	4,229,724	4,860	*30,908	*624	142,775	*2,250
Total deductions.....	56,683,542	39,012	70,674	*72,266	893,815	*80,581
Cost of goods sold.....	15,434,269	*8,890	*5,179	*64,894	701,123	*65,902
Compensation of officers.....	332,264	*751	9,991	--	*6,079	--
Salaries and wages.....	1,504,992	*1,722	11,290	*4,189	31,139	*3,301
Repairs.....	67,264	*1,005	*309	*3	*654	*192
Bad debts.....	1,123,349	--	--	*11	*5,696	--
Rent paid on business property.....	373,081	*420	1,903	*381	2,678	*143
Taxes paid.....	721,535	2,299	2,363	*202	16,840	*1,352
Interest paid.....	28,329,228	*5,337	*1,269	*795	21,316	*85
Contributions or gifts.....	5,194	*22	25	--	*372	--
Amortization.....	108,838	*319	*25	--	*161	--
Depreciation.....	495,107	7,935	*1,538	*55	34,555	*1,888
Depletion.....	*11,512	259	*2,610	--	*7,721	--
Advertising.....	73,458	*10	30	*3	14,798	*168
Pension, profit-sharing, stock bonus, and annuity plans.....	59,604	--	961	*9	*2,771	*540
Employee benefit programs.....	168,647	*14	3,889	*33	2,279	*105
Net loss, noncapital assets.....	170,065	--	*23	--	*211	--
Other deductions.....	7,705,135	10,030	29,268	*1,689	45,420	*6,904
Total receipts less total deductions.....	4,513,769	21,487	29,991	*2,112	144,733	*2,378

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	All industries	Industrial divisions and selected major industries				
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities
	(1)	(2)	(3)	(4)	(5)	(6)
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--	--
Net income.....	4,452,142	21,487	29,991	*2,112	144,690	*2,378
Income subject to tax.....	3,242,462	*7,673	*18,025	*595	126,373	*2,285
Total income tax ¹	1,191,068	2,767	*6,790	*560	43,521	*782
Regular tax.....	1,089,572	*2,483	*6,011	*39	42,596	*748
Recapture taxes.....	--	--	--	--	--	--
Alternative minimum tax.....	30,504	*98	*93	*521	*178	(²)
Environmental tax.....	4,314	--	*20	--	*86	--
Branch tax.....	66,515	186	666	--	*661	*34
Personal holding company tax.....	*1	--	--	--	--	--
Foreign tax credit.....	*175	--	--	--	8	--
Nonconventional source fuel credit.....	1,014	--	--	--	--	--
General business credit.....	1,021	9	--	--	29	--
Prior-year minimum tax credit.....	11,954	--	--	--	--	--
Total income tax after credits.....	1,176,903	2,758	*6,790	*560	43,484	*782
Tax from Section I ³	47,670	--	*17	--	413	--
Tax from Section II ^{1,4}	925,480	2,572	*6,124	*560	42,823	*749
U.S. income tax paid or withheld at source on non-effectively connected income.....	33,951	--	--	--	413	--
U.S. income tax paid or withheld at source on effectively connected income.....	158,288	*648	*1,643	--	*29,665	--

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued					
	Wholesale and retail trade				Finance, insurance, and real estate	
	Total	Wholesale trade		Retail trade	Total	Banking
		Total	Miscellaneous wholesale trade			
(7)	(8)	(9)	(10)	(11)	(12)	
Number of returns, total.....	275	247	200	*29	3,813	133
Total receipts.....	10,224,610	10,172,041	9,229,540	*52,569	49,114,973	37,700,895
Business receipts.....	10,186,740	10,135,986	9,201,227	*50,754	9,053,873	2,248,149
Interest on State and local Government obligations.....	--	--	--	--	61,510	30,787
Other interest.....	11,073	11,064	5,403	*8	34,261,287	32,304,342
Rents.....	*1,173	*1,173	*1,079	--	367,158	134,853
Royalties.....	--	--	--	--	*1,993	97
Net short-term capital gain reduced by net long-term capital loss.....	--	--	--	--	208,559	29,301
Net long-term capital gain reduced by net short-term capital loss.....	*1,696	--	--	*1,696	454,959	57,359
Net gain, noncapital assets.....	*31	*31	*10	--	714,429	707,429
Dividends received from domestic corporations.....	*412	*412	*412	--	52,217	1,203
Dividends received from foreign corporations.....	--	--	--	--	2,298	29
Other receipts.....	23,486	23,375	21,408	*110	3,936,690	2,187,346
Total deductions.....	10,044,657	9,994,717	9,079,147	*49,940	45,066,993	35,214,094
Cost of goods sold.....	9,671,337	9,639,840	8,819,765	*31,497	4,834,843	--
Compensation of officers.....	*4,605	*4,605	*4,267	--	306,484	293,419
Salaries and wages.....	96,901	89,195	61,980	*7,705	1,238,761	921,130
Repairs.....	1,757	1,261	1,052	*496	59,221	34,367
Bad debts.....	*217	*217	*94	--	1,117,018	1,096,483
Rent paid on business property.....	20,208	18,320	16,225	*1,887	343,274	300,106
Taxes paid.....	51,554	51,160	46,736	*394	621,628	393,058
Interest paid.....	39,476	39,271	38,514	*205	28,240,998	27,896,527
Contributions or gifts.....	*78	*78	*65	--	4,311	3,331
Amortization.....	452	55	--	*397	106,984	26,983
Depreciation.....	8,604	7,965	6,418	*638	395,979	255,521
Depletion.....	--	--	--	--	922	922
Advertising.....	18,997	18,106	8,883	*890	27,974	19,605
Pension, profit-sharing, stock bonus, and annuity plans.....	*4,469	*2,782	*2,782	*1,687	49,592	30,213
Employee benefit programs.....	5,270	5,270	3,619	--	154,126	127,904
Net loss, noncapital assets.....	*3,097	*3,097	*3,097	--	166,336	158,610
Other deductions.....	117,637	113,493	65,651	*4,144	7,398,542	3,655,915
Total receipts less total deductions.....	179,953	177,324	150,393	*2,629	4,047,979	2,486,801

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued					
	Wholesale and retail trade				Finance, insurance, and real estate	
	Total	Wholesale trade		Retail trade	Total	Banking
		Total	Miscellaneous wholesale trade			
(7)	(8)	(9)	(10)	(11)	(12)	
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--	--
Net income.....	179,953	177,324	150,393	*2,629	3,986,469	2,456,014
Income subject to tax.....	137,998	137,251	113,747	*746	2,919,046	1,858,233
Total income tax ¹	48,991	48,841	39,463	*149	1,074,895	722,592
Regular tax.....	45,028	44,878	36,734	*149	983,674	649,097
Recapture taxes.....	--	--	--	--	--	--
Alternative minimum tax.....	*66	*66	*64	--	26,983	15,638
Environmental tax.....	139	139	117	--	4,004	2,870
Branch tax.....	*3,758	*3,758	*2,547	--	60,070	54,988
Personal holding company tax.....	--	--	--	--	*1	--
Foreign tax credit.....	9	9	9	--	*135	--
Nonconventional source fuel credit.....	--	--	--	--	1,014	1,014
General business credit.....	*29	*29	*29	--	954	399
Prior-year minimum tax credit.....	1,073	1,073	1,073	--	10,843	3,096
Total income tax after credits.....	47,879	47,729	38,350	*149	1,061,950	718,084
Tax from Section I ³	*1	*1	*1	--	47,099	41,148
Tax from Section II ^{1,4}	44,120	43,971	35,804	*149	816,971	663,096
U.S. income tax paid or withheld at source on non-effectively connected income.....	*1	*1	*1	--	33,336	28,352
U.S. income tax paid or withheld at source on effectively connected income.....	*3,068	*3,028	*2,630	*40	114,341	19,747

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued				
	Finance, insurance, and real estate--continued			Services	Nature of business not allocable
	Insurance	Real estate	Holding and other investment companies, except bank holding companies		
(13)	(14)	(15)	(16)	(17)	
Number of returns, total.....	768	2,357	484	337	*15
Total receipts.....	10,095,682	748,133	123,293	500,605	*75
Business receipts.....	6,420,370	323,487	*15,744	395,128	--
Interest on State and local Government obligations.....	30,303	*411	*9	*74	--
Other interest.....	1,852,595	30,453	7,980	8,991	*2
Rents.....	143,611	74,930	*2,406	*307	--
Royalties.....	--	*1,896	(²)	*2,615	--
Net short-term capital gain reduced by net long-term capital loss.....	62,214	*467	*14,548	*33	--
Net long-term capital gain reduced by net short-term capital loss.....	159,318	214,812	22,452	*4,483	*41
Net gain, noncapital assets.....	1,667	5,144	*189	*699	--
Dividends received from domestic corporations.....	50,533	*481	1	*173	--
Dividends received from foreign corporations.....	2,269	--	--	--	--
Other receipts.....	1,372,803	96,052	59,965	88,101	*31
Total deductions.....	9,164,056	429,496	36,868	415,508	*36
Cost of goods sold.....	4,823,626	*7,210	1,594	*82,102	--
Compensation of officers.....	*10,998	*97	--	*4,354	--
Salaries and wages.....	302,084	8,573	*5,109	117,688	--
Repairs.....	119	24,213	*240	4,122	--
Bad debts.....	19,472	*1,042	20	*407	--
Rent paid on business property.....	36,665	5,545	*245	4,075	--
Taxes paid.....	165,309	52,182	5,046	25,285	*11
Interest paid.....	129,970	114,714	11,528	19,951	--
Contributions or gifts.....	*715	*219	45	386	--
Amortization.....	72,118	7,506	*311	*897	--
Depreciation.....	59,017	77,930	2,197	44,553	--
Depletion.....	--	--	--	--	--
Advertising.....	7,209	1,095	*36	*11,478	--
Pension, profit-sharing, stock bonus, and annuity plans.....	19,007	*237	113	*1,260	--
Employee benefit programs.....	25,978	*241	3	2,931	--
Net loss, noncapital assets.....	233	7,449	*18	*398	--
Other deductions.....	3,491,538	121,242	10,364	95,621	*25
Total receipts less total deductions.....	931,626	318,637	86,424	85,097	*39

Footnotes at end of table.

Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, 1995

Table 2.--Foreign Corporations With Net Income and With Income Effectively Connected With a U.S. Trade or Business: Income Statement and Selected Tax Items, by Industrial Division and Selected Major Industrial Groups--Continued

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

Item	Industrial divisions and selected major industries--continued				
	Finance, insurance, and real estate--continued			Services	Nature of business not allocable
	Insurance	Real estate	Holding and other investment companies, except bank holding companies		
(13)	(14)	(15)	(16)	(17)	
Foreign dividend income resulting from foreign taxes deemed paid.....	--	--	--	--	--
Net income.....	901,323	318,225	86,416	85,023	*39
Income subject to tax.....	666,765	145,641	55,980	30,429	*39
Total income tax ¹	214,179	49,574	21,338	12,761	*1
Regular tax.....	207,078	42,567	18,061	8,990	*1
Recapture taxes.....	--	--	--	--	--
Alternative minimum tax.....	6,143	3,370	*1,708	*2,565	--
Environmental tax.....	804	*107	*10	65	--
Branch tax.....	--	3,524	1,559	1,141	--
Personal holding company tax.....	--	--	--	--	--
Foreign tax credit.....	72	*44	*18	*24	--
Nonconventional source fuel credit.....	--	--	--	--	--
General business credit.....	297	*156	*102	--	--
Prior-year minimum tax credit.....	7,538	*210	--	*38	--
Total income tax after credits.....	206,272	49,164	21,219	12,700	*1
Tax from Section I ³	*2,400	2,666	*489	*128	*10
Tax from Section II ^{1,4}	*21,365	45,641	19,660	11,559	*1
U.S. income tax paid or withheld at source on non-effectively connected income.....	968	*1,757	*2,165	*195	*5
U.S. income tax paid or withheld at source on effectively connected income.....	*34,595	37,801	21,481	8,898	*26

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

¹ Includes adjustments to income tax and to total tax, which are not shown separately.

² Less than \$500 per return.

³ Not included in total income tax shown above.

⁴ Tax from section II is the amount reported on Form 1120-F; therefore, foreign insurance corporations reporting on Form 1120-L and 1120-PC will not have an amount included in tax from section II. Tax from section II is included in total income tax after credits.

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